MEETING DATE: 09/08/08

AGENDA ITEM: Approval of a Professional Services Agreement with MuniServices for Business Tax Compliance Services

ATTACHMENTS

N O T I C E REQUESTING PROPOSALS

RFP # 1393

Notice is hereby given that sealed proposals will be received by the City of Culver City, California, for furnishing the following:

REQUEST FOR PROPOSALS TO PROVIDE BUSINESS TAX COMPLIANCE SERVICES

in strict accordance with the Specifications on file in the office of the CITY PURCHASING OFFICER, 4343 Duquesne Avenue, Culver City, California, 90232. Copies of specifications and proposal documents may be obtained from the PURCHASING OFFICE at that address, telephone number (310) 253-6550.

Original and two copies of the proposal must be filed with the CITY CLERK in CITY HALL, 9770 Culver Boulevard, Culver City, California, 90232, not later than **3:00** p.m. on **July 3, 2008**, at which time they will be publicly opened in the Council Chambers on the first floor of City Hall. Facsimile proposals will not be accepted. Any bidder may withdraw his proposal, without obligation, at any time prior to the scheduled closing time for receipt of proposals. A withdrawal will not be effective unless made personally or by telephonic notification received prior to the closing date. Proposals may later be referred to the City Council for appropriate action. The City reserves the right to reject any or all proposals as the best interests of the City may dictate.

By: ______________________________
Ela Valladares, Deputy City Clerk

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Culver CITY

REQUEST FOR PROPOSALS #1393

TO PROVIDE BUSINESS TAX COMPLIANCE SERVICES

Prepared by
City of Culver City
Finance Department
June 2008

INTRODUCTION

The City of Culver City is soliciting qualified firm(s) with experience and interest to present their qualifications and capabilities to provide BUSINESS TAX COMPLIANCE SERIVCES.

The evaluation process shall include review of qualifications by a panel of City staff appointed by the Chief Financial Officer and any other staff designated by the City. Oral interviews may be scheduled and the City may request further information deemed necessary for the qualifications of one or more Firms responding to this RFP.

Please note, the Business Tax Compliance Services to be contracted for will not replace or duplicate the current tax discovery and collection efforts undertaken by the employees of the Treasury Division. It is intended to complement the current efforts by bringing to the City more sophisticated technology and data investigations that may not currently be available to City staff.

In addition to Business Tax Compliance Services, the selected firm may be requested to provide services to modernize the Business Tax operations in order to meet industry standards and implement best management practices, including a review of the City's ordinance governing the application of the tax. Firms performing such a review are required to have qualified legal staff.

BACKGROUND

The City of Culver City encompasses five square miles, has a residential population of approximately 40,790, and a daily population of approximately 100,000. As of July 1, 2006, The City of Culver City operates under a City Council/City Manager form of government. Members of the City Council are elected for alternating four years terms, with the Mayor being selected annually by the Council from among its members.

The City Manager is appointed by the Council Members, and due to the charter changes both the elected City Treasurer and City Clerk positions were eliminated as of April 8, 2008. The City Council created the Finance

Department with the Chief Financial Officer as the head of the Department, to combine the functions previous preformed by the City Treasurer's Office and the City Controller's Office.

Within the Finance Department, the Treasury Division is responsible for the comprehensive management of City and Redevelopment Agency revenue programs, billing fees for services provided, tax monitoring, collections, on-site visits to businesses as well as utility company and hotel audits. This division receives all payments to the City or Agency through mail, wire transfer or walk-in and ensures the timely deposit of funds to the proper accounts. This division handles all the Business Tax applications, renewals, compliances and collections. For fiscal year 2007-08 the Treasury Division is estimated to maintain 9,890 active business tax accounts, and is expected to issue 1,933 to newly registered business accounts

Scope of Services

The City of Culver City (City) collects a variety of local taxes, one being the Business Tax. The City is interested in receiving proposals to complement its existing tax collection efforts by contracting with outside professionals to conduct compliance services, to both determine compliance and to ultimately report on any additional tax and penalties that may be owed to the City.

The objectives of Business Tax Compliance Services are to identify, contact, register and bring businesses into compliance, as well as obtain payment of the appropriate taxes from those individuals or entities that are conducting business within the City. This includes identifying any person engaged in or carrying on any profession, trade, calling, occupation or business within the City, that is not registered with the City to ensure that the business is properly registered and has made all payments to the City.

The proposal will provide the means to identify the business, make contact with the business, ensure that the business is properly registered with all required entities (including the completion of Business Tax Application Form and required documents) and insure that the appropriate tax payment has been made to the City. Services and information provided must be in compliance with the Culver City Business Tax Code, in its present form or as amended upon recommendation from the Consultant. Certain information will be deemed confidential and will be specified in the agreement with the successful bidder.

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Key elements of any proposal are expected to include database-matching capability between the City's Business Tax database and other databases that the contractor shall obtain. The City may also request the contractor to match the City's Business Tax records against other databases, which the City may provide. The City may also request the contractor to provide a method(s) to pursue a limited number of taxpayers that the City has identified as owing additional taxes and/or where the taxpayer has failed to respond to the City's notice(s) of additional tax liability.

The City is looking for innovative approaches to accomplish this Scope of Services and more than one approach or option may be submitted. Each approach must include details of pricing structure as well as any City resources required.

The City plans to assign a staff member to provide ongoing oversight and input to the contractor's operation and system. City staff will also provide training and technical assistance in all matters of the application and interpretation of the City's Business Tax Code. Should the contractor propose to provide staff for operation of these services, all contractor staff will be required to be knowledgeable in the application of the City's Business Tax Code. The amount of Tax Code training required will be determined through discussion with the Finance Department and the selected contractor's representatives. The identification of a non-registered business may result in other types of liabilities due the City. City staff will be responsible for determining and collecting any other types of taxes, permit fees or other payments that may be due.

The selected contractor will be required to coordinate all discovery efforts with the Finance Department, Treasury Division. The coordination process must include a comparison of existing databases being used by City staff, to ensure that the unregistered business identification efforts are not duplicated. Any special information or access requirements must be clearly presented in the proposal for evaluation.

TECHNICAL ENVIRONMENT

The City of Culver uses the HdL Business Tax Module which tracks taxpayers, processes renewals and records payments. The City also receives Sales and Use Tax information from HdL and has ability to cross-reference this data.

