

**PROFESSIONAL SERVICES AGREEMENT
BY AND BETWEEN
COUNTY OF HUMBOLDT
AND
HINDERLITER, DE LLAMAS AND ASSOCIATES
FOR FISCAL YEARS 2025-2026 THROUGH 2029-2030**

This Agreement, entered into this ____ day of _____, 2026, by and between the County of Humboldt, a political subdivision of the State of California, hereinafter referred to as “COUNTY,” and Hinderliter, De Llamas and Associates, a California corporation, hereinafter referred to as “CONTRACTOR,” is made upon the following considerations:

WHEREAS, sales and use transaction tax (collectively referred to herein as “sales and use tax”) revenues can be increased through a system of continuous monitoring, identification and correction of allocation errors; and

WHEREAS, COUNTY, by and through its County Administrative Office – Management & Budget Team (“CAO”), desires to retain a qualified professional to provide sales and use tax audit services (“tax management services”) that will improve identification of economic opportunities, provide more accurate sales and use tax; and

WHEREAS, COUNTY desires to retain services of CONTRACTOR’s Local Tax “Prime” Software System for Excise and Transient Occupancy Taxes and Business License Issuance and Tracking; and

WHEREAS, such work involves the performance of professional, expert and technical services of a temporary and occasional character; and

WHEREAS, COUNTY has no employees available to perform such services and is unable to hire employees for the performance thereof for the temporary period; and

WHEREAS, CONTRACTOR represents that it is adequately trained, skilled, experienced and qualified to perform the tax management services required by COUNTY.

NOW THEREFORE, the parties hereto mutually agree as follows:

1. **CONTRACTOR OBLIGATIONS:** In providing the services referenced in this section, CONTRACTOR agrees to fully cooperate with the County Administrative Officer, or a designee thereof, hereinafter referred to as “CAO.”
 - A. **Tax Management Services.** CONTRACTOR hereby agrees to provide the services described in Exhibit A – Scope of Tax Management Services, which is attached hereto and incorporated herein by reference as if set forth in full. CONTRACTOR shall obtain any and all licenses, permits and approvals as may be required by law for the performance of the Sales and Use Tax (“Bradley Burns Tax”) and Economic Analysis/Forecasting Services/Reports required by this Agreement.
 - B. **Service Authorization.** CONTRACTOR shall obtain approval prior to beginning the work of correcting tax reporting methodology or “point of sale” for specific business where payment of the percentage fee required hereunder will be expected. Said approval shall be deemed given when the Humboldt County Administrative Officer, or designee thereof, signs a Sales Tax Audit Authorization Form, which is attached hereto as Exhibit B – Sales Tax Audit Authorization Form and incorporated herein by reference as if set forth in full.
 - C. **Grant of Software License.** CONTRACTOR hereby grants to COUNTY a non-exclusive and

non-transferable license to use of CONTRACTOR's Sales Tax website by authorized COUNTY staff. Access to CONTRACTOR's Sales Tax website shall not be granted to any third-party without explicit written authorization by CONTRACTOR. The license to use of the Sales Tax website granted hereunder shall expire, and all COUNTY staff website logins shall be de-activated, upon the expiration or termination of this Agreement.

- D. **Local Tax "Prime" Software System.** CONTRACTOR hereby agrees to furnish the services for Excise and Transient Occupancy Taxes and Business License Issuance and Tracking as described in Exhibit D – Scope of Local Tax "Prime" Software Services, which is attached hereto and incorporated herein by reference as if set forth in full.
- E. **Consulting and Other Optional Services.** CONTRACTOR hereby agrees to provide certain optional services not otherwise specified herein pursuant to a written amendment to this Agreement. CONTRACTOR shall be compensated for the provision of such optional services according to the terms and conditions of such amendment.

2. TERM:

This Agreement shall begin upon execution by both parties and shall remain in full force and effect until June 30, 2030, unless extended by a valid amendment hereto or sooner terminated as set forth herein.

3. TERMINATION:

- A. Termination for Cause. COUNTY may, in its sole discretion, upon 45 (forty-five) days notice, terminate this Agreement, if CONTRACTOR fails to adequately perform the services required hereunder, fails to comply with the terms or conditions set forth herein, or violates any local, state or federal law, regulation or standard applicable to its performance hereunder.
- B. Termination without Cause. COUNTY may terminate this Agreement without cause upon forty-five (45) days advance written notice which states the effective date of the termination.
- C. Termination due to Insufficient Funding. COUNTY's obligations under this Agreement are contingent upon the availability of local, state and/or federal funds. In the event such funding is reduced or eliminated, COUNTY shall, at its sole discretion, determine whether this Agreement shall be terminated. COUNTY shall provide CONTRACTOR forty-five (45) days advance written notice of its intent to terminate this Agreement due to insufficient funding.
- D. Compensation upon Termination. In the event this Agreement is terminated, CONTRACTOR shall be entitled to compensation for uncompensated services provided pursuant to the terms and conditions set forth herein through and including the effective date of such termination. However, this provision shall not limit or reduce any damages owed to COUNTY due to a breach of this Agreement by CONTRACTOR.

4. COMPENSATION:

- A. Tax Management Services Audit Fees. CONTRACTOR shall be paid fifteen percent (15%) of all recovered sales, transactions and/or use tax revenue, and twenty-five percent (25%) of the initial amount of new transactions or use tax revenue, received by COUNTY as a result of the tax management services provided pursuant to the terms and conditions of this Agreement. New revenue shall not include any amounts determined and verified by the parties hereto to be attributable to causes other than the tax management services provided pursuant to the terms and conditions of this Agreement. In the event that CONTRACTOR is responsible for an increase in the tax reported by businesses already properly making tax payments to 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 California Department of Tax and Fee Administration, but shall not apply prospectively to any future quarter. The above-referenced audit fees shall constitute full reimbursement for any and all direct and indirect expenses incurred by CONTRACTOR in performing audits pursuant to the terms and conditions of this Agreement, including, without limitation, the salaries of CONTRACTOR's employees and travel expenses connected with contacting local and out-of-state businesses and State Board of Equalization representatives.

