

EBIX Insurance No. S200005156

**AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
HINDERLITER, DE LLAMAS & ASSOCIATES DBA HDL COMPANIES**

PREAMBLE

This Agreement ("Agreement") dated 7/1/2026 | 5:10 PM PDT ("Effective Date") is entered into between the City of Santa Clara, California, a chartered California municipal corporation ("City") and Hinderliter, De Llamas & Associates dba HdL Companies, a California corporation ("Consultant"). City and Consultant may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A. City desires to secure the services ("Services") more fully described in this Agreement, at Exhibit A, entitled "Scope of Services";
- B. Consultant represents that it, and its subcontractors, if any, have the professional qualifications, expertise, necessary licenses and desire to provide certain goods and/or required services of the quality and type which meet objectives and requirements of City; and,
- C. The Parties have specified herein the terms and conditions under which such services will be provided and paid for.

In consideration of the above Recitals and the mutual covenants contained therein, the Parties agree as follows:

AGREEMENT TERMS AND CONDITIONS

1. AGREEMENT DOCUMENTS

The documents forming the entire Agreement between City and Consultant will consist of these Terms and Conditions and the following Exhibits, which are hereby incorporated into this Agreement by this reference:

Exhibit A – Scope of Services

Exhibit B – Schedule of Fees

Exhibit C – Insurance Requirements

This Agreement, including the Exhibits set forth above, contains all the agreements, representations and understandings of the Parties, and supersedes and replaces any previous agreements, representations and understandings, whether oral or written. In the event of any inconsistency between the provisions of any of the Exhibits and the Terms and Conditions, the Terms and Conditions will govern and control.

2. TERM OF AGREEMENT

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement will begin on July 1, 2026 and terminate on June 30, 2031.

3. SCOPE OF SERVICES & PERFORMANCE SCHEDULE

Consultant will perform those Services specified in Exhibit A within the time stated in Exhibit A. Time is of the essence.

4. WARRANTY

Consultant expressly warrants that all materials and services covered by this Agreement will be fit for the purpose intended, will be free from defect and will conform to the specifications, requirements and instructions upon which this Agreement is based. Consultant agrees to promptly replace or correct any incomplete, inaccurate or defective Services at no further cost to City when defects are due to the negligence, errors or omissions of Consultant. If Consultant fails to promptly correct or replace materials or services, City may make corrections or replace materials or services and charge Consultant for the cost incurred by City.

5. QUALIFICATIONS OF CONSULTANT - STANDARD OF CARE

Consultant represents and maintains that it has the expertise in the professional calling necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and City expressly relies upon Consultant's representations regarding its skills and knowledge. Consultant will perform such Services and duties in conformance to and consistent with the professional standards of a specialist in the same discipline in the State of California.

6. COMPENSATION AND PAYMENT

In consideration for Consultant's complete performance of Services, City will pay Consultant for all materials provided and Services rendered by Consultant in accordance with Exhibit B, entitled "SCHEDULE OF FEES." The maximum compensation of this Agreement is One Million Six Hundred Thousand Dollars (\$1,600,000), subject to budget appropriations, which includes all payments that may be authorized for Services and for expenses, supplies, materials and equipment required to perform the Services. All work performed or materials provided in excess

of the maximum compensation will be at Consultant's expense. Consultant will not be entitled to any payment above the maximum compensation under any circumstance.

7. TERMINATION

- A. Termination for Convenience. City will have the right to terminate this Agreement, without cause or penalty, by giving not less than Thirty (30) days' prior written notice to Consultant.
- B. Termination for Default. If Consultant fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice to Consultant.
- C. Upon termination, each Party will assist the other in arranging an orderly transfer and close-out of services. As soon as possible following the notice of termination, but no later than ten (10) days after the notice of termination, Consultant will deliver to City all City information or material that Consultant has in its possession.

8. ASSIGNMENT AND SUBCONTRACTING

City and Consultant bind themselves, their successors and assigns to all covenants of this Agreement. This Agreement will not be assigned or transferred without the prior written approval of City. Consultant will not hire subcontractors without express written permission from City.

Consultant will be as fully responsible to City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by them, as Consultant is for the acts and omissions of persons directly employed by it.

9. NO THIRD PARTY BENEFICIARY

This Agreement will not be construed to be an agreement for the benefit of any third party or parties and no third party or parties will have any claim or right of action under this Agreement for any cause whatsoever.

10. INDEPENDENT CONTRACTOR

Consultant and all person(s) employed by or contracted with Consultant to furnish labor and/or materials under this Agreement are independent contractors and do not act as agent(s) or employee(s) of City. Consultant has full rights to manage its employees in their performance of Services under this Agreement.

11. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data, drawings, descriptions, documents, discussions or other information developed or received by or for Consultant and all other written information submitted to Consultant in connection with the performance of this Agreement will be held confidential by Consultant and will not, without the prior written consent of City, be used for any purposes other than the performance of the Services nor be disclosed to an entity not connected with performance of the Services. Nothing furnished to Consultant which is otherwise known to Consultant or becomes generally known to the related industry will be deemed confidential.