The Finance Department will provide a listing of all registered businesses on file as well as a listing of pending applications.

CONFIDENTIALITY REQUIREMENTS

All information received from Taxpayer or City files related to gross receipts, shall be considered confidential under Section 11.01.215 of the Culver City Municipal Code. Additionally, contractor staff will be required to sign a confidentiality agreement. A current draft of the City's confidentiality agreement is attached, which may or may not be modified in final contract negotiations with the selected firm.

PROPOSAL DOCUMENTS/QUALIFICATIONS

The proposal should include the following information:

1. Names and qualifications of the specific individuals who would be assigned to this project. Please outline their relevant education and tax compliance experience.

2. References for related work that best illustrates your qualification for this project. Please submit a statement of similar work conducted in the past five years. Provide a description of relevant experience, the name and address of the agency, the tax discovery revenue generated annually, and indicate the fees or compensation received, the duration of the project, and the ending date.

3. Please provide three relevant compliance services previously conducted by your firm and indicate the nature or basis of business taxation as by flat tax, gross receipts, square footages of business entities, office space, apartment units, etc. Please provide the responsible contact name and phone numbers for each of these compliance services undertaken by your firm so the City can contact.

4. A written detailed description of the structure you will use to implement your proposal. As appropriate to the nature of the proposal, the description shall include: The major tasks to be performed by units within your organization, the types of controls and reporting systems that you will create; how you will maintain required confidentiality of City records; the interfaces you envision to be required with the City; the number of assigned City personnel including hours that will be required and any other details that allow the City to better understand the basis of your services. Provide a projected timeline for the project, and also confirm whether you can meet the City's desired timeline of completing

most services prior to the Business Tax renewal season which will begin in December 2008.

5. The City requires that the Proposal include the fee for services for the following criteria:
    - Detail the formula(s) you will use to determine compensation. If there will be various levels of effort expended by your firm, the proposed compensation schedule should clearly detail any variables that will cause formula changes. Specify any condition changes that will cause modification in the compensation to be paid, and those conditions should be stated clearly in your proposal. If you offer any minimum revenue generation guarantees, state the conditions of the guarantee. If you have any special requirements that the City must undertake relative to the compensation to be paid, you must detail those requirements and how they are factored into your compensation plan. If your compensation formula is based on additional Business Tax revenues collected by the City, clearly state the method of calculation, and whether it is based on the tax only or includes penalties and interest. If there are certain portions of the engagement that are fixed-fee, differentiate those services clearly from those contingent upon revenues.

    - The City will require detailed documentation of the findings before any fee compensation will be allowed. The fee billing should include methods for handling refunds, dishonored checks and other adjustments to payment that may occur.

    - If any revenues other than Business Tax are identified through these compliance services, the Finance Department, Treasury Division will be responsible for the collection of these other liabilities. These other revenues will not be included in the contractor's fee compensation.

    - The City requests that the proposal include rates by professional staff classification. The Schedule should reflect rates for compliance services. It should reflect the distribution of hours per staff classification as the City may be interested in engaging additional services.

6. Proposed project plan and schedule indicating the date for deliverables, critical meetings, City staff hours required for the meetings, and the completion of each task.

7. Verification of firm's ability to act in a neutral capacity as an independent adviser, if there is a relationship to subsidiary corporations or other business partners, the nature and impact of the relationship should be fully disclosed as it relates to the proposed scope of services.

8. All proposals must state the period for which the proposal shall remain in effect. By submitting the proposal it is expected that the firm has carefully read and fully understands the information provided by the City to serve as the basis for submission of the proposal.

9. Please state clearly any addition information that you believe will be essential to complete the evaluation of your proposal.

DEADLINE AND SUBMITTAL OF PROPOSAL

Please submit one (1) original and two (2) copies of the proposal. Proposals should be submitted in a sealed envelope that is clearly marked "Proposal for Business Tax Compliance Services # 1393". Proposals will be received at the City Clerk's Office until **3:00 PM** on **Thursday, July 3, 2008**.
All proposals must be sent to the following address:

City Clerk's Office
City of Culver City
9770 Culver Blvd.
Culver City, CA. 90232

Proposal may be mailed or hand delivered, and the format is optional at the discretion of the consultant. The City will not pay for any costs incurred in preparation and submission of proposals or anticipation of a contract.

EVALATION/SELECTION PROCESS

Contact with City staff is encouraged up to the submittal of the proposal. Inquiries should be directed to the City in writing (preferably e-mail), and written responses will be provided within 3 business days. All inquiries must be submitted at least 7 days prior to the submission deadline. After the proposal is submitted, no further contact is permitted. The City contact coordinator is:

Nagam Rao, Treasury Division Manager
Phone: 310.253.5865.
E-mail: *nagam.rao@culvercity.org*

Each proposal must be signed and submitted to the City Clerk's Office in a sealed envelope.

Deadline for Submission – 3:00 PM on Thursday, July 3, 2008.

The evaluation process consists of the following steps:

1. The proposals will be evaluated and rated by City staff based on following criteria:

- Firm's demonstrated operational capabilities stressing the ability to provide Business Tax Compliance Services;
- The methodology and innovativeness in approach that the Firm proposes to follow to identify and collect the additional business tax amounts due to the City;
- The strength of the references provided;
- Conformance with guidelines and format in this Request for Proposals;
- Firm's verified history of customer service satisfaction;
- Any other criteria as best suits the City.

2. The finalists may be required to make an oral presentation to staff and the City Council Audit Committee.

3. A Recommendation will then be made to the City Council.

Selection of the successful proposal will be at the sole discretion of the City.

It is expected the City Council will be presented with a recommendation on or before **August 25, 2008**.

THE CITY REQUESTS THAT ONCE PROPOSALS HAVE BEEN SUBMITTED, NO UNSOLICITED CONTACT OR DISCUSSIONS CONCERNING THESE PROPOSALS BE MADE PRIOR TO THE EVALUATION OF ALL PROPOSALS.

Indemnification and insurance:

The successful Firm shall indemnify and hold City and its officers, agents, employees, and assigns harmless from any liability imposed for injury whether arising before or after completion of work hereunder or in any manner directly or indirectly caused, occasioned, or contributed to, or claims to be caused, occasioned, or contributed to, in whole or in part by reason of any act or omission, including strict liability or negligence of Firm, or of anyone acting under Firms direction or control or on its behalf, in connection with, or incident to, or arising out of the performance of this contract. The successful Firm shall maintain and shall require of all it subcontractors to maintain Comprehensive General Liability Insurance with limits of not less than one million ($1,000,000) per occurrence.