- B. Tax Management Services Fees. CONTRACTOR shall be compensated at the flat monthly rate of Five Hundred Twenty-Three Dollars (\$523) per month for any and all tax management services, including, without limitation, reporting and forecasting services, provided pursuant to the terms and conditions of this Agreement. The monthly service fees charged pursuant to the terms and conditions of this Agreement shall increase annually by the percentage increase in the Consumer Price Index for the preceding twelve-month period. In no event shall the monthly fee be reduced by this calculation. For purposes of this Agreement, "Consumer Price Index" shall mean the Consumer Price Index – All Urban Consumers for the surrounding statistical metropolitan area nearest COUNTY, as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index should cease to be published, any reasonably comparable index agreed upon by the parties hereto.
- C. Transaction and Use Tax Reports ("Measures Z and O"). CONTRACTOR shall be compensated at the flat monthly rate of Two Hundred Dollars (\$200.00) per measure per month for any and all transaction district tax reports prepared by CONTRACTOR as part of the tax management services provided pursuant to the terms and conditions of this Agreement. CONTRACTOR will increase the non-hourly Fees established above once a year with reference to the 12-month percent change in the most recently published annual Consumer Price Index for All Urban Consumers (CPI-U), as reported by the U.S. Bureau of Labor Statistics (the "CPI Change").
- D. Local Tax "Prime" Software System Fees. CONTRACTOR shall be compensated an annual Software Use Fee starting at Thirteen Thousand Five Hundred Twenty-Six Dollars (\$13,526.00), and an annual Hosting Services Fee starting at Three Thousand Three Hundred Sixty Dollars (\$3,360.00), with an option of adding additional remote access user licenses for Fifteen Dollars (\$15.00) per month. The Software Use Fee provides for ongoing customer support and updates to the software. Fee will be increased as of January 1st of each calendar year with reference to the 12-month percent change in the most recently published annual Consumer Price Index for All Urban Consumers (CPI-U), West Region, as reported by the U.S. Bureau of Labor Statistics (the "CPI Change"). Each annual increase in the Fees will be equal to the greater of two percent (2%) or the actual CPI Change and the lesser of ten percent (10%) or the actual CPI Change. For example, if the actual CPI Change is 1.5%, then the annual increase will be 2%, if the actual CPI Change is 3.5%, then the annual increase will be 3.5%, and if the actual CPI Change is 12%, then the annual increase will be 10%. The Hosting Services Fee may be periodically revised, with three (3) months advance notice to COUNTY, to account for changes in market costs related to hosting, such as internet bandwidth, power, security, and related equipment or services costs. See Exhibit D – Scope of Local Tax "Prime" Software System Services for a complete description of the fees.
- E. Additional Services. Any additional services not otherwise set forth herein shall not be provided by CONTRACTOR, or compensated by COUNTY, without COUNTY's prior written authorization. Any and all unauthorized costs and expenses incurred above the maximum payable amount set forth herein shall be the responsibility of CONTRACTOR. CONTRACTOR

shall notify COUNTY, in writing, at least six (6) weeks prior to the date upon which CONTRACTOR estimates that the maximum payable amount will be reached.

5. PAYMENT:

- A. Invoices. CONTRACTOR shall submit to COUNTY itemized quarterly invoices showing all formula calculations and amounts due for the audit fee, including, without limitation, a detailed listing of any corrected misallocations. Invoices shall be in a format approved by the Humboldt County Administrative Officer, or a designee thereof, and shall include backup documentation as specified by the Humboldt County Auditor-Controller, including, without limitation, evidence of State Fund Transfers and payments to COUNTY from businesses identified in such invoices. CONTRACTOR shall submit a final invoice for payment within thirty (30) days following the expiration or termination date of this Agreement. Payment for services rendered, and costs and expenses incurred, pursuant to the terms and conditions of this Agreement will be made within thirty (30) days after the receipt of approved invoices. All invoices submitted by CONTRACTOR shall be sent to COUNTY at the following address:

COUNTY: Humboldt County Administrative Office
Attention: Sean Quincey, Deputy County Administrative Officer
825 5th Street, Room 112
Eureka, California 95501

- B. Late Payment. Any invoices not paid on a timely basis shall accrue monthly interest at a rate equivalent to ten percent (10%) per annum until paid.

6. NOTICES:

Any and all notices required to be given pursuant to the terms and conditions of this Agreement shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

COUNTY: Humboldt County Administrative Office
Attention: Sean Quincey, Deputy County Administrative Officer
825 5th Street, Room 112
Eureka, California 95501

CONTRACTOR: Hinderliter, De Llamas, & Associates
Attention: Andrew Nickerson, President/CEO
120 S State College Blvd. #200 Brea, CA 92821

7. REPORTS:

CONTRACTOR hereby agrees to provide COUNTY with any and all reports that may be required by any local, state and/or federal agencies for compliance with this Agreement. CONTRACTOR shall submit one (1) hard copy and one (1) electronic copy of any and all reports required hereunder in a format that complies with the Americans with Disabilities Act and any other applicable local, state and federal accessibility laws, regulations and standards. Any and all reports required hereunder shall be submitted in accordance with any and all applicable timeframes using the format required by the State of California as appropriate.

8. RECORD RETENTION AND INSPECTION:

- A. Maintenance and Preservation of Records. CONTRACTOR hereby agrees to timely prepare accurate and complete financial, performance and payroll records, documents and other evidence relating to the services provided pursuant to the terms and conditions of this Agreement, and to maintain and preserve said records for at least three (3) years from the date of final payment hereunder, except that if any litigation, claim, negotiation, audit or other action is pending, the records shall be retained until completion and resolution of all issues arising therefrom. Such records shall be original entry books with a general ledger itemizing all debits and credits for the services provided pursuant to the terms and conditions of this Agreement.
- B. Inspection of Records. Pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of CONTRACTOR, and its subcontractors, related to the services provided pursuant to the terms and conditions of this Agreement, shall be subject to the examination and audit of the California State Auditor and any other duly authorized agents of the State of California for a period of three (3) years after the date of final payment hereunder. CONTRACTOR hereby agrees to make all such records available during normal business hours to inspection, audit and reproduction by COUNTY and any other duly authorized local, state and/or federal agencies. CONTRACTOR further agrees to allow interviews of any of its employees who might reasonably have information related to such records by COUNTY and any other duly authorized local, state and/or federal agencies. Any and all examinations and audits conducted hereunder shall be strictly confined to those matters connected with the performance of this Agreement, including, without limitation, the costs associated with the administration of this Agreement.
- C. Audit Costs. In the event of an audit exception or exceptions related to the services provided pursuant to the terms and conditions of this Agreement, the party responsible for not meeting the requirements set forth herein shall be responsible for the deficiency and for the cost of the audit. If the allowable expenditures cannot be determined because CONTRACTOR's documentation is nonexistent or inadequate, according to generally accepted accounting practices, the questionable cost shall be disallowed by COUNTY.

9. MONITORING:

CONTRACTOR hereby agrees that COUNTY has the right to monitor any and all activities related to this Agreement, including, without limitation, the right to review and monitor CONTRACTOR's records, policies, procedures and overall business operations, at any time, in order to ensure compliance with the terms and conditions of this Agreement. CONTRACTOR shall cooperate with a corrective action plan, if deficiencies in CONTRACTOR's records, policies, procedures or business operations are identified by COUNTY. However, COUNTY is not responsible, and shall not be held accountable, for overseeing or evaluating the adequacy of CONTRACTOR's performance hereunder.

10. CONFIDENTIALITY REQUIREMENTS:

- A. Confidential Information. In the performance of this Agreement, either party may receive, be exposed to or acquire information that is confidential under local, state or federal laws and regulations, including, without limitation:
 - 1. Confidential proprietary information which includes, without limitation: CONTRACTOR's computer or data processing programs, applications, routines, subroutines, techniques or systems; desktop or web-based software; and business processes.
 - 2. Confidential taxpayer information contained in, or derived from, sales and transactions and

use tax records of the California Department of Tax & Fee Administration, which includes, without limitation, the amount and source of income, profits, losses, expenditures or any particular thereof and any other information pertaining to any retailer or any other person required to report to the California Department of Tax & Fee Administration.

3. Confidential personal information, which includes, without limitation, names, social security numbers, driver license numbers, identification card numbers, financial account number or other identifying number, symbol or particular.