12. OWNERSHIP OF MATERIAL

All material, which will include, but not be limited to, data, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports, designs, technology, programming, works of authorship and other material developed, collected, prepared or caused to be prepared under this Agreement will be the property of City but Consultant may retain and use copies thereof. City will not be limited in any way or at any time in its use of said material. However, Consultant will not be responsible for damages resulting from the use of said material for work other than Project, including, but not limited to, the release of this material to third parties.

13. RIGHT OF CITY TO INSPECT RECORDS OF CONSULTANT

City, through its authorized employees, representatives or agents will have the right during the term of this Agreement and for four (4) years from the date of final payment for goods or services provided under this Agreement, to audit the books and records of Consultant for the purpose of verifying any and all charges made by Consultant in connection with Consultant compensation under this Agreement, including termination of Consultant. Consultant agrees to maintain sufficient books and records in accordance with generally accepted accounting principles to establish the correctness of all charges submitted to City. Any expenses not so recorded will be disallowed by City. Consultant will bear the cost of the audit if the audit determines that there has been a substantial billing deviation in excess of five (5) percent adverse to the City.

Consultant will submit to City any and all reports concerning its performance under this Agreement that may be requested by City in writing. Consultant agrees to assist City in meeting City's reporting requirements to the State and other agencies with respect to Consultant's Services hereunder.

14. HOLD HARMLESS/INDEMNIFICATION

- A. To the extent permitted by law, Consultant agrees to protect, defend, hold harmless and indemnify City, its City Council, commissions, officers, employees, volunteers and agents from and against any claim, injury, liability, loss, cost,

and/or expense or damage, including all costs and attorney's fees in providing a defense to any such claim or other action, and whether sounding in law, contract, tort, or equity, in any manner arising from, or alleged to arise in whole or in part from, or in any way connected with the Services performed by Consultant pursuant to this Agreement – including claims of any kind by Consultant's employees or persons contracting with Consultant to perform any portion of the Scope of Services – and will expressly include passive or active negligence by City connected with the Services. However, the obligation to indemnify will not apply if such liability is ultimately adjudicated to have arisen through the sole active negligence or sole willful misconduct of City; the obligation to defend is not similarly limited.

- B. Consultant's obligation to protect, defend, indemnify, and hold harmless in full City and City's employees, will specifically extend to any and all employment-related claims of any type brought by employees, contractors, subcontractors or other agents of Consultant, against City (either alone, or jointly with Consultant), regardless of venue/jurisdiction in which the claim is brought and the manner of relief sought.
- C. To the extent Consultant is obligated to provide health insurance coverage to its employees pursuant to the Affordable Care Act ("Act") and/or any other similar federal or state law, Consultant warrants that it is meeting its obligations under the Act and will fully indemnify and hold harmless City for any penalties, fines, adverse rulings, or tax payments associated with Consultant's responsibilities under the Act.
- D. The Parties expressly agree that this Section 14 (HOLD HARMLESS/INDEMNIFICATION) will survive the expiration or early termination of the Agreement.

15. INSURANCE REQUIREMENTS

During the term of this Agreement, and for any time period set forth in Exhibit C, Consultant will provide and maintain in full force and effect, at no cost to City, insurance policies as set forth in Exhibit C.

16. WAIVER

Consultant agrees that waiver by City of any one or more of the conditions of performance under this Agreement will not be construed as waiver(s) of any other condition of performance under this Agreement. Neither City's review, acceptance nor payments for any of the Services required under this Agreement will be constructed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

17. NOTICES

All notices to the Parties will, unless otherwise requested in writing, be sent to City addressed as follows:

City of Santa Clara
Attention: Finance Department
1500 Warburton Avenue
Santa Clara, CA 95050
and by e-mail at mmccahan@santaclaraca.gov

And to Consultant addressed as follows:

HdL Companies
120 S. State College Blvd., Suite 200
Brea, CA 92821
and by e-mail at anickerson@hdlcompanies.com

The workday the e-mail was sent will control the date notice was deemed given. An e-mail transmitted after 1:00 p.m. on a Friday will be deemed to have been transmitted on the following business day.

18. COMPLIANCE WITH LAWS

Consultant will comply with all applicable laws and regulations of the federal, state and local government, including but not limited to “The Code of the City of Santa Clara, California” (“SCCC”). In particular, Consultant’s attention is called to the regulations regarding Campaign Contributions (SCCC Chapter 2.130), Lobbying (SCCC Chapter 2.155), Minimum Wage (SCCC Chapter 3.20), Business Tax Certificate (SCCC section 3.40.070), and Food and Beverage Service Worker Retention (SCCC Chapter 9.60), as such Chapters or Sections may be amended from time to time or renumbered. Additionally, Consultant has read and agrees to comply with City’s Ethical Standards (<http://santaclaraca.gov/home/showdocument?id=58299>).

19. CONFLICTS OF INTEREST

Consultant certifies that to the best of its knowledge, no City officer, employee or authorized representative has any financial interest in the business of Consultant and that no person associated with Consultant has any interest, direct or indirect, which could conflict with the faithful performance of this Agreement. Consultant is familiar with the provisions of California Government Code section 87100 and

certifies that it does not know of any facts which would violate these code provisions. Consultant will advise City if a conflict arises.