Firm shall obtain and cause to remain in full force and effect for the term of the agreement and for six (6) months thereafter Professional/Negligent Acts, Errors, and Omissions Insurance for five hundred Thousand dollars ($500,000), as well as Automobile Liability in the minimum amount of $500,000/$500,000 and Workers Compensation Insurance in the statutory required amounts.

All insurance must be written by a surety, licensed to do business in California, and rated A or better in Best's rating guide. The City is to be named (where appropriate) as an additional insured on the endorsement forms.

Withdrawal:

A proposal may be withdrawn, without obligation, by an authorized representative of the Firm in writing at any time prior to the schedule bid closing date.

Rights to Materials:

All responses, inquiries, and correspondence relating to this RFP and all reports, charts, displays, schedules, exhibits, and other documentation produced by the Firm that are submitted as part of the proposal and not withdrawn prior to the scheduled Closing Date shall, upon receipt by City, become property of City. In addition, this proposal may only be reproduced by the Firm for purposes of bid preparation. It may not be copied, sold, or otherwise distributed to any individual, city, or business, unless prior written permission is obtained from City.

Costs:

City is not liable for costs incurred by Firm, or subcontractors, in the RFP process, including but not limited to costs for printing, mail, travel and lodging, oral presentations, software demonstrations, and contract negotiations.

Acceptance of Bid:

The contract entered into by the successful Firm and City shall be interpreted, construed, and given effect in all respects according to the laws of the State of California. The successful Firm shall secure a City Business Tax certificate through the Finance Department at the time the contract is awarded.

Award:

Although cost is an important factor in deciding which proposal will be selected, it is only one segment of the criteria used to evaluate consultants and systems. The City reserves the absolute right, in its sole discretion, to award a contract, if any, which under all the circumstances will best serve the public interest.

The City reserves the right to reject any or all proposals or to make no award at all, to determine whether any alternate proposals are equal to the specifications and general requirements and to accept proposals with minor variations from the specifications and/or conditions.

The final award **will** be subject to the approval of the Culver City City Council.

Disclosure of Bid Information:

After award, all written proposals are open to public inspection. The City assumes no responsibility for the confidentiality of information offered in a proposal. The RFP is worded in a manner so as not to elicit proprietary information. If proprietary information is submitted as part of the proposal, such information is to be labeled proprietary and be accompanied with a request that the information is to be returned by the City to the submitter. Any proposal submitted with a blanket statement or limitation that would prohibit or limit such public inspection shall be considered non-responsive and shall be rejected.

I understand that the City shall evaluate proposals in accordance with its Municipal Code, and that the City reserves the right to reject any or all proposals and to waive minor irregularities.

Date: ________________________________

Signature: ____________________________

Print Name & Title: ____

Company Name: ____

Business Address: ____

City, State, Zip Code: ______________________________________

Phone Number: __________________________

Fax Number: ____________________________

E-Mail Address: ____

1-4

Attachment 'A'

EMPLOYEE/VOLUNTEER/CONTRACTOR CONFIDENTIALITY POLICY

City of Culver City

Finance Department – Treasury Division

The confidential nature of many of the materials to which employees/volunteers/contractors of the Finance Department – Treasury Division have access makes it especially important that every Treasury Division Employee/Volunteer/Contractor thoroughly understand what his/her special responsibilities are in respect to those sensitive materials. Therefore, you are required to read and sign a Confidentiality Agreement. **This does not imply a lack of trust or confidence, but ensures that each employee, volunteer and contractor understand his/her responsibility.**

This responsibility covers the following specific areas:

1. City files and records reviewed or handled by you and other materials and information related to those files and records are confidential. Except to the extent required for you to perform your duties as an employee, volunteer or contractor, you must not divulge or discuss those files, records or related materials and information with anyone.

2. You must not remove current or obsolete files, records or related materials and information from City Hall or the premises at which they are located.

3. You must not allow current or obsolete files, records or related materials and information reviewed or handled by you to be seen by any unauthorized person.

4. You must take whatever steps are necessary to safeguard City files, records or related materials and information reviewed or handled by you, and must call to the immediate attention of your supervisor or designated City representative any situation or incident which might indicate a violation of this Policy, including release of any breach of employment examination security.

5. You must not discuss or divulge information in any City files or records reviewed or handled by you, except to the extent required for you to perform your duties as a City employee, volunteer or contractor.

Confidentiality of Other Documents

Employee may learn of, or be assigned to work with, other confidential information in the course of their employment or assignment. Employee, volunteer or contractor must not divulge sensitive information to others.

(Acknowledgement on reverse side)

ACKNOWLEDGEMENT

I have read and received a copy of this Policy and completely understand my obligations in respect to the confidentiality of the Finance Department - Treasury Division records and security. I understand it is my duty to act only in ways which will uphold the reputation of the City of Culver City. I understand a copy of this Policy, as signed by me, will be maintained by the Finance Department and in my personnel file, if applicable.

____________________	____________________	__________
Printed Name	Signature	Date

______________________________	______________________________
Department/Division Head Title	Date

CITY OF CULVER CITY
MuniServices' Response to Request for Proposals to
Provide Business Tax Compliance Services
RFP # 1393

July 3, 2008

MUNISERVICES

MuniServices, LLC
7335 North Palm Bluffs Avenue Fresno, California 93711
Phone: 800.800.8181 Fax: 559.275.0171
www.MuniServices.com

June 30, 2008

City Clerk's Office
City of Culver City
9770 Culver Blvd.
Culver City, CA 90232

Re: Request for Proposals to Provide Business Tax Compliance Services

To Whom It May Concern:

MuniServices, LLC is pleased to submit a response to the City of Culver City's Request for Proposals to Provide Business Tax Compliance Services. MuniServices' proposal outlines the key features that distinguish its expertise in business license discovery, audit, collections and revenue management services.