- B. Use and Disclosure of Confidential Information. Each party hereby agrees to protect all confidential proprietary, taxpayer or personal information in accordance with any and all local, state and federal laws, regulations, policies, procedures and standards, including, but not limited to, Section 7056 of the California Revenue and Taxation Code which is incorporated into this Agreement as Exhibit C and made part hereof as if set forth in full. CONTRACTOR hereby agrees to protect any and all confidential information obtained pursuant to the terms and conditions of this Agreement in accordance with any and all applicable local, state and federal laws, regulations, policies, procedures and standards, including, without limitation: Division 19 of the California Department of Social Services Manual of Policies and Procedures – Confidentiality of Information; California Welfare and Institutions Code Sections 827, 5328, 10850 and 14100.2; California Health and Safety Code Sections 1280.15 and 1280.18; the California Information Practices Act of 1977; the California Confidentiality of Medical Information Act (“CMIA”); the United States Health Information Technology for Economic and Clinical Health Act (“HITECH Act”); the United States Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and any current and future implementing regulations promulgated thereunder, including, but not limited to, the Federal Privacy Regulations contained in Title 45 of the Code of Federal Regulations (“C.F.R.”) Parts 160 and 164, the Federal Security Standards contained in 45 C.F.R. Parts 160, 162 and 164 and the Federal Standards for Electronic Transactions contained in 45 C.F.R. Parts 160 and 162, all as may be amended from time to time.
- C. Continuing Compliance with Confidentiality Requirements. Each party hereby acknowledges that local, state and federal laws, regulations and standards pertaining to confidentiality, electronic data security and privacy are rapidly evolving and that amendment of this Agreement may be required to ensure compliance with such developments. Each party agrees to enter into negotiations concerning an amendment to this Agreement embodying written assurances consistent with the requirements of HIPAA, the HITECH Act, the CMIA and any other applicable local, state and federal laws, regulations or standards.

11. NON-DISCRIMINATION COMPLIANCE:

- A. Professional Services and Employment. In connection with the execution of this Agreement, CONTRACTOR, and its subcontractors, shall not unlawfully discriminate in the provision of professional services or against any employee or applicant for employment because of: race; religion or religious creed; color; age, over forty (40) years of age; sex, including, without limitation, gender identity and expression, pregnancy, childbirth and related medical conditions; sexual orientation, including, without limitation, heterosexuality, homosexuality and bisexuality; national origin; ancestry; marital status; medical condition, including, without limitation, cancer and genetic characteristics; mental or physical disability, including, without limitation, HIV status and AIDS; political affiliation; military service; denial of family care leave; or any other classifications protected by any and all applicable local, state or federal laws, regulations or standards, all as may be amended from time to time. Nothing herein shall be construed to require the employment of unqualified persons.

B. Compliance with Anti-Discrimination Laws. CONTRACTOR further assures that it, and its subcontractors, will abide by the applicable provisions of: Title VI and Title VII of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; the Food Stamp Act of 1977; Title II of the Americans with Disabilities Act of 1990; the California Fair Employment and Housing Act; California Civil Code Sections 51, *et seq.*; California Government Code Sections 4450, *et seq.*; California Welfare and Institutions Code Section 10000; Division 21 of the California Department of Social Services Manual of Policies and Procedures; United States Executive Order 11246, as amended and supplemented by United States Executive Order 11375 and 41 C.F.R. Part 60; and any other applicable local, state or federal laws, regulations or standards, all as may be amended from time to time. The applicable regulations of the California Fair Employment and Housing Commission implementing California Government Code Section 12990, set forth in Sections 8101, *et seq.* of Title 2 of the California Code of Regulations are incorporated herein by reference as if set forth in full.

12. NUCLEAR-FREE HUMBOLDT COUNTY ORDINANCE COMPLIANCE:

By executing this Agreement, CONTRACTOR certifies that it is not a Nuclear Weapons Contractor, in that CONTRACTOR is not knowingly or intentionally engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems or nuclear weapons components as defined by the Nuclear-Free Humboldt County Ordinance. CONTRACTOR agrees to notify COUNTY immediately if it becomes a Nuclear Weapons Contractor as defined above. COUNTY may immediately terminate this Agreement if it determines that the foregoing certification is false or if CONTRACTOR subsequently becomes a Nuclear Weapons Contractor.

13. DRUG-FREE WORKPLACE CERTIFICATION:

By executing this Agreement, CONTRACTOR certifies that it will provide a drug-free workplace in accordance with the requirements of the Drug-Free Workplace Act of 1990 (California Government Code Sections 8350, *et seq.*), by doing all of the following:

- A. Drug-Free Policy Statement. Publish, as required by California Government Code Section 8355(a)(1), a Drug-Free Policy Statement which notifies employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited, and specifies the actions to be taken against employees for violations.
- B. Drug-Free Awareness Program. Establish, as required by California Government Code Section 8355(a)(2), a Drug-Free Awareness Program which informs employees about:
 - 1. The dangers of drug abuse in the workplace;
 - 2. CONTRACTOR's policy of maintaining a drug-free workplace;
 - 3. Any available counseling, rehabilitation and employee assistance programs; and
 - 4. Penalties that may be imposed upon employees for drug abuse violations.
- C. Drug-Free Employment Agreement. Ensure, as required by California Government Code Section 8355(a)(3), that every employee who provides services pursuant to the terms and conditions of this Agreement will:
 - 1. Receive a copy of CONTRACTOR's Drug-Free Policy Statement; and
 - 2. Agree to abide by CONTRACTOR's Drug-Free Policy as a condition of employment.

- D. Effect of Non-Compliance. Failure to comply with the requirements set forth herein may result in termination of this Agreement and/or ineligibility for award of future contracts.

14. INDEMNIFICATION:

- A. Hold Harmless, Defense and Indemnification. CONTRACTOR shall hold harmless and indemnify COUNTY and its agents, officers, officials, employees and volunteers from and against any and all claims, demands, losses, damages and liabilities of any kind or nature, including, without limitation, attorney's fees and other costs of litigation, arising out of, or in connection with, CONTRACTOR's negligent performance of, or failure to comply with, any of the duties and/or obligations contained herein, except such loss or damage which was caused by the sole negligence or willful misconduct of COUNTY. Notwithstanding anything to the contrary, in no event will CONTRACTOR be (a) liable for claims, liabilities or damages (i) that could not reasonably have been foreseen upon entry into this Agreement; (ii) arising from any action or inaction by CONTRACTOR in response to specific direction from COUNTY; (iii) in connection with any COUNTY monies not collected by CONTRACTOR; nor (iv) in connection with the issuance, non-issuance or revocation of any registration, license, permit, or exemption; nor (b) required to provide a defense in connection with any indemnification or hold harmless provisions under this Agreement.
- B. Effect of Insurance. Acceptance of the insurance required by this Agreement shall not relieve CONTRACTOR from liability under this provision. This provision shall apply to all claims for damages related to CONTRACTOR's performance hereunder, regardless of whether any insurance is applicable or not. The insurance policy limits set forth herein shall not act as a limitation upon the amount of indemnification or defense to be provided hereunder.

15. INSURANCE REQUIREMENTS:

This Agreement shall not be executed by COUNTY, and CONTRACTOR is not entitled to any rights hereunder, unless certificates of insurance, or other proof that the following provisions have been complied with, are filed with the Clerk of the Humboldt County Board of Supervisors.

- A. General Insurance Requirements. Without limiting CONTRACTOR's indemnification obligations set forth herein, CONTRACTOR, and its subcontractors hereunder, shall take out and maintain, throughout the entire term of this Agreement, and any extensions thereof, the following policies of insurance, placed with insurers authorized to do business in the State of California with a current A.M. Bests rating of no less than A: VII or its equivalent against personal injury, death and property damage which may arise from, or in connection with, the activities of CONTRACTOR or its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors:
 1. Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence form CG 0001), in an amount of Two Million Dollars (\$2,000,000.00) per occurrence for any one (1) incident, including, without limitation, personal injury, death and property damage. If a general aggregate limit is used, such limit shall apply separately hereto or shall be twice the required occurrence limit.
 2. Automobile/Motor Liability Insurance with a limit of liability not less than One Million Dollars (\$1,000,000.00) combined single limit coverage. Such insurance shall include coverage of all owned, hired and non-owned vehicles, and be at least as broad as Insurance Service Offices Form Code 1 (any auto).