20. FAIR EMPLOYMENT

Consultant will not discriminate against any employee or applicant for employment because of race, sex, color, religion, religious creed, national origin, ancestry, age, gender, marital status, physical disability, mental disability, medical condition, genetic information, sexual orientation, gender expression, gender identity, military and veteran status, or ethnic background, in violation of federal, state or local law.

21. NO USE OF CITY NAME OR EMBLEM

Consultant will not use City's name, insignia, or emblem, or distribute any information related to services under this Agreement in any magazine, trade paper, newspaper or other medium without express written consent of City.

22. GOVERNING LAW AND VENUE

This Agreement will be governed and construed in accordance with the statutes and laws of the State of California. The venue of any suit filed by either Party will be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

23. SEVERABILITY CLAUSE

In case any one or more of the provisions in this Agreement will, for any reason, be held invalid, illegal or unenforceable in any respect, it will not affect the validity of the other provisions, which will remain in full force and effect.

24. AMENDMENTS

This Agreement may only be modified by a written amendment duly authorized and executed by the Parties to this Agreement.

25. COUNTERPARTS

This Agreement may be executed in counterparts, each of which will be deemed to be an original, but both of which will constitute one and the same instrument.

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: 7/1/2026 | 5:10 PM PDT

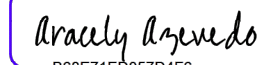
Signed by:



F7597C38BBEF4B4...

GLEN R. GOOGINS
City Attorney

Signed by:



B68E71ED057D4E6...

JÖVAN D. GROGAN
City Manager
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

HINDERLITER, DE LLAMAS & ASSOCIATES DBD HDL CPANIES
a California corporation

Dated: 6/16/2026 | 3:22:47 PM PDT

Signed by:

By (Signature):



2A8393394812482...

Name: Andy Nickerson

Title: President/CEO

Principal Place of Business Address: 120 S. State College Blvd., Suite 200
Brea, CA 92821

Email Address: anickerson@hdlcompanies.com

Telephone: 714-879-5000

Fax: _____

"CONSULTANT"

EXHIBIT A SCOPE OF SERVICES

SALES, USE AND TRANSACATION TAX AUDIT RECOVERY SERVICES

1. BACKGROUND

Sales tax is one of the City's largest General Fund revenue sources, and one of its most volatile. The City's current sales tax rate is 9.125 percent, of which the City of Santa Clara receives one percentage point. The City's sales tax collections have fluctuated over the years due to local, regional and national economic cycles as well as changes in the makeup of businesses in Santa Clara. The business-to-business sector is the City's largest sales tax generator, representing between 40% - 50% of the City's sales receipts. Sales tax revenues are budgeted at \$75.9 million in FY 2026/27.

2. SALES TAX AUDIT SERVICES

2.1 Conduct Audits. Consultant will examine all sales and use tax records of the California Department of Tax and Fee Administration (CDTFA) pertaining to sales and use tax collected by the CDTFA on behalf of the City. Consultant will perform ongoing sales tax audits to identify and correct "point of sale" and use tax distribution errors and thereby generate previously unrealized sales and use tax revenue for the City. The cost of these services is included in Consultant's Contingency Fees, as described in Exhibit B, unless otherwise specified.

Consultant's sales and use tax audit services will include the following distinct types of audits and services, at a minimum:

2.1.1. Nexus Field Audits. Consultant will conduct field inventories of the City's businesses and industrial areas to identify businesses located within the City that appear to be under-reporting revenues or are not on the CDTFA allocations roles. Consultant will utilize specially trained field auditors to complete physical canvassing and evaluation of sales/use tax generating businesses located in the City to detect misallocations as a result of errors including but not limited to: registration errors, including erroneous consolidation of multiple outlets, misreporting of point of sale from an erroneous location, and delays in reporting new outlets.

2.1.2. Tax Area Code (TAC)/Permit Audits. Consultant will review every active account on the CDTFA's allocation roles reporting \$50 or more in local tax to ensure proper TAC assignment. A complete TAC review will be performed at least once every 3-6 months.

2.1.3. Deviation Assessment Audits. On a quarterly basis, Consultant will review Consultant's statewide allocation database to identify all accounts for which there has been a substantial change in allocation pattern. The

review is applied to direct allocations and to county pools to allow for a broad view and understanding of misallocations within a given quarter.

2.1.4. Use Tax Errors and Opportunities. On a quarterly basis, Consultant will analyze the tax allocation pools of the State of California and all counties to identify instances where a taxpayer may have misidentified a transaction as use tax rather than sales tax. Consultant will provide additional specialized review to identify direct allocations opportunities of local use tax, including but not limited to opportunities available pursuant to CDFTA Regulations 1802(d), 1699.6, and 1521.

2.1.5. Accounts Payable Audits. Upon the request of the City, at no additional cost, Consultant will review the City's purchasing activity to identify specific individual transactions that may qualify for direct allocation of local use tax or transactions tax. Consultant will support the City with the preparation of appropriate forms, schedules, and supporting documentation to facilitate capture of these funds, and will provide assistance preparing and filing the City's tax returns.