Throughout the past 20 years, MuniServices has provided revenue enhancement and consulting services to Culver City including Utility User Tax/Franchise Fee Audit Services, Sales and Use Tax Audit Services, Sales Tax Analysis and Reporting Service, Property Tax/RDA Services, Transient Occupancy Tax Services and Geo-based Revenue Information Program. MuniServices looks forward to the opportunity to once again partner with the City to provide its innovative and comprehensive business license services from its experienced and knowledgeable staff.

MuniServices has earned a national reputation as an expert in enhancing local government revenue and has provided successful partnerships with more than 260 jurisdictions nationwide. MuniServices is one of the few firms to provide services that encompass every municipal tax source and a variety of consulting services. MuniServices credits much of its success to its approximately 120 committed staff members who are strategically located throughout the United States. Additionally, MuniServices is proud to provide complementary legislative and regulatory affairs services to its clients to keep them informed of pending legislation that could affect their jurisdictions.

Ms. Marina Sloan, Culver City's Client Services Manager since 1991, will serve as the City's primary contact for services and can be reached at 800.800.8181 extension 5011 or via email at Marina.Sloan@MuniServices.com. As President of MuniServices, I am authorized to represent MuniServices in all negotiations. MuniServices is confident that it offers the City of Culver City the greatest opportunity for success.

Sincerely,

Marc Herman, President
MuniServices, LLC
Telephone: (559) 271.6830
Fax: (559) 312.2830
Email: Marc.Herman@MuniServices.com

TABLE OF CONTENTS

1. MUNISERVICES' STAFF QUALIFICATIONS

MuniServices' Culver City Business License Management Services Project Team is comprised of a dedicated group of individuals who have been chosen based on their experience, skill set, knowledge and education. This team, led by Marina Sloan, Client Services Manager, will ensure that all of the City's goals and objectives are met. Josh Davis, Manager of the Local Tax Compliance Team, will have primary responsibility of this Project, with the oversight of Randy Dryden, Vice President, Operations.

The following are brief resumes of key MuniServices' staff members, their experience, qualifications and position with the firm who will be assisting the City with its Business License Tax Compliance Services.

KEY STAFF MEMBERS

Marina Sloan – Client Services Manager

Marina's primary role will be to oversee the project and act as the liaison between the City and MuniServices. Marina joined MuniServices in 1990 and has more than 26 years of local government and public sector experience interfacing with the business community and providing revenue and economic consulting services to local governments in California and Nevada. As a senior member of MuniServices' client services team, Marina is responsible for MuniServices' audit, information and consulting services to more than 30 of MuniServices' key clients. Marina is one of MuniServices' specialists in the areas of sales and use tax, providing fiscal and trend analysis of local and regional sales tax and includes forecasting of revenues to assist cities in their budgeting process. Marina is also the Utility User's Tax (UUT) product liaison with MuniServices' clients and MuniServices' UUT department. Marina has served on business, education and economic development boards, including VCEDA, and continues to be an invited speaker and guest presenter and facilitator at professional seminars throughout the California. She is a member of CSMFO and CMRTA. She attended UCSB and UCLA.

Joshua Davis – Manager, Local Tax Compliance

Josh Davis joined MuniServices in 1997 and promoted to Manager of the Local Tax Compliance Department in 1999. Josh manages a team of 14 to identify avoidance and other forms of non-compliance within a jurisdiction. Before joining MuniServices, he worked in the tax and forensics unit of Southland Corporation. His work protected the parent corporation from inaccurate reporting and remittances by its franchisees. He has held management positions in the retail industry.

Robert Greene – Operations Manager, Local Tax Compliance

Robert Greene will be responsible for the program deployment and on-going program operations. He is the Operations Manager for MuniServices' Local Tax Compliance (LTC) department and has been with the company since 1998. He has acted in his current capacity since 2003. He currently manages all production issues for over 20 clients ranging from the small (Campbell, Ca) to the very large (Los Angeles), as well as managing a department of 14 employees. During his tenure as the manager of the department, Rob has consistently lead his team to new revenue records each successive year, and has been instrumental in process innovations that have been key to significant operational growth. In addition to Rob's normal responsibilities, he is a member of various company wide operational committees, including the Data Acquisition review committee and the Cornerstone Task Force.

Anton Unger III – Project Operations Coordinator, Local Tax Compliance

Anton Unger joined MuniServices in 1993. Tony is responsible for developing the project implementation plan and coordinating the kickoff of the program. Tony started as an auditor for the Local Tax Compliance Department and was responsible for auditing more than 20 jurisdictions in California. In 1994, he became a manager in the department. His responsibilities included standardizing audit procedures, generating notices, resolving taxpayer issues, and meeting with key city officials. Anton was instrumental in launching the Beverly Hills audit that is still one of the largest revenue generators of business tax. Anton advanced to Technical Client Liaison in 1997 to assist with the installation and support of all MuniServices' software applications. Anton is involved with the marketing and demonstrations of MuniServices' new ASP products (Property-Link, Biz-Link). Anton was the primary Client Service contact for 14 cities located throughout California. Anton also provides technical support for most of the California client base. In the last 3 years, Anton has been working as the Project Operations Coordinator for MuniServices' Local Tax Compliance Department. He was very instrumental in setting up the business license administration project for City of Sausalito, California. Anton has also been an associate member of the California Municipal Revenue & Tax Association (CMRTA) for nine years. Anton also attended special course in Microsoft applications, management training, and sales & marketing. Anton holds a Bachelor of Arts degree from California State University, Fresno in Business Administration.

SUPPORT STAFF MEMBERS

Doug Jensen – Vice President, Client Services

Doug Jensen joined MuniServices in 1991 and is an expert in the field of municipal revenue enhancement management and local government revenue consulting. Doug ensures the delivery of audit, information, and consulting services, and supervises a staff of eight professionals with breadth and depth of knowledge and experience in local government focused on customer care. Doug's expertise includes tax policy, municipal finance, and economic development and consulting; he is a frequent invited speaker at conferences throughout California in the areas of revenue enhancement, revenue information services, and economic development. He authored the firm's "Sales Tax Economic News" reports; expanded the company's portfolio, adding more than 40 new clients. Doug chairs MuniServices' Services Development Committee, with responsibility for new service development; he is a member of the company's Senior Executive Management team. Doug earned a Bachelor's of Science degree in Business Administration/Accounting from California State University, Fresno. He is an associate member of CSMFO, CMTA, CMRTA, CRA, and CALED.