3. Workers' Compensation Insurance, as required by the California Labor Code, with statutory limits, and Employers Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury or disease. Said policy shall contain, or be endorsed to contain, a waiver of subrogation against COUNTY and its agents, officers, officials, employees and volunteers.
4. Professional Liability Insurance – Error and Omission Coverage including coverage in an amount no less than Two Million Dollars (\$2,000,000.00) for each occurrence (Four Million Dollars (\$4,000,000.00) general aggregate). Said insurance shall be maintained for the statutory period during which CONTRACTOR may be exposed to liability regarding the services provided pursuant to the terms and conditions of this Agreement. CONTRACTOR shall require that such coverage be incorporated into its professional services agreements with any other entities.

B. Special Insurance Requirements. Said policies shall, unless otherwise specified herein, be endorsed with the following provisions:

1. The Comprehensive or Commercial General Liability Policy shall provide that COUNTY, and its agents, officers, officials, employees and volunteers, are covered as additional insured for liability arising out of the operations performed by, or on behalf of, CONTRACTOR. The coverage shall contain no special limitations on the scope of protection afforded to COUNTY or its agents, officers, officials, employees and volunteers. Said policy shall also contain a provision stating that such coverage:
 - a. Includes contractual liability.
 - b. Does not contain exclusions as to property damage caused by explosion or collapse of structures or underground damage, commonly referred to as "XCU Hazards."
 - c. Is the primary insurance with regard to COUNTY.
 - d. Does not contain a pro-rata, excess only and/or escape clause.
 - e. Contains a cross liability, severability of interest or separation of insureds clause.
2. The above-referenced policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY in accordance with the notice requirements set forth herein. It is further understood that CONTRACTOR shall not terminate such coverage until COUNTY receives adequate proof that equal or better insurance has been secured.
3. The inclusion of more than one (1) insured shall not operate to impair the rights of one (1) insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one (1) insured shall not operate to increase the limits of the insurer's liability.
4. For claims related to this Agreement, CONTRACTOR's insurance is the primary coverage to COUNTY, and any insurance or self-insurance programs maintained thereby are excess to CONTRACTOR's insurance and will not be used to contribute therewith.

5. Any failure to comply with the terms and conditions of this Agreement shall not affect the coverage provided to COUNTY or its agents, officers, officials, employees and volunteers.
 6. CONTRACTOR shall furnish COUNTY with certificates and original endorsements effecting the required coverage prior to execution of this Agreement. The endorsements shall be on forms approved by the Humboldt County Risk Manager. Any deductible or self-insured retention over One Hundred Thousand Dollars (\$100,000.00) shall be disclosed to, and approved by, COUNTY. If CONTRACTOR does not keep all required policies in full force and effect, COUNTY may, in addition to any other available remedies, take out the necessary insurance and deduct the cost of said insurance from the monies owed to CONTRACTOR under this Agreement.
 7. COUNTY is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered, and CONTRACTOR shall be required to purchase additional coverage to meet the above-referenced aggregate limits.
- C. Insurance Notices. Any and all insurance notices required to be given pursuant to the terms and conditions of this Agreement shall be sent to the addresses set forth below in accordance with the notice requirements contained herein.

COUNTY: County of Humboldt
Attention: Risk Management
825 Fifth Street, Room 131
Eureka, California 95501

CONTRACTOR: Hinderliter, De Llamas, & Associates
Attention: Andrew Nickerson, President/CEO
120 S State College Blvd. #200Brea, CA 92821

16. RELATIONSHIP OF PARTIES:

It is understood that this Agreement is by and between two (2) independent entities and is not intended to, and shall not be construed to, create the relationship of agents, servant, employee, partnership, joint venture or any other similar association. Both parties further agree that CONTRACTOR shall not be entitled to any benefits to which COUNTY employees are entitled, including, without limitation, overtime, retirement, leave or workers' compensation benefits. CONTRACTOR shall be solely responsible for the acts and omissions of its agents, officers, employees, assignees and subcontractors.

17. COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND STANDARDS:

- A. General Legal Requirements. CONTRACTOR hereby agrees to comply with any and all local, state and federal laws, regulations, policies, procedures and standards applicable to the services provided pursuant to the terms and conditions of this Agreement.
- B. Licensure Requirements. CONTRACTOR hereby agrees to comply with any and all local, state and federal licensure, certification and accreditation standards applicable to the services provided pursuant to the terms and conditions of this Agreement.
- C. Accessibility Requirements. CONTRACTOR hereby agrees to comply with any and all applicable accessibility requirements set forth in the Americans with Disabilities Act, Section 508 of the Rehabilitation Act of 1973, as amended, California Government Code Section 1135 and any current and future implementing regulations, policies, procedures and standards promulgated thereunder, including, without limitation, the federal accessibility standards set

forth in 36 C.F.R. Section 1194.1, all as may be amended from time to time.

- D. Conflict of Interest Requirements. CONTRACTOR hereby agrees to comply with any and all applicable conflict of interest requirements set forth in the California Political Reform Act and any current and future implementing regulations, policies, procedures and standards promulgated thereunder, including, without limitation, COUNTY's Conflict of Interest Code, all as may be amended from time to time.

18. PROVISIONS REQUIRED BY LAW:

This Agreement is subject to any additional local, state and federal restrictions, limitations or conditions that may affect the terms, conditions or funding of this Agreement. This Agreement shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or incorrectly stated, the parties agree to amend the pertinent section to make such insertion or correction.

19. REFERENCE TO LAWS, REGULATIONS AND STANDARDS:

In the event any law, regulation or standard referred to herein is amended during the term of this Agreement, the parties agree to comply with the amended provision as of the effective date thereof.

20. PROTOCOLS:

Each party hereby agrees that the inclusion of additional protocols may be required to make this Agreement specific. All such protocols shall be negotiated, determined and agreed upon by both parties hereto.

21. SEVERABILITY:

If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

22. ASSIGNMENT:

Neither party shall delegate its duties or assign its rights hereunder, either in whole or in part, without the other party's prior written consent. Any assignment by CONTRACTOR in violation of this provision shall be void, and shall be cause for immediate termination of this Agreement. This provision shall not be applicable to service agreements or other arrangements usually or customarily entered into by either party to obtain supplies, technical support or professional services.

23. AGREEMENT SHALL BIND SUCCESSORS:

All provisions of this Agreement shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, administrators, successors and permitted assigns.

24. WAIVER OF DEFAULT:

The waiver by either party of any breach of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement. In no event shall any payment by COUNTY constitute a waiver of any breach of this Agreement which may then exist on the part of CONTRACTOR. Nor shall such payment impair or prejudice any remedy available

to COUNTY with respect to the breach or default. COUNTY shall have the right to demand repayment of, and CONTRACTOR shall promptly refund, any funds which COUNTY determines were not expended in accordance with the terms and conditions of this Agreement.

25. NON-LIABILITY OF COUNTY OFFICIALS AND EMPLOYEES:

No official or employee of COUNTY shall be personally liable for any default or liability under this Agreement.

26. AMENDMENT:

This Agreement may be amended at any time during the term hereof upon the mutual consent of both parties. No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

27. STANDARD OF PRACTICE:

CONTRACTOR warrants that it has the degree of learning and skill ordinarily possessed by reputable professionals practicing in similar localities in the same profession and under similar circumstances. CONTRACTOR's duty is to exercise such care, skill and diligence as professionals engaged in the same profession ordinarily exercise under like circumstances.