2.1.6. Quarterly Distribution Report Audits. On a quarterly basis, upon receipt and processing of allocation data from CDFTA, Consultant will review all significant accounts on the City's allocation roll to identify and correct any reporting errors that may have caused a misallocation of local sales or use tax. Consultant will summarize its findings in a Quarterly Distribution Report (QDR) with the local allocation amount reflected by sales tax permit number.

2.1.7. Regulation 1699 Evaluations. Consultant will use its proprietary methods to find companies that should be taking out permits so that those revenues are allocated to the City.

2.2. Reporting Error Correction Services

2.2.1. Development of Correction Data. Consultant will utilize an audit team with specialized training to contact target businesses identified through the audit services to determine whether a point-of-sale/use reporting error exists. Interviews will be conducted in a business friendly, non-intrusive manner that emphasizes cooperation and protection of confidentiality. Consultant will provide information requested by the business that may assist the business in completing and filing corrected tax returns, but will not provide legal or tax preparation advice, nor file returns on behalf of the business. Consultant will maintain confidentiality of all taxpayer/business information in accordance with applicable state and local laws.

2.2.2. Documentation. Businesses contacted by telephone will be provided with a follow-up questionnaire or written confirmation of findings. Consultant will

file this documentation with the petition to minimize CDTFA processing time.

2.2.3. City Review: On a quarterly basis, Consultant will provide the City and CDTFA with a report of all revenue recovery work in progress. The quarterly report will include an electronic Work Authorization which, once approved, will include active links to copies of all inquiries filed with the CDTFA on the City's behalf. This information will be archived and accessible to authorized users at any time through Consultant's client portal. Additionally, Consultant will keep City apprised of any additional oral or written communication with CDTFA on any matter directly impacting the City.

These reports will also contain quarterly invoices that list, at a minimum, the business name, audit period start date, permit number, cumulative local allocation amount received by the City and the amount due to Consultant. Consultant will also track all eligible quarters to be invoiced based on the actual tax return quarter (not payment distribution quarter, which can contain multiple quarters) and reconcile with the QDR from the CDTFA, which will be provided with Consultant's invoice. The City reserves the right to verify and approve all reconciliations prior to payment.

2.2.4. Preparation and Submittal of Corrections: Consultant will prepare petitions (CDTFA Form 549-S or 549-L) notifying CDTFA of the existence and nature of misallocations. Consultant will respond to negative findings by CDTFA with timely reconfirmation documentation in order to preserve the City's original Dates of Knowledge (defined as the quarters during which Consultant notifies the CDTFA of the existence of a misallocation).

Consultant will coordinate corrective action with businesses and CDTFA and represent the City before state officials, boards, commissions and committees for the purpose of correcting sales tax distribution errors. This includes representing the City at hearings before the CDTFA related to incorrect allocations of tax. All correspondence and hearing materials will be documented and submitted to the City for record retention.

2.2.5. Continuous Follow-Up: Consultant will actively monitor and follow-up on audit case inventory by maintaining an ageing report, updated monthly, and appropriate follow-up on cases that are taking an inordinate amount of time to correct.

2.3. Audit Schedule

The table below provides a summary of the frequency of the audit services described above. Any changes to these frequencies are subject to the City's review and written authorization.

Audit Category	Frequency
Nexus Audit	Within thirty (30) days of contract execution.
Tax Area Code/Permit Audits	Minimum once every 3-6 months
Deviation Assessment Audits	Minimum once per quarter
Use Tax Errors and Opportunities	Minimum once per quarter
Accounts Payable Audits	As requested by the City
Quarterly Distribution Report Audits	Minimum once per quarter
Regulation 1699 Evaluations	Minimum once every 3 – 6 months

3. SALES TAX MANAGEMENT SERVICES

On an ongoing basis, unless otherwise specified below, Consultant will provide the following sales tax management services. The cost of these services is included in Consultant's Sales Tax Management Services Fees, as described in Exhibit B, unless otherwise specified.

3.1. Use Tax Maximization. Identify businesses that might present potential self-assessed use tax opportunities, meet with businesses to advise on sub-permits and reporting procedures, and provide materials and advice on purchasing companies and direct payment permits.

3.1.1. Upon the request of the City, at no additional cost, Consultant will assist with inserting provisions in conditional use permits and development agreements to guarantee that use tax maximization procedures are followed and will monitor projects and subcontractors to make certain that sales tax is properly allocated back to Santa Clara.

3.1.2. Consultant will identify additional opportunities for the City to recover or maximize local allocation on purchase transactions subject to use tax. Consultant will prepare the necessary documentation to facilitate recovery, including assistance in preparing and filing the returns. Consultant will also assist the City in analyzing City vendors for potential use tax opportunities and will identify purchases over \$500,000 that qualify for use tax self-accrual.

3.2. Provide Sales and Use Tax Data. On a quarterly basis, a principal of Consultant will analyze City data, meet with appropriate City officials to review

trends and make recommendations regarding the budget implications of the year's data. This will include current and historical sales tax data on sales tax remittances at the payor level and with the following data types: fiscal year and quarter of remittance (to understand trends in cash received); fiscal year and quarter of revenue earned (to understand trends in economic activity); high level economic sector (e.g. general retail, business-to-business) and more detailed subsector identifier (e.g. apparel stores) and/or four-digit NAICS code and CDTFA category if possible to facilitate comparisons; address, organized into geocode or other neighborhood designation; and name of owner or permit holder.