Randy Dryden – Vice President, Operations

Randy Dryden joined MuniServices in 1996. He has more than 30 years of finance and accounting experience. In his current position since 2003, Randy supervises the company's compliance and information services operations. Randy also co-chairs the Services Development Committee, with responsibility for new product and service development and is a member of the Senior Executive Management team. Previously, as Director of Product Development, Randy was responsible for evaluation and implementation of new products and services, as well as the enhancement of existing products and services and as the Manager of the Utility Users Tax Department he provided record-setting results in all three years under his leadership. He was also responsible for developing the company's cable television compliance program, which provided clients with outstanding results. Prior to joining MuniServices, Randy's utility consulting company generated millions of dollars in savings for private sector clients, he was the General Manager responsible for leading the turn around efforts of taking his company out of bankruptcy to profitability, he spent over five years as Corporate Controller in the pay television industry and five years as a Corporate Auditor with a Fortune 200 company. Randy is a graduate of Kent State University, holding a Bachelor of Business Administration in Accounting and Business Management.

Ridwan Sasmita – Director of Operations / Production, Fresno

Ridwan joined MuniServices in 1999. In his initial role as Finance Manager and later as Director of Finance and Accounting, Ridwan was responsible for financial analysis and feasibility studies, pricing, and managing the budget and reforecast processes in addition to overseeing the Accounts Payable, Accounts Receivable and Payroll departments. He is now the Director of Production and oversees the MuniServices' production units in Fresno.

Ridwan has more than 17 years of working experience in finance and accounting. Prior to joining MuniServices, Ridwan had extensive experience in international business development, mostly in Asian and Eastern European countries. He was the Strategic Business Development Director for a multi-national company responsible for managing the international business development activities including negotiating with foreign government officials, performing financial analysis, conducting preliminary legal analysis, financial due diligence, and assisting in structuring the partnership and funding options. Ridwan began his career as an Accountant for one of the world's largest manufactures of float glass, responsible for month-end close and setting up new accounting systems in newly constructed factories

Ridwan has a Master of Business Administration degree with an emphasis in Finance from the University of Utah and a Bachelor of Science degree in Computer Science from the Iowa State University.

Kelli Greene – Manager, Data Intelligence Service

Kelli joined MuniServices in 1995 as analyst for the Data Intelligence Department. During her twelfth year of tenure she assumed the role of manager and currently she supervises a staff of twelve employees that are responsible for standardizing millions of records each year. Kelli is responsible for providing the quality control necessary to eliminate the discrepancies that are imbedded within the data, ensuring accuracy and consistency within all data, supporting continual analysis of all processes in order to increase efficiencies, coordinating the training of staff, and offering technical analysis to the programmers that test all updates, new programs, and improvements to new programs.

Travis Humphries – Chief Information Officer

Travis has more than 40 years of experience in research and development, management, and leadership positions, most recently as Director, Applications Development and Support Services of MuniServices. While in this position responsibilities included direct and managerial control of production level data acquisition, data conditioning, data integration, client-specific business rule generation, target acquisition, quality assurance and control, and associated software engineering and development. Prior to his employment with Muniservices, Travis was a career military officer with the United States Army. Travis' current responsibilities include managerial control of production level data acquisition and conditioning, software development and full life-cycle maintenance of comprehensive solutions for utilization within municipal, county, and state level environments, as well as supporting infrastructure. Travis graduated from Embry Riddle Aeronautical University with a B.S. degree in aeronautical engineering and completed Graduate studies with the University of Southern California.

Scott Eckman – Lead Data Analyst

Scott joined MuniServices in 1990 as a GIS Technician. From 1993 to 1999, Scott served as the Supervisor of the Address Error Detection department and, since 1999, has worked as the Lead Data Analyst in the Data Control Services department. Scott's background in data analysis, designing procedures and programs to process data and communicating with external entities regarding data issues has helped MuniServices compile the vast amount of data that is imperative to its' product base. Scott earned a Bachelor of Arts degree in Geography emphasizing in Technology from California State University at Fresno.

Eric Myers – General Counsel

Eric Myers joined MuniServices in 2005. Eric is responsible for reviewing and negotiating contracts, providing legal advice and support in personnel matters, providing general legal counsel when requested in strategic decision making, managing outside counsel in litigation related matters, and providing legal counsel to business units as requested. Eric clerked for Kimble, MacMichael & Upton in Fresno during law school and was offered a position there upon graduation. Eric the spent two years as an Associate Attorney doing discovery and law and motion work. After graduation he also was a part-time faculty member teaching introductory philosophy and directing the senior seminar in philosophy of mind and cognitive science. Eric graduated from Brigham Young University (BYU), cum laude, with a degree in Philosophy. Eric received his J.D. from BYU, graduating summa cum laude, receiving high marks in disability and administrative law.

2. References for Related Work

MuniServices has established a track record of consistently impressive results by providing ongoing revenue enhancement services to more than 180 California municipalities. As indicated in the following examples of related work, MuniServices has the relevant depth and breadth of experience with business tax compliance services for municipalities in California. MuniServices' success results from committing not only sufficient time and resources to each project, but also the best resources available anywhere in providing similar services to more than 40 clients nationwide during the past 5 years.

City of Los Angeles, California

Description: In late 2005, MuniServices was awarded a contract to provide discovery of non-compliant businesses for the City of Los Angeles. Since the beginning of the project, MuniServices identified approximately $19 million new revenues to the City. In 2003, MuniServices was also awarded a contract to study the City's business tax system. The City requested that MuniServices conduct research and analysis and prepare a report that identifies and evaluates alternatives to the City's gross receipts business tax structure. Along with a qualified consulting partners, MuniServices met and exceeded the project's main objectives to (1) identify feasible and desirable alternatives to the gross receipts business tax; (2) prepare an impartial evaluation of the expected effects of the policy alternatives on the City's general fund, taxpayers, tax administrators, and economic base; and (3) provide the City's policymakers with the tools they need to compare and rank the policy alternatives.

Name: Jeff Whitmore, Revenue Manager

Telephone: (213) 978.1781

Address: 201 North Main Street, Los Angeles, California 90012

Revenue Generated Annually: Estimated average annual business license revenue identified to the client: $8 million.

Basis of Business Tax: Gross receipts

Compensation Received: Compensation for business license tax is a 20% contingency fee for all eligible periods, plus 2 years go-forward.