28. TITLE TO INFORMATION AND DOCUMENTS:

It is understood that any and all documents, information and reports concerning the subject matter of this Agreement prepared and/or submitted by CONTRACTOR shall become the property of COUNTY. However, CONTRACTOR may retain copies of such documents, information and reports for its records. In the event this Agreement is terminated, for any reason whatsoever, CONTRACTOR shall promptly turn over all such documents, information and reports to COUNTY without exception or reservation. This does not include any software, programs, methodologies or systems used in the creation of such work product, nor does it include any drafts, notes or internal communications prepared by Contractor in the course of performing the Services that were not otherwise provided to COUNTY in either hardcopy or electronic form, all of which may be protected by Contractor or others' copyrights or other intellectual property

29. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California. Any dispute arising hereunder, or relating hereto, shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to California Code of Civil Procedure Sections 394 or 395.

30. ADVERTISING AND MEDIA RELEASE:

Any and all informational material related to this Agreement shall receive approval from COUNTY prior to being used as advertising or released to the media, including, without limitation, television, radio, newspapers and internet. CONTRACTOR shall inform COUNTY of any and all requests for interviews by the media related to this Agreement before such interviews take place. COUNTY shall be entitled to have a representative present at any and all interviews concerning the subject matter of this Agreement. Any and all notices required by this provision shall be given to Humboldt County Administrative Office in accordance with the notice requirements set forth herein.

31. SUBCONTRACTS:

CONTRACTOR shall obtain prior written approval from COUNTY before subcontracting any of the services to be provided pursuant to the terms and conditions of this Agreement. Any and all subcontracts shall be subject to all applicable terms and conditions of this Agreement, including, without limitation, the licensing, certification, privacy, security and confidentiality requirements set forth herein. CONTRACTOR shall remain legally responsible for the performance of all terms and conditions of this Agreement, including, without limitation, any and all services provided by third parties under subcontracts, whether approved by COUNTY or not.

32. ATTORNEYS' FEES:

If either party shall commence any legal action, including, without limitation, an action for declaratory relief, against the other by reason of the alleged failure of the other to perform any of its obligations hereunder, the party prevailing in said action shall be entitled to recover court costs and reasonable attorneys' fees, including, but not limited to, the reasonable value of services rendered by the Humboldt County Counsel's Office, to be fixed by the court, and such recovery shall include court costs and attorneys' fees on appeal, if applicable. As used herein, the term "prevailing party" means the party who dismisses an action in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached, or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.

33. SURVIVAL OF PROVISIONS:

The duties and obligations of the parties set forth in Section 3(D) – Compensation upon Termination, Section 8 – Record Retention and Inspection, Section 10 – Confidential Information and Section 14 – Indemnification shall survive the expiration or termination of this Agreement.

34. CONFLICTING TERMS OR CONDITIONS:

In the event of any conflict in the terms or conditions set forth in any other agreements in place between the parties hereto and the terms and conditions set forth in this Agreement, the terms and conditions set forth herein shall have priority.

35. INTERPRETATION:

This Agreement, as well as its individual provisions, shall be deemed to have been prepared equally by both of the parties hereto, and shall not be construed or interpreted more favorably for one (1) party on the basis that the other party prepared it.

36. INDEPENDENT CONSTRUCTION:

The titles of the sections, subsections, paragraphs and clauses set forth herein are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this Agreement.

37. FORCE MAJEURE:

Neither party hereto shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control, and without the fault or negligence, of such party. Such events shall include, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe

weather, acts of terrorism or other disasters, whether or not similar to the foregoing.

38. ENTIRE AGREEMENT:

This Agreement contains all of the terms and conditions agreed upon by the parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind either of the parties hereto. In addition, this Agreement shall supersede in their entirety any and all prior agreements, promises, representations, understandings and negotiations of the parties, whether oral or written, concerning the same subject matter. Any and all acts which may have already been consummated pursuant to the terms and conditions of this Agreement are hereby ratified.

39. COUNTERPART EXECUTION:

This Agreement, and any amendments hereto, may be executed in one (1) or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. This Agreement, and any amendments hereto, may be signed by manual or electronic signatures in accordance with any and all applicable local, state and federal laws, regulations and standards, and such signatures shall constitute original signatures for all purposes. A signed copy of this Agreement, and any amendments hereto, transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement and any amendments hereto.

40. AUTHORITY TO EXECUTE:

Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligations hereunder have been duly authorized.

[Signatures on Following Page]


IN WITNESS WHEREOF, the parties have entered into this Agreement as of the first date written above.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
- (2) SECRETARY, CHIEF FINANCIAL OFFICER OR TREASURER.

HINDERLITER, DE LLAMAS AND ASSOCIATES:


By:  Signed by: Robert Gray Date: 3/3/2026 | 12:04:09 PM PST
D4C862557876418...
 Name: Robert Gray
 Title: Vice President

By:  DocuSigned by: Richard Park Date: 3/3/2026 | 12:30:03 PM PST
4DD130EE7C2A4A2...
 Name: Richard Park
 Title: CFO

COUNTY OF HUMBOLDT:

By: _____ Date: _____
 Mike Wilson, Chair
 Humboldt County Board of Supervisors

INSURANCE AND INDEMNIFICATION REQUIREMENTS APPROVED:

By:  Digitally signed by Oakley, Jennifer Date: 4/14/2026
Date: 2026.04.14 10:42:37 -07'00'
 Risk Management

LIST OF EXHIBITS:

- Exhibit A – Scope of Tax Management Services
- Exhibit B – Sales Tax Audit Authorization Form
- Exhibit C – Confidentiality Requirements
- Exhibit D – Scope of Local Tax “Prime” Software System Services

EXHIBIT A
SCOPE OF TAX MANAGEMENT SERVICES
 Hinderliter, De Llamas and Associates
 For Fiscal Years 2025-2026 Through 2029-2030

Services related to the management of sales and use taxes (“Bradley Burns”), transaction and use taxes (“Measures Z and O”) and related economic analysis/forecasting services/reports.

1. SALES AND USE TAX (“BRADLEY BURNS”) AND ECONOMIC ANALYSIS/FORECASTING SERVICES/REPORTS:

- 1.1. Establish a special database identifying the name, address, and quarterly allocations of all sales tax producers within the COUNTY. This database will be utilized to generate special reports to COUNTY on major sales tax producers by rank and category, sales tax activity by categories, or business districts, identification of reporting aberrations, and per capita and outlet comparisons with regional and statewide sales.
- 1.2. Provide periodic updated reports to COUNTY identifying changes in sales by individual businesses, business groups and categories, and by geographic area. These reports may include, without limitation, quarterly aberrations due to State audits, fund transfers, and receivables, along with late or double payments, and quarterly reconciliation worksheets to assist with budget forecasting. CONTRACTOR shall meet quarterly by in person or virtually with COUNTY.
- 1.3. Shall additionally provide following each calendar quarter a summary analysis for COUNTY to share with elected officials, economic development interest groups and the public that analyze COUNTY’s sales tax trends by major groups and geographic areas without disclosing confidential individual tax records.
- 1.4. Establish a special database with California Department of Tax and Fee Administration (“CDTFA”) registration data for businesses within applicable district boundaries holding seller’s permit accounts.
- 1.5. Periodically license for the limited, non-exclusive, non-transferable use by COUNTY’s staff certain of CONTRACTOR’s web-based sales, use and/or transactions tax program(s) containing sellers permit, registration, allocation and related information for business outlets within COUNTY’s jurisdiction registered with the CDTFA.
- 1.6. Provide periodic updated reports endeavoring to identify and assist with budget forecasting (i) changes in allocation totals by individual businesses, business groups and categories, and (ii) aberrations due to State audits, fund transfers, and receivables, along with late or double payments.