- 3.2.1.** Consultant will perform data validation and scrubbing techniques on an ongoing basis to fix business addresses and re-categorize merchants as appropriate. Consultant will create and group businesses into additional categories and classifications, not provided by the CDTFA, to better track new and emerging economic trends.
- 3.2.2.** Upon the request of the City, and provided as an additional service, a principal of Consultant will meet with committees of the City Council, advisory committees, and other groups to explain sales tax regulations, economic trends and legislative proposals that will impact the City's tax base.
- 3.2.3.** Upon the request of the City, at no additional cost, Consultant will provide sales tax estimates for proposed projects, assist with budget projections and answer sales and use tax questions related to economic development, budgeting and related revenue collection.
- 3.2.4.** Upon the request of the City, and provided as an additional service, , Consultant will conduct technical seminars for City personnel on California sales and use tax processes. Seminars will cover the fundamentals of direct payment permits, purchasing corporations and maximizing "use tax" from construction projects.
- 3.2.5.** Data will be maintained and produced in a format allowing the City to export data into a Microsoft Access and/or Excel-compatible format allowing for integration of various databases, such as business license and property tax. Consultant will provide City staff with training on the use of any proprietary data management software system at no additional cost. Consultant will also provide comparable aggregate quarterly sales and use tax data by economic segment for the state as a whole and for as many California counties and Bay Area cities as possible.
- 3.2.6.** Data will be updated quarterly as soon as possible following receipt from the CDTFA while maintaining an option to retrieve historical sales tax remittances data for all payors regardless of their current tax payment status. Consultant will either provide geographical data mapping capability

in its proprietary system or provide City staff with address data in a format which would allow staff to export and map data.

3.3. Reporting Services

- 3.3.1.** Consultant will provide quarterly sales tax reports by individual businesses, business type and geographic areas specified by the City. Reports will include major sales tax producers by both rank and category, analysis of sales tax activity by category, business or geographic areas specified by the City. Retailer information will be provided in grouped form or in business-by-business detail. Reports will be provided in conjunction with the quarterly meeting with the Consultant's Principal.
- 3.3.2.** Consultant will provide quarterly analyses and reports on the City's sales and use tax trends in relationship to the State and surrounding market region.
- 3.3.3.** Quarterly sales tax reports are provided on both a cash and adjusted basis. Cash reports reconcile to CDTFA payments and are necessary for any revenue sharing agreements that the City might have in place. Reports on an adjusted basis shift payment aberrations into the quarter where the sales occurred to accurately show the City's true economic trends.
- 3.3.4.** Consultant will provide City with unlimited access to its quarterly updated web-based sales tax system to facilitate "in-house" analysis and printing of reports. This system will allow City staff to search, print, and export sales tax data, including archived quarterly sales tax reports, and search all sales tax producers by business name, address, CDTFA account number, and current and historical sales tax allocations. The reporting will also provide a further breakdown of data into business types for the City beyond the NAICS codes.
- 3.3.5.** Consultant will provide a report with the history of new revenue discovered vs. fees charged to the City.
- 3.3.6.** Consultant will provide City staff with training on the use of its web-based sales tax system and will provide ongoing system upgrades, at no additional cost.
- 3.3.7.** Consultant will provide the City with specialized charts and data tables, presentation data and presenters for public meetings and events.
- 3.3.8.** The Consultant will provide a non-confidential newsletter to support management's efforts to inform and engage the public.

3.4. Sales and Use Tax Projections

3.4.1. Twice annually, Consultant will provide annual, 3-year and 5-year forecasts of the City's general Sales Tax and Prop 172 Sales Tax. Projection reports will be provided according to the following schedule:

3.4.1.1. An initial report will be provided in January of each year, based on 3rd Quarter data from the prior year.

3.4.1.2. A mid-year report will be provided in April of each year, based on 4th Quarter data from the prior year.

3.4.1.3. Consultant will factor out payment aberrations that skew the base revenue and factor in known changes such as new or closed businesses.

3.4.2. A 10-year forecast report is available upon the request of the City, subject to an additional cost.

3.5. Legislative Support Services

Upon the request of the City, Consultant will provide the following legislative support activities.

3.5.1. Consultant will serve as the City's resource and provide assistance, resolution, and follow-up services on sales and use tax related questions, legislative and regulation issues, and economic development.

3.5.2. Consultant will prepare legislative updates to keep City apprised of all proposed changes to regulatory language in CDTFA regulations or other proposals that may impact local revenues. Additionally, Consultant will provide Issue Updates that address specific issues such as Sales Tax Participation Agreements, legal decisions or regulatory changes.

3.5.3. Consultant will take action, subject to City review and approval, on measures that threaten and delay revenue cash flows to the City. This could include attending legislative hearings and explaining to the City the potential effect of proposed legislation on the City.