Duration of Project: Contract period for services from March 2006 to the present.

CITY OF BEVERLY HILLS, CALIFORNIA

Description: MuniServices' contract with the City of Beverly Hills provides for the discovery of non-compliant business entities, the processing of registration forms on behalf of the City for multiple business classifications, the calculation of all delinquent taxes, penalties and interest, and the collection of identified amounts on behalf of the City. MuniServices also conducts Compliance Reviews of businesses and hoteliers that appear to be under-reporting taxable information or are incorrectly licensed. Since 1995, MuniServices has identified and helped collect over $25 million in revenues for the City. At the City's direction, and by tapping MuniServices' expertise, its business license staff and legal staff have ventured into areas of discovery and deficiency audit services that have not been tapped before in both the real estate industry and medical industry. The City of Beverly Hills' international image is critical to their economic base. Business license tax revenue is the single largest source of general fund revenue and therefore highly sensitive. MuniServices' discovery and deficiency audit efforts have been very successful over the years. Private sector and public sector staffs have successfully worked together as a team. This has resulted in a mutual confidence that has prompted the City to embrace an ongoing professional relationship designed to promote fairness and equity throughout the entire business community.

Name: Noel Marquis, Deputy Director of Finance and Administration

Telephone: (310) 285.2429

Address: 455 North Rexford Drive, Room 250, Beverly Hills, California 90210-4817

Revenue Generated Annually: Estimated average annual business license revenue identified to the client is $4 million.

Basis of Business Tax: Gross receipts, number of employees, and number of professional/employee hours worked.

Compensation Received: Compensation is a quarterly fixed fee for a package of services, including business license tax discovery and audit services.

Duration of Project: Contract period for services from 1995 to the present.

City of Sacramento, California

Description: MuniServices has a full-service compliance contract with the City of Sacramento that includes business license tax services. Sacramento levies a business tax on all entities that maintain a business presence within their jurisdiction. This contract for discovery and collection services has yielded over $2.5 million to the City. The City of Sacramento utilized an internal business license staff for their enforcement objectives up until MuniServices began its efforts in October 2003. It had been a long-standing philosophy that the City's business license was a relatively small percentage of their overall general fund; therefore, there was little funding or incentive to pursue a full-service discovery program internally. MuniServices' project complemented the City's staff by pursuing a discovery program that yielded very significant results without taking valuable staff time away from existing City efforts.

Name: Brad Wasson, Revenue Manager

Telephone: (916) 808.5724

Address: 915 I Street, Fifth Floor, Sacramento, California 95814

Revenue Generated Annually: Estimated average annual business license revenue identified to the client is $725,000.

Basis of Business Tax: Gross receipts, employee/professional/W-2 count, number of units (residential rental/hotel/motel), and flat fee.

Compensation Received: Compensation for business license tax is 30% contingency fee for all eligible periods, plus 1 year go-forward.

Duration of Project: Contract period for services from July 2003 to the present.

City of Pasadena, California

Description: MuniServices has partnered with the City since 1996. Operating in a high-profile political environment, MuniServices pursued discovery and collections of City targeted-industries that City Council felt were being overlooked. MuniServices provided Business License Tax and Transient Occupancy Tax discovery and collections services to the City. MuniServices' staff worked side by side with the City's unionized staff to identify and bring into compliance businesses in specific industries that were unlicensed. Specialized fieldwork is used in addition to other proprietary procedures to accomplish this task. MuniServices was assigned specific geographical areas of the City to perform discovery while City staff was assigned the balance of the City to do the same work. MuniServices has been successful in detecting and licensing 1,500 businesses and recovering $2.3 million. MuniServices partnered with the City to meet the objectives of both the Finance Department as presented by the City's elected officials. After 3 years of providing discovery side-by-side with City staff, MuniServices was given the opportunity to review the balance of the City. The process in ongoing and has proven to be successful. A bi-product of the work performed was a desire to update the City licensing system, which has been accomplished with implementation of MuniServices' BizLINK™ business license management system. In 2007, the City of Pasadena was interested in exploring changes to the City's business license tax. MuniServices partnered with City to conduct a comparative study of eight surrounding municipalities. MuniServices utilized a variety of methods to obtain the required information from each jurisdictions selected. These included ordinance reviews, data procurement, telephone interviews, and tax structure validation.

Name: Valarie Moss, Municipal Services Supervisor

Telephone: (626) 744. 4168

Address: 100 North Garfield Avenue 3rd Floor, Pasadena, California 91101

Revenue Generated Annually: Estimated average annual business license revenue identified to the client is $195,000.

Basis of Business Tax: Average number of annual employees, number of units (residential/hotel/motel), total square footage (commercial rental), and flat fee.

Compensation Received: Compensation for business license tax is 40% contingency fee for all eligible periods.

Duration of Project: Contract period for services from 1996 to the present.

CITY OF SAN LEANDRO, CALIFORNIA

Description: MuniServices has a full-service compliance contract with the City of San Leandro and long-standing partnership that includes discovery of non-compliant business entities, processing of registration forms on behalf of the City for multiple business classifications, the calculation of all delinquent taxes, penalties and interest, and the collection of identified amounts on behalf of San Leandro. MuniServices also conducts compliance audits of businesses that appear to be under-reporting taxable information or are incorrectly licensed.

Name: Cynde Rivera, Senior Account Manager

Telephone: (510) 577.3381

Address: 835 East 14th Street, San Leandro, California 94577

Revenue Generated Annually: Estimated average annual business license revenue identified to the client is $360,000.

Basis of Business Tax: Number of owners/employees, gross receipts, number of units (residential rental), total square footage (commercial rental), and flat fee.

Compensation Received: Compensation for business license tax is 45% contingency fee for all eligible periods.

Duration of Project: Contract period for services from October 2004 to the present.

CITY OF SAUSALITO, CALIFORNIA

Description: MuniServices partnered with the City of Sausalito in 2004 to oversee the entire business license tax operation. The Business Tax Administration Services provided to the City of Sausalito is a complete turn-key tax administration program. The purpose of this service is to allow City staff to focus on other priorities while reducing City cost and overhead. MuniServices conducts all aspects of the business license administration and compliance for the City of Sausalito. This includes everything from issuing new licenses, processing the annual business license renewals, and performing routine Discovery and Audit projects. In the first year of the project, the City's annual business license revenue increased more than 30%. In 2006, MuniServices performed an ordinance review and provided recommendations to the City's Finance and Legal Departments. MuniServices provided an evaluation to identify areas that may be subject to challenge based on the dormant commerce clause; provide useful provisions that are missing from the ordinance; and determine any potential challenges to the ordinance based on administration practices.