2. ALLOCATION AND AUDIT RECOVERY SERVICES

- 2.1. Conduct (when mutually agreed with COUNTY) initial and on-going sales and use tax audits of businesses to help identify and correct distribution and allocation errors, and to proactively affect favorable registration, reporting or formula changes thereby generating previously unrealized sales and use tax income for the COUNTY and/or recovering misallocated tax from registered taxpayers. Common errors that will be monitored and corrected include but are not limited to: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; formula errors; misreporting of “point of sale” to the wrong location; delays in reporting new outlets; misallocating use tax payments to the allocation pools or wrong jurisdiction; and erroneous fund transfers and adjustments.
- 2.2. Initiate contacts with the CDTFA and sales management and accounting officials in companies that have businesses where a probability of error exists to endeavor to help verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner.
- 2.3. Prepare and submit to the CDTFA information for the purpose of correcting any identified allocation errors, and follow-up with individual businesses and the CDTFA to promote recovery by the COUNTY of back or prospective quarterly payments that may be owing.
- 2.4. If, during the course of its audit, CONTRACTOR finds businesses located in the COUNTY’s jurisdiction that are properly reporting sales and use tax but have the potential for modifying their operation to provide an even greater share to COUNTY, CONTRACTOR may so advise COUNTY and collaborate with those businesses and COUNTY to encourage such changes.

3. TRANSACTIONS TAX AND ECONOMIC ANALYSIS/FORECASTING SERVICES/REPORTS:

- 3.1. CONTRACTOR shall establish a database containing all applicable Department of Tax and Fee Administration (CDTFA) registration data for each business within the Measures “Z and O” District boundaries holding a seller’s permit account. Said database shall also identify the quarterly transactions and use tax allocations under each account for the most current and previous quarters where available.
- 3.2. CONTRACTOR shall provide updated reports each quarter identifying changes in allocation totals by individual businesses, business groups and by categories. Quarterly aberrations due to State audits, fund transfers, and receivables, along with late or double payments, will also be identified. Quarterly reconciliation worksheets to assist finance officer with budget forecasting will be included.
- 3.3. CONTRACTOR shall advise and work with COUNTY Staff on planning and economic questions related to maximizing revenues, preparation of revenue projections and general information on transactions and use tax questions.
- 3.4. CONTRACTOR shall make available to COUNTY the HdL proprietary software program and Measure Measures “Z and O” database containing all applicable registration and quarterly allocation information for COUNTY business outlets registered with the Department of Tax and Fee Administration. The database will be updated quarterly.

4. DEFICIENCY/ALLOCATION REVIEWS AND RECOVERY

- 4.1. CONTRACTOR shall conduct on-going reviews to identify and correct unreported transactions and tax payments and distribution errors thereby generating previously unrealized revenue for the COUNTY. Reviews shall include:
 - 4.1.1. Comparison of county-wide local tax allocations to transactions tax for brick and mortar stores and other cash register-based businesses, where clearly all transactions are conducted on-site within the Measures “Z and O” COUNTY boundaries, and therefore subject to transactions tax.
 - 4.1.2. Review of any significant one-time use tax allocations to ensure that there is corresponding transaction tax payments for taxpayers with nexus within the COUNTY boundaries.
 - 4.1.3. Review of state-wide transactions tax allocations and patterns to identify any obvious errors and omissions.
 - 4.1.4. Identification and follow-up with any potentially large purchasers of supplies and equipment (e.g. hospitals, universities, manufacturing plants, agricultural operations, refineries) to ensure that their major vendors are properly reporting corresponding transactions tax payments to the Measures “Z and O” Transactions Tax District.
- 4.2. CONTRACTOR will initiate, where the probability of an error exists, contacts with the appropriate taxpayer management and accounting officials to verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner so as to enhance COUNTY’s relations with the business community.
- 4.3. CONTRACTOR shall prepare and submit to the Department of Tax and Fee Administration all information necessary to correct any allocation errors and deficiencies that are identified and shall follow-up with the individual businesses and the California Department of Tax and Fee Administration to ensure that all back quarter payments due the COUNTY are recovered.

5. CONSULTING AND OTHER OPTIONAL SERVICES

CONTRACTOR may from time to time in its sole discretion, consult with COUNTY’s staff, including without limitation, regarding (i) technical questions and other issues related to sales, use and transactions tax, (ii) utilization of reports to enhance business license collection efforts, (iii) sales tax projections for proposed annexations, economic development projects and budget planning, (iv) negotiating/review of tax sharing agreements, (v) establishing purchasing corporations, (vi) meeting with taxpayers to encourage self-assessment of tax obligations, and (vii) other sales, use or transactions tax revenue-related matters.

EXHIBIT B
SALES TAX AUDIT AUTHORIZATION FORM
Hinderliter, De Llamas and Associates
For Fiscal Years 2025-2026 Through 2029-2030

Sales Tax Audit
Work Authorization No. _____

The following business or businesses, located in the County of Humboldt have been identified as having the potential for recovering or generating additional sales tax revenue to the County of Humboldt. Contractor is hereby solely authorized to contact the given business(s) and the State Board of Equalization to verify the accuracy of the current reporting methodology and obtain the necessary documentation for the Board of Equalization, to modify allocation formulas, and to return previous misallocated revenue that may be due to County.

Contractor's compensation shall be fifteen percent (15%) of the sales and/or use tax revenue received by County as a result of audit and recovery work performed by Contractor, as set forth in the Professional Services Agreement, dated _____, 2026, by and between Contractor and County.

COUNTY OF HUMBOLDT:

By: _____ Date: _____

Name: _____

Title: _____

HINDERLITER, DE LLAMAS AND ASSOCIATES:

By: _____ Date: _____

Name: _____

Title: _____

EXHIBIT C
CONFIDENTIALITY REQUIREMENTS
Hinderliter, De Llamas and Associates
For Fiscal Years 2025-2026 Through 2029-2030

Section 7056 of the State of California Revenue and Taxation Code (“R&T Code”) specifically limits the disclosure of confidential taxpayer information contained in the records of the CDTFA. Section 7056 specifies the conditions under which a COUNTY, county or district may authorize persons other than such COUNTY, county or district’s officers and employees to examine state sales and use tax records.

The following conditions specified in Section 7056-(b)(1) of the State of California R&T Code are hereby made part of this Agreement:

- A. CONTRACTOR is authorized by this Agreement to examine sales, use or transactions and use tax records of the CDTFA provided to COUNTY pursuant to contract under the Bradley-Burns Uniform Local Sales and Use Tax Law R&T Code Section 7200 et.seq.
- B. CONTRACTOR is required to disclose information contained in, or derived from, those sales or transactions and use tax records only to an officer or employee of COUNTY who is authorized by COUNTY resolution provided to the CDTFA to examine the information.
- C. CONTRACTOR is prohibited from performing consulting services for a retailer (as defined in R&T Code Section 6015), during the term of this agreement.
- D. CONTRACTOR is prohibited from retaining the information contained in or derived from those sales, use or transactions and use tax records after this agreement has expired. Information obtained by examination of the CDTFA records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the COUNTY as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution shall designate the CONTRACTOR as a person authorized to examine sales and use tax records and certify that this agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

EXHIBIT D
SCOPE OF LOCAL TAX “PRIME” SOFTWARE SYSTEM SERVICES

Hinderliter, De Llamas and Associates
For Fiscal Years 2025-2026 Through 2029-2030

CONTRACTOR will provide the following services relative to CONTRACTOR’s local tax software solution for excise and transient occupancy taxes and business license issuance and tracking.