3.5.4. Consultant will advocate and provide problem-solving and resolution assistance to the City on issues as needed and as requested by the City. Consultant will work with City staff to develop language for review and approval by the City, prior to distribution, that would preserve, protect and enhance City revenues.

4. COMPLIANCE WITH FEDERAL, STATE & LOCAL RULES & REGULATIONS

Pursuant to Section 7056 of the State of California Revenue and Taxation Code which specifically limits the disclosure of confidential taxpayer information contained in the records of the CDTFA, Consultant will comply with the following conditions:

- 4.1** All data, records, and reports relating to the sales and use tax whether in existence at the execution date of the agreement hereof or compiled thereafter in the course of performing the services, will be treated by Consultant and its subcontractors as the exclusive property of the City of Santa Clara, and the furnishing of such records, or access to such items by, the City of Santa Clara and/or its subcontractors, and taxpayers will not grant any express or implied interest in or license to the Consultant and/or its subcontractors relating to such records other than as is necessary to perform and provide the services to the City of Santa Clara. Upon request by the City of Santa Clara any time and from time to time and without regard to the default status of the parties under the agreement, Consultant and/or its subcontractors will promptly deliver to the City of Santa Clara the records in electronic format and in such hard copy as exists on the date of the request by the City of Santa Clara.
- 4.2** Consultant will ensure that appropriate security protections are in place to store, process, or transmit City data that are sensitive or confidential in nature.
- 4.3** Consultant will disclose information contained in, or derived from those sales, use or transactions and use tax records only to an officer or employee of the City who is authorized by resolution to examine the information.
- 4.4** Consultant is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of the agreement.
- 4.5** Consultant is prohibited from retaining the information contained in or derived from those sales or transactions and use tax records, after the contract has ended. Information obtained by examination of CDTFA records will be used only for purposes related to collection of local sales and use tax or for other governmental functions of the City as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution will designate the Consultant as a person authorized to examine sales and use tax records and certify that the terms of contract meet the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

5. DELIVERABLES

The specific deliverables to be provided to the City pursuant to the provision of Services include, but are not limited to, the following:

- 5.1.** Quarterly Reports based on CDFTA data
- 5.2.** Quarterly sales tax meetings
- 5.3.** Quarterly audit reports with quarterly sales tax recovery invoices
- 5.4.** Access to Consultant's web-based sales tax application
- 5.5.** Monthly HeadLines e-new Service
- 5.6.** Quarterly Consensus Forecast and Webinar
- 5.7.** Sales Tax White Papers and Legislative Updates
- 5.8.** Copies of petition forms (CDTFA-549-S), spreadsheets, and supporting documenting on file with CDFTA.
- 5.9.** Copies of appeals documentation filed with either the CDTFA Appeals Bureau or Office of Tax Appeals (OTA)
- 5.10.** Annual Recovery Reports
- 5.11.** Biannual Projection Reports

6. ADDITIONAL SERVICES

Upon request by the City, the Consultant may provide additional services related to those within this Agreement but not expressly described in this Scope of Services, including but not limited to preparation of a ten-year projection report, Transaction Tax audit and monitoring services, special meetings described in Section 3.2.2, and facilitation of technical seminars described in 3.2.4.

EXHIBIT B SCHEDULE OF FEES

1. SALES TAX AUDIT SERVICES

- 1.1.** The City's compensation to Consultant for providing sales tax audit services is contingent on the amount of revenue recovered by Consultant, in accordance with the fee schedule below. This fee will constitute the full and complete compensation for such services and will include all direct and indirect costs incurred by Consultant, including but not limited to personnel, travel, subcontracting, and software.

Tier	Recovered Revenue ¹	Contingency Fee
1	\$1 - \$2.5 Million	13% of Recovered Revenue
2	over \$2.5 Million	10% of Recovered Revenue

¹Recovered Revenue will be the cumulative amount recovered during the full term of the Agreement (July 1, 2026 through June 30, 2031).

- 1.2** Consultant will limit the number of quarters to which a Contingency Fee can apply to no more than six (6) consecutive reporting quarters, commencing with the first quarter in which the County receives the recovered revenue and no more than nine (9) quarters total, including retroactive quarterly adjustments. One Hundred Percent (100%) of all new revenue generated by Consultant will flow to the City after completion of the six (6) quarters.

2. SALES TAX MANAGEMENT SERVICES

The City's compensation to Consultant for sales tax management services will be **One Thousand Dollars (\$1,000)** per month, commencing July 1, 2027, and continuing throughout the term of the Agreement. In no event will the City be charged for such services prior to July 1, 2027.

Beginning July 1, 2028, and annually thereafter for the duration of the Agreement, the monthly fee will increase in accordance with the percentage change in the Consumer Price Index for the preceding twelve-month period, not to exceed 5%.

3. ADDITIONAL SERVICES

- 3.1. Ten-year projection.** Upon the request of the City, Consultant will prepare a ten-year projection report for a fixed fee of \$2,500 per report.
- 3.2 Additional services.** Additional services requested by the City will be performed on a time-and-materials basis or for a negotiated fixed fee,

authorized in writing by the City. In either case, compensation will be based on the hourly rates listed below.

Additional services that result in the maximum compensation of this Agreement to be exceeded will require a formal amendment to the Agreement. No additional services will be performed without prior written authorization from the City.