Name: Louise Ho, Finance Director

Telephone: (415) 289.4105

Address: 420 Litho Street, Sausalito, California 94965

Revenue Generated Annually: Estimated average annual business license revenue identified to the client is $140,000.

Basis of Business Tax: Estimated gross receipts, employee count or gross receipts (professional), number of units (residential/hotel/motel), total square footage (warehouse), and flat fee.

Compensation Received: Compensation for business license tax discovery is 25% contingency fee for all eligible periods, plus 3 years go-forward.

Duration of Project: Contract period for services from October 2004 to October 2008. Contract Renewal Scheduled for October 2008.

3. PREVIOUS COMPLIANCE WORK

The following includes MuniServices' previously conducted compliance services.

CITY OF SIMI VALLEY, CALIFORNIA

Description: MuniServices partnered with the City of Simi Valley in 2006 to provide an Enhanced Business Information and Target List Service. MuniServices provided the City a hardcopy report and an electronic database of businesses subject to taxation under the City's business tax ordinance that may not be registered with the City. MuniServices utilized a numerous vendors, both public and private, to acquire the electronic data used to build a business inventory for the City of Simi Valley. Once combined with the City's registration data, MuniServices developed a complete inventory of entities subject to taxation, both compliant and non-compliant. Prior to becoming a valid lead, over 4,316 potential business records were reviewed by MuniServices' Tax Specialists for accuracy, matching errors, and possible exempt status. In addition, MuniServices conducted telephone inquires whenever possible to verify name and address information. The review and discovery process performed by MuniServices produced a total of 1,806 prospective non-compliant (unlicensed businesses) leads for the City of Simi Valley. The City of Simi Valley notified these accounts under a special Amnesty program and generated over 450 new business license accounts with approximately $150,000 in new business tax revenue.

Name: Debbie Williams, Senior Service Manager

Telephone: (805) 583.6735

Address: 2929 Tapo Canyon Road, Simi Valley, California 93063

Revenue Generated Annually: New license revenue identified to the client from the target list: $150,000.

Basis of Business Tax: Number of owners/employees, gross receipts, number of units (residential rental), total square footage (commercial rental), and flat fee.

Compensation Received: Compensation for services was $19,500 fixed fee.

Duration of Project: Contract period for services from January 1, 2006 through December 31, 2006.

CITY OF JACKSONVILLE, FLORIDA

Description: MuniServices partnered with City of Jacksonville in 2006 to provide full-service occupational license tax (business tax) compliance and discovery audit. The contract for discovery and collection services yielded over $1.0 million to the City. MuniServices conducted a citywide discovery audit including a range of geographical areas and industries the City suspected had lower complaint rates. The partnership included the discovery of non-compliant business entities, processing of registration forms on behalf of the City for multiple business classifications, the calculation of all delinquent taxes, penalties and interest, and the collection of identified amounts on behalf of Jacksonville. During the final phase of the contract, MuniServices worked on a special referral project with the City's Field Inspection staff.

Name: Mitchell Perin, Principal Internal Auditor

Telephone: (904) 630.2929

Address: 117 West Duval Street Room 375, Jacksonville, FL 32202

Revenue Generated Annually: Estimated average annual revenue identified to the client: $500,000.

Basis of Business Tax: Number of owners/employees, average annual inventory (retail), number of units (residential rental), total square footage (commercial rental), and flat fee.

Compensation Received: 50% contingency fee for initial registration, plus 30% for renewal years (2 year go-forward).

Duration of Project: Contract period for services from August 2004 to September 2006.

CITY OF SAN MATEO, CALIFORNIA

Description: MuniServices has a long-standing partnership with the City that has included discovery of non-compliant business entities, processing of registration forms on behalf of San Mateo for multiple business classifications, the calculation of all delinquent taxes, penalties and interest, and the collection of identified amounts on behalf of San Mateo. MuniServices conducts compliance audits of businesses that appear to be under-reporting taxable information or are incorrectly licensed. MuniServices also contracts with the City for Sales and Use Tax audit services.

Name: Phil Kawakami, Business License Manager

Telephone: (650) 522.7100

Address: 330 West 20th Avenue, San Mateo, California 94403

Revenue Generated Annually: Estimated average annual business license revenue identified to the client was $400,000.

Basis of Business Tax: Gross receipts

Compensation Received: Compensation for services was 40% contingency fee for all eligible periods.

Duration of Project: Contract period for Business License Tax: December 2002 to April 2004.

4. STRUCTURE OF PROPOSED WORK

Upon written approval from the City, MuniServices' Local Tax Compliance Department (LTC) will provide flexible services that support Culver City's current business tax compliance efforts. MuniServices Business Tax Compliance Services program includes: Discovery, Deficiency Audits, and Collections. The Business Tax Compliance Services will assist the City to realize all the revenue to which they may be entitled, but may not be receiving from their business license ordinance. MuniServices will provide the detection, documentation and correction of errors and omissions causing deficiencies, thereby producing new revenue that would not otherwise have been realized by the City. MuniServices will work in full and collaborative partnership with the City's business tax staff and project liaison to supplement and bolster the operations and procedures currently in place.