1. **Software Hosting Services** – CONTRACTOR’s hosting services offload the majority of IT concerns to CONTRACTOR’s hosting team; including system upgrades, hardware and software maintenance, database management, and disaster recovery. COUNTY will be responsible for maintaining its workstations and a reliable internet connection. CONTRACTOR will handle the rest. Website functionality will be hosted using a COUNTY specific sub-domain on CONTRACTOR’s special purpose hdlgov.com domain.
 - 1.1. **Workstation Specifications** – Workstations will access the software through a remote application session with CONTRACTOR’s hosting service. All workstations require 4+GB Memory, 1280x1024 screen resolution, and MS Windows 10/11 operating system.
 - 1.2. **Network Specifications** – CONTRACTOR’s hosted service requires reliable, high speed internet connectivity. High-speed local area network connections are always helpful, but the service will also run without difficulty over slower WAN connections such as T1 or mobile broadband.
 - 1.3. **Printer Specifications** - The software is designed to work with laser printers. A PCL compliant laser printer is recommended. Each make and model of printer has different drivers and therefore has slightly different results when printing. We design forms/reports using HP LaserJet printers.

2. **Software Support**
 - 2.1. **COUNTY Support** - CONTRACTOR will provide COUNTY’s users no charge support by telephone, email and the web during the term of this Agreement. In the United States support is available as follows: For customer support between the hours of 8:00 am and 5:00 pm Pacific time, Monday through Friday, email support@hdlcompanies.com or call (909) 861-4335 and ask for software support. For urgent off hours support before 8:00 am or after 5:00 pm Pacific time, Monday through Friday (or anytime Saturday), email 911@hdlcompanies.com and CONTRACTOR’s on call support personnel will be notified. Please only include your name, agency and contact # in emails to 911@hdlcompanies.com. You will be contacted as soon as possible.
 - 2.2. **Response Time** – In the event that COUNTY encounters an error and/or malfunction whereby the software does not conform to expected behavior in accordance with the software design, CONTRACTOR will assign one of the following severity levels and render support services in a timely manner consistent with the urgency of the situation.
 - 2.2.1. **Severity Level 1** – a critical problem has been encountered such that the software is essentially inoperable and without a reasonable workaround. CONTRACTOR will respond within one (1) business hour to diagnose the problem. A response is defined as an email or call to the COUNTY’s designated support contact. CONTRACTOR and COUNTY will work diligently and continuously to correct the problem as quickly as possible.
 - 2.2.2. **Severity Level 2** – a problem has been encountered that does not prevent use of the software, but the software is not operating correctly. CONTRACTOR will diagnose the problem within 48 hours and advise COUNTY of any available work-around. Upon CONTRACTOR’s confirmation that the software is not operating correctly, CONTRACTOR will provide a software update to repair the defect and confirm with COUNTY that the update resolved the issue.
 - 2.2.3. **Severity Level 3** – a minor problem has been encountered. The software is usable but could be improved by correction of a minor defect or addition of a usability enhancement. CONTRACTOR will assess the request within fifteen (15) business days and, depending on priorities, schedule a software update for a future release, advise COUNTY that the request will not be implemented, or offer the option of implementing the request as a custom software enhancement at additional cost.
 - 2.3. **Support Policy Regarding Reports** - CONTRACTOR will assist with modifications to reports as needed during the term of this agreement. Typical report modifications require 7 to 10 business days to complete. Very complex reports or reports required in a very short time frame may incur development costs, in which case an estimate will be provided for approval before the work is begun.

- 2.4. **Software Upgrades** - Except to the extent that upgrades of the software include new modules or features not previously offered as part of the software as of the date hereof, COUNTY is entitled to upgrades of the software within the terms of this Agreement. Additional costs may apply depending on the extent of the upgrade. Potential additional costs include training, consulting, configuration, or other requested services.
- 2.5. **Out of Scope Support** – COUNTY agrees to pay additional hourly fees according to CONTRACTOR’s then current hourly rates if the COUNTY desires CONTRACTOR’s assistance for matters which are not caused by any defects in CONTRACTOR’s software.

3. **Online Payment Processing**

3.1. **Standard Payment Processing Solution** – CONTRACTOR’s software includes PCI compliant payment processing services, supporting both credit card and eCheck transactions. CONTRACTOR guarantees continued support of the Standard Payment Processing Solution across all releases of CONTRACTOR’s software and the Standard Payment Processing Solution, at no cost to COUNTY.

3.1.1. **Payment Processing** - CONTRACTOR shall provide its Services to support payments remitted to COUNTY. CONTRACTOR shall transmit transactions for authorization and settlement through CONTRACTOR’s certified payment processor. Funds for transactions processed by CONTRACTOR hereunder shall be submitted to COUNTY’s designated bank account as follows: (i) no more than two (2) business banking days after all Transactions (other than electronic Check Transactions) that are successfully processed prior to 5:00 p.m. ET on each business banking day (e.g., a Transaction authorized at 2:00 p.m. ET on Monday will be submitted on Wednesday; a Transaction successfully processed at 8:00 p.m. ET on Monday will be submitted on Thursday); and (ii) no more than five (5) business banking days for all electronic Check Transactions that are successfully processed prior to 5:00 p.m. ET on each business banking day. CONTRACTOR makes no representation or warranty as to when funds will be made available by COUNTY’s bank.

3.1.2. **Support** - CONTRACTOR shall provide COUNTY with payment processing related customer service as needed. COUNTY shall timely report any problems encountered with the service. CONTRACTOR shall promptly respond to each report problem based on its severity, the impact on COUNTY’s operations and the effect on the service. CONTRACTOR shall either resolve the problem or provide COUNTY with the information needed to enable the COUNTY to resolve it.

3.1.3. **Transaction Errors** - CONTRACTOR’s sole responsibility for any Transaction error or reversed Transaction is to determine whether the result indicates a problem with CONTRACTOR’s service and, if necessary, reprocess and resubmit the Transaction without additional charge. In the event that a Transaction is reversed or refunded to any Customer of COUNTY, for any reason, CONTRACTOR may offset such amount against funds remitted to COUNTY, or invoice COUNTY for such amount, at CONTRACTOR’s discretion. COUNTY shall pay any such invoice within 30 days of receipt.

3.1.4. **Electronic Check Authorization** - If COUNTY elects to accept electronic Checks as a form of payment, the following subsections apply. For the purpose of this section, “checks” means checks drawn on accounts held in the U.S. (“Check(s)”).

3.1.4.1. As part of the implementation plan, COUNTY shall select risk management controls governing Check acceptance and assumes sole responsibility for the choice of controls.

3.1.4.2. CONTRACTOR shall provide confirmation on a submitted ABA number as part of the Service to assist COUNTY with the decision whether to accept a Check and shall route accepted Checks.

3.1.4.3. COUNTY hereby authorizes CONTRACTOR to debit the COUNTY’s financial institution account in the amount of any returned item that is received by CONTRACTOR.