4. RATE ADJUSTMENTS

Adjustments to Consultant's hourly rates may be negotiated no more than once annually. Consultant will submit any proposed rate adjustments in writing to the City at least ninety (90) days prior to the requested effective date. Rate increases will be made in accordance with the percentage change in the Consumer Price Index, not to exceed 5%. Any proposed rate adjustments are subject to approval by the City and must be substantiated by the Consultant to the satisfaction of the City.

Position	Hourly Rate
Principal	\$325
Programmer	\$295
Senior Analyst	\$245
Analyst	\$195

5. INVOICE AND PAYMENT

Consultant will bill the City for Services as further described below. All invoices, regardless of the category of service provided, will be provided on an invoice and in a format approved by the City and subject to verification and approval by the City. City will pay Consultant within thirty (30) days of receipt of an approved invoice, unless otherwise stated below.

5.1. Sales Tax Audit Services

- 5.1.1.** Audit fees will be billed only after completion of the audit, submittal of corrections to the CDTFA, and receipt of revenues to the City. Consultant will not bill for audit services until City has actually received said monies. Further, if during the billing cycle, a taxpayer receives a refund for overpayment of taxes generated during that cycle, Consultant will credit back any proportionate share of the fee that may have been levied.
- 5.1.2.** Invoices will be submitted on a quarterly basis after the City has received the revenue from the audit correction. At a minimum, invoices will include the name, address, and sales tax registration number of each company, and the specific amount of revenue allocated by the CDTFA to the City for those businesses.

- 5.1.3.** If a misallocation correction involves additional revenue from a company that had already been partially allocating revenues to the City, the City and Consultant will agree in writing, prior to billing, the methodology for identifying the incremental revenue attributable to Consultant's work.

5.2. Sales Tax Management Services

Beginning July 1, 2027, Consultant will bill City on a monthly basis for Sales Tax Management Services providing during the preceding month.

5.3 Additional Services

For additional services provided on a time and materials basis, Consultant will bill City on a monthly basis for services provided during the preceding month. For additional services provided on a fixed fee basis, Consulting will bill the City according to payment milestones established during negotiations and authorized in writing by the City.

6. ADDITIONAL PAYMENT PROVISIONS

- 6.1. Pre-Payment.** City will not be required to pay a deposit or any other form of pre-payment prior to Consultant beginning the Services.
- 6.2. Billing for Billing.** The City will not pay for time associated with administrative or billing-related tasks, including but not limited to preparing responses to Work Requests, addressing billing issues, or communicating with auditors.
- 6.3. Payment Limited to Satisfactory Work.** Consultant is not entitled to any payments until the City concludes that the Services and/or any furnished deliverables have been satisfactorily performed.
- 6.4. Accurate Invoice.** Invoices will be accurate, itemized, and submitted in a form acceptable to the City. If an invoice is incomplete or inaccurate, the City may return it to Consultant for correction and resubmittal before payment can be processed. Consultant will not charge the City any interest, late fees, or penalties on any outstanding or delayed invoices due to inaccurate billing.
- 6.5. Payment.** If there are no discrepancies or deficiencies in the submitted invoice , City will process the invoice for payment.
- 6.6. Confidential.** Invoices and related payment documentation are public records and are not confidential, even if marked as confidential when submitted by Consultant.

EXHIBIT C

INSURANCE REQUIREMENTS

Without limiting the Consultant's indemnification of the City, and prior to commencing any of the Services required under this Agreement, the Consultant will provide and maintain in full force and effect during the period of performance of the Agreement and for twenty-four (24) months following acceptance by the City, at its sole cost and expense, the following insurance policies from insurance companies authorized to do business in the State of California. These policies will be primary insurance as to the City of Santa Clara so that any other coverage held by the City will not contribute to any loss under Consultant's insurance. The minimum coverages, provisions and endorsements are as follows:

A. COMMERCIAL GENERAL LIABILITY INSURANCE

1. Commercial General Liability Insurance policy which provides coverage at least as broad as Insurance Services Office form CG 00 01. Policy limits are subject to review, but will in no event be less than, the following:
 - \$1,000,000 Each Occurrence
 - \$2,000,000 General Aggregate
 - \$2,000,000 Products/Completed Operations Aggregate
 - \$1,000,000 Personal Injury
2. Exact structure and layering of the coverage will be left to the discretion of Consultant; however, any excess or umbrella policies used to meet the required limits will be at least as broad as the underlying coverage and will otherwise follow form.
3. The following provisions will apply to the Commercial Liability policy as well as any umbrella policy maintained by the Consultant to comply with the insurance requirements of this Agreement:
 - a. Coverage will be on a "pay on behalf" basis with defense costs payable in addition to policy limits;
 - b. There will be no cross liability exclusion which precludes coverage for claims or suits by one insured against another; and
 - c. Coverage will apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of liability.

B. BUSINESS AUTOMOBILE LIABILITY INSURANCE

Business automobile liability insurance policy which provides coverage at least as broad as ISO form CA 00 01 with policy limits of not less than one million dollars (\$1,000,000) each accident using, or providing coverage at least as broad as, Insurance Services Office form CA 00 01. Liability coverage will apply to all owned (if any), non-owned and hired autos.