3.1.5. **COUNTY Responsibilities**

3.1.5.1. As a condition to its receipt of CONTRACTOR’s Standard Payment Processing Solution, COUNTY shall execute and deliver a payments services/merchant application with CONTRACTOR’s Standard Payment Processing Solution vendor to establish COUNTY’s merchant account for payments processing, and any and all applications, agreements, certifications or other documents required by Networks or other third parties whose consent or approval is necessary for the processing of Transactions. This includes “Network” is an entity or association that operates, under a common service mark, a system which permits participants to authorize, route, and settle Transactions among themselves, including, for example, networks operated by VISA USA and Mastercard, Inc., NYCE Corporation, American Express, and Discover.

- 3.1.5.2. COUNTY represents, warrants, and agrees that it does and will comply with applicable Laws and regulations and Network rules, regulations or operating guidelines. COUNTY shall notify CONTRACTOR in writing as soon as possible in the event a claim is either threatened or filed against COUNTY by any governmental organization having jurisdiction over COUNTY or a Customer related to the Service. COUNTY shall also notify CONTRACTOR in writing as soon as possible in the event a claim is either threatened or filed against COUNTY relating to Transactions or the Services or a fine or other penalty is assessed or threatened relating to Transactions or the Services.
- 3.1.5.3. COUNTY represents, warrants and agrees that it is and will continue to be in full compliance with all applicable requirements of the COUNTY Information Security Program of VISA, the Site Data Protection Program of MasterCard, and similar programs of other Networks, and any modifications to such programs that may occur from time to time. Upon the request of CONTRACTOR, COUNTY shall provide CONTRACTOR with documentation reasonably satisfactory to CONTRACTOR verifying compliance with this Section.
- 3.1.5.4. COUNTY hereby grants CONTRACTOR the full right, power and authority to request, receive and review any Data or records reflected in a Transaction report. COUNTY represents and warrants that it has the full right and authority to grant these rights.
- 3.2. **Custom Payment Processing Solution** - Should COUNTY require a different payment processing solution than CONTRACTOR’s designated standard solution, COUNTY will pay an initial custom development fee to establish the integration as well as an increase to the annual use fee to maintain the integration across regular maintenance releases of CONTRACTOR’s software and COUNTY’s custom payment processing solution. The annual use fee does not include significant redevelopment of the integration as may be required for major updates to CONTRACTOR’s software or COUNTY’s custom payment processing solution. Before commencing any work CONTRACTOR will provide a statement of work (SOW) defining the scope of work to be performed, timeline for development, and all associated costs.

FEES FOR LOCAL TAX “PRIME” SOFTWARE SYSTEM SERVICES

- 4. **Pricing Adjustments** – All pricing listed in this Schedule will be honored during the first twelve months of software services. Any additional/optional services needed after this period will be provided using CONTRACTOR’s current pricing schedule at the time the service is requested.
- 5. **Software Services**
 - 5.1. **Travel Expenses** – Travel and lodging expenses are billed at cost and apply to all meetings; including process, pre-installation, installation, training, and support. CONTRACTOR is dedicated to conserving public funds, and ensures any travel costs are required and reasonable.
 - 5.2. **Customizing Services** – CONTRACTOR’s software is a customizable off the shelf system (COTS), and has been designed to meet all common needs of local governments. Should the need occur, CONTRACTOR may provide custom enhancements to the software on a time and material basis. No work shall be performed without prior written approval of CONTRACTOR and COUNTY.
 - 5.3. **Recurring Costs**

<i>Item</i>	<i>Price</i>	<i>Comments</i>
<i>Software Use Fee</i>	<u>\$ 13,717.20</u>	Billed Annually, plus CPI
<i>Prime Hosting Fee</i>	<u>\$3,429.30</u>	Billed Annually, plus CPI

- 5.3.1. **Software Use Fee** – Software Use Fee is billed annually, and provides for use of the software by the specified number of licensed users, software hosting services, customer support, and updates to the software. Additional user licenses are available as follows:
 - \$2,000.00 software use fee per license up to 10 total licenses
 - \$1,750.00 software use fee per license from 11 to 20 total licenses
 - \$1,500.00 software use fee per license above 20 total licenses
- 5.3.2. **CPI** – Recurring costs will be increased as of January 1st of each calendar year with reference to the 12-month percent change in the most recently published annual Consumer Price Index for All Urban Consumers (CPI-U), West Region, as reported by the U.S. Bureau of Labor Statistics (the “CPI Change”). Each annual increase in the Fees will be equal to the greater of two percent (2%) or the actual CPI Change and the lesser of ten percent (10%) or the actual CPI Change. For example, if the actual CPI Change is 1.5%, then the annual increase will be 2%, if the actual CPI Change is 3.5%, then the

annual increase will be 3.5%, and if the actual CPI Change is 12%, then the annual increase will be 10%.

6. **Payment Processing** – CONTRACTOR’s Standard Payment Processing Solution will configure payment processing services to utilize either a taxpayer funded model (service/convenience fee) or Agency funded model, as directed by COUNTY. COUNTY may switch between these models upon written request to CONTRACTOR. Fees for each of these payment processing models are detailed here.

6.1. Taxpayer funded model – COUNTY authorizes CONTRACTOR to collect each convenience fee from the taxpayer at time of payment.

6.1.1. Credit and debit card processing – 2.9% of transaction amount, minimum of \$2.00

6.1.2. ACH/eCheck processing - \$2.50 per transaction

6.1.3. ACH/eCheck returns - \$0.00 per return

6.1.4. Chargebacks - \$0.00 per chargeback

6.1.5. Payment Account Hosting and Maintenance - \$35.00 per month

6.2. Agency funded interchange passthrough model

6.2.1. Credit and debit card processing – 2.9% of transaction amount, + \$0.30 per transaction

6.2.2. ACH/eCheck processing - \$0.75 per transaction

6.2.3. ACH/eCheck returns - \$10.00 per return

6.2.4. Chargebacks - \$25.00 per chargeback

6.2.5. Payment Account Hosting and Maintenance - \$35.00 per month

6.3. CONTRACTOR reserves the right to review and adjust pricing related to payment processing services on an annual basis. CONTRACTOR will communicate any such adjustment to COUNTY in writing, with 60 days advance notice. Items that will be considered in the review of fees may include, but are not limited to: regulatory changes, card association rate adjustments, card association category changes, bank/processor dues and assessments, average consumer payment amounts, card type utilization, and costs of service.

6.4. Fees do not include expenses, late fees or charges, or taxes, all of which shall be the responsibility of COUNTY. In addition to the charges specified, COUNTY shall be responsible for (a) all interchange and network provider fees, (b) all dues, fees, fines and assessments established and owed by COUNTY to Visa and/or Mastercard, (c) for all costs and fees associated with changes to ATM protocol caused by COUNTY’s conversion to the Services, and (d) any increase in postage charges, provided that any increase in charges resulting from (a) through (d) shall not exceed the actual increase incurred by CONTRACTOR.

7. **Payment Schedule**

7.1. Any travel and lodging expenses are billed at cost as they are incurred. Such expenses shall be due within 30 days of the billing date.

7.2. Recurring software service fees will be invoiced upon first production use of the software, and each year thereafter on the anniversary of the effective date of the Agreement, and shall be due within 30 days of the invoice date.

7.3. Payment processing service fees are invoiced monthly for the prior month’s activity, and shall be due within 30 days of the invoice date.

8. **Custom Services** – CONTRACTOR’s current hourly rates are as follows:

8.1. Principal - \$325 / hr

8.2. Programmer - \$295 / hr

8.3. Senior Analyst - \$245 / hr

8.4. Analyst - \$195 / hr