C. WORKERS' COMPENSATION

1. Workers' Compensation Insurance Policy as required by statute and employer's liability with limits of at least one million dollars (\$1,000,000) policy limit Bodily Injury by disease, one million dollars (\$1,000,000) each accident/Bodily Injury and one million dollars (\$1,000,000) each employee Bodily Injury by disease.
2. The indemnification and hold harmless obligations of Consultant included in this Agreement will not be limited in any way by any limitation on the amount or type of damage, compensation or benefit payable by or for Consultant or any subcontractor under any Workers' Compensation Act(s), Disability Benefits Act(s) or other employee benefits act(s).
3. This policy must include a Waiver of Subrogation in favor of the City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents.

D. PROFESSIONAL LIABILITY

Professional Liability or Errors and Omissions Insurance as appropriate will be written on a policy form coverage specifically designed to protect against negligent acts, errors or omissions of the Consultant. Covered services as designated in the policy must specifically include work performed under this agreement. Coverage will be in an amount of not less than one million dollars (\$1,000,000) per claim or two million dollars (\$2,000,000) aggregate. Any coverage containing a deductible or self-retention must first be approved in writing by the City Attorney's Office.

E. COMPLIANCE WITH REQUIREMENTS

All of the following clauses and/or endorsements, or similar provisions, must be part of each commercial general liability policy, and each umbrella or excess policy.

1. Additional Insureds. City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents are hereby added as additional insureds in respect to liability arising out of Consultant's work for City, using Insurance Services Office (ISO) Endorsement CG 20 10 11 85,

or the combination of CG 20 10 03 97 and CG 20 37 10 01, or its equivalent.

2. Primary and non-contributing. Each insurance policy provided by Consultant will contain language or be endorsed to contain wording making it primary insurance as respects to, and not requiring contribution from, any other insurance which the indemnities may possess, including any self-insurance or self-insured retention they may have. Any other insurance indemnities may possess will be considered excess insurance only and will not be called upon to contribute with Consultant's insurance.
3. Cancellation.
 - a. Each insurance policy will contain language or be endorsed to reflect that no cancellation or modification of the coverage provided due to non-payment of premiums will be effective until written notice has been given to City at least ten (10) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice will be given at least ten (10) days prior to the effective date of non-renewal.
 - b. Each insurance policy will contain language or be endorsed to reflect that no cancellation or modification of the coverage provided for any cause save and except non-payment of premiums will be effective until written notice has been given to City at least thirty (30) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice will be given at least thirty (30) days prior to the effective date of non-renewal.
4. Other Endorsements. Other endorsements may be required for policies other than the commercial general liability policy if specified in the description of required insurance set forth in Sections A through E of this Exhibit C, above.

F. ADDITIONAL INSURANCE RELATED PROVISIONS

Consultant and City agree as follows:

1. Consultant agrees to ensure that subcontractors, and any other party involved with the Services, who are brought onto or involved in the performance of the Services by Consultant, provide the same minimum insurance coverage required of Consultant, except as with respect to limits. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Agreement. Consultant agrees that upon request by City, all agreements with, and insurance compliance

documents provided by, such subcontractors and others engaged in the project will be submitted to City for review.

2. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There will be no recourse against City for payment of premiums or other amounts with respect thereto.
3. The City reserves the right to withhold payments from the Consultant in the event of material noncompliance with the insurance requirements set forth in this Agreement.

G. EVIDENCE OF COVERAGE

Prior to commencement of any Services under this Agreement, Consultant, and each and every subcontractor (of every tier) will, at its sole cost and expense, provide and maintain not less than the minimum insurance coverage with the endorsements and deductibles indicated in this Agreement. Such insurance coverage will be maintained with insurers, and under forms of policies, satisfactory to City and as described in this Agreement. Consultant will file with the City all certificates and endorsements for the required insurance policies for City's approval as to adequacy of the insurance protection.

H. EVIDENCE OF COMPLIANCE

Consultant or its insurance broker will provide the required proof of insurance compliance, consisting of Insurance Services Office (ISO) endorsement forms or their equivalent and the ACORD form 25-S certificate of insurance (or its equivalent), evidencing all required coverage will be delivered to City, or its representative as set forth below, at or prior to execution of this Agreement. Upon City's request, Consultant will submit to City copies of the actual insurance policies or renewals or replacements. Unless otherwise required by the terms of this Agreement, all certificates, endorsements, coverage verifications and other items required to be delivered to City pursuant to this Agreement will be mailed to:

EBIX Inc.
City of Santa Clara Finance Department
P.O. Box 100085 – S2 or 1 Ebix Way
Duluth, GA 30096 John's Creek, GA 30097

Telephone number: 951-766-2280
Fax number: 770-325-0409
Email address: ctsantaclara@ebix.com

I. QUALIFYING INSURERS

All of the insurance companies providing insurance for Consultant will have, and provide written proof of, an A. M. Best rating of at least A minus 6 (A- VI) or will be an insurance company of equal financial stability that is approved by the City or its insurance compliance representatives.