DISCOVERY SERVICES

Discovery Services are designed to provide a full service solution to City's business license enforcement procedures. It does not replace current functions, but provides a focused and full-time solution to the identification of entities subject to taxation by the City, which are not properly registered, or otherwise not reporting taxes to the City. In performing the Discovery Services, MuniServices will:

- Establish a comprehensive inventory of the entities subject to taxation by the City and the database elements needed to facilitate a comprehensive comparative analysis with the City's records of those entities that are properly registered;
- Compare MuniServices' database of business records with City records to identify potential non-reporting and non-registered entities subject to taxation;
- For each unregistered or non-reporting entity identified and confirmed, assist the entity, as necessary, to complete the City's applicable registration form(s) and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate);
- Ensure that all submitted registration forms are completed correctly and in their entirety;
- Forward all completed registration forms and associated payments to the City in batches at the frequency directed by the City. If the City elects to have MuniServices conduct

payment deposit services, applications will be forwarded with copies of the payments and payments deposited into an account designated by the City;

- Collect the amount of identified deficiencies, together with supporting documentation, and remit payment received to the City in weekly batches (MuniServices will follow the City's business rules in collecting partial payments or the tax in full at the City's direction);
- Establish a call center open during normal business hours to assist entities regarding questions concerning application of the City's taxes and entity's reporting and remittance requirements;
- Educate entity regarding the City's reporting requirements to prevent recurring deficiencies in future years;
- Contact personnel in sales, operations and/or tax accounting at each target business to determine whether a business license fee is due, when necessary and appropriate. This is accomplished with the highest regard to discretion and professional conduct. MuniServices' business license audits are predicated on a non-controversial, constructive public relations approach that emphasizes the importance of each business to the City and the mutual benefits of correcting non-reporting errors;
- Provide reports addressing each taxpayer not reporting, including the business name, address, and telephone number to the City; and
- Monitor and analyze the business license registration files of the City each quarter in order to determine non-reporting businesses.

DEFICIENCY AUDIT SERVICES

Audit Services are designed to identify entities subject to taxation by the City that is not properly reporting the full amount of tax to which they are subject to under the City's ordinances. Audit Services identify entities that are potentially underreporting, or not reporting all applicable taxes, and MuniServices reviews the entity's records to ensure compliance with the City's taxes. In performing the Audit Services, MuniServices shall:

- Establish a comprehensive inventory of the registered entities subject to taxation by Culver City and the database elements needed to facilitate an analysis of records of those entity's current and prior years tax remittance;

- Compare MuniServices' records with Culver City's records to identify potential under-reporting entities subject to taxation;
- Meet with designated City staff to review and discuss potential audit candidates and to determine which entities will be subject to review. Only entities mutually agreed by MuniServices and the City to be reviewed shall be subject to MuniServices audit services;
- For potential under-reporting entities identified, obtain authorization from the City to conduct a review of the entities' records and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate);
- Submit audit summaries to the City to permit the City to determine the amount of a deficiency owed, if any (MuniServices will calculate as part of the summary the amount we determine that is owed, but this step allows the City discretion in pursuing the deficiencies);
- Invoice entity for the amount of identified deficiencies, together with supporting documentation, and remit payment received to Culver City;
- If the City elects to have MuniServices conduct payment deposit services, applications will be forwarded with copies of the payments and payments deposited into an account designated by the City; and
- Educate entity regarding the City's reporting requirements to prevent recurring deficiencies in future years.

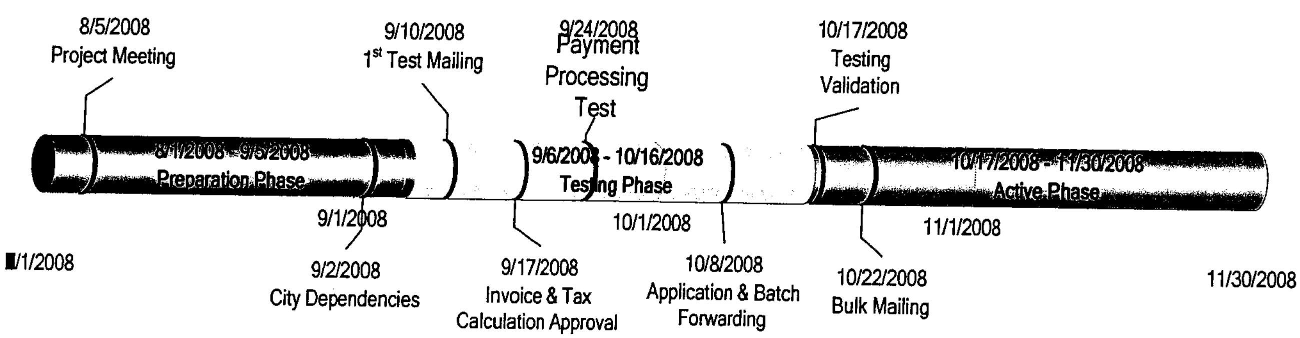
Additional Performance Metrics

- Meet with the City's designated staff to review service objectives, scope, work plan schedule, public relations and logistical matters. MuniServices will also establish an appropriate liaison with the City's coordinator and logical checkpoints for reviewing progress;
- Review applicable provisions of the City's municipal code and ordinances adopted by the City;
- Represent the City for purposes of examining records pertaining to the Business Tax to identify and confirm any errors/omissions that are resulting in deficient payment to the City;

- As necessary, meet with designated City officials to review MuniServices' findings and recommendations; and
- Provide additional assistance, as necessary, to support the City in recovering and preventing tax deficiencies.

Timing and Deliverables

MuniServices implements its new projects in phases. The phased approach ensures the highest quality of service to both our client and their constituents. Most projects will be executed in three (3) phases. Each phase or milestone can be adjusted or suspended accordingly during peak City processing periods. MuniServices frequently postpones activity during the annual business tax renewal season. Below is an example of a Discovery project that is scheduled to launch in August.



Phase 1: Preparation Phase

The Preparation Phase will allow MuniServices to make certain that all necessary steps are accomplished to lay the foundation for a successful project. These steps include meeting with the client to obtain a thorough understanding of the client's processes and requirements, obtaining data from both the client and external sources, standardizing this data for use in MuniServices' proprietary database integration software, generating correspondence and forms, and modifications to our Compliance Administration System to calculate delinquent taxes.

Initial Meeting & Project Plan Review (08/05/2008)

The first draft version of the work plan will be completed and submitted to the City for their review on this date. Revisions to the work plan will be implemented in conjunction with the City throughout the duration of the project.

City Dependencies (09/2/2008)

Prior to execution of the discovery program, MuniServices needs certain items from the City to ensure the highest level of performance.

- **Registration Database –** MuniServices will need a copy of the business tax database in electronic format along with the payment history of all registered businesses in the City.
- **Registration Forms –** MuniServices will need a copy of the business tax application currently used by the City (in Microsoft Word if available).
- **Accompanying Documents to the Business Registration Forms -** MuniServices will also need any other documentation required as a prerequisite to the issuing of a certificate. For example, items like Zoning or Health Department forms as required.
- **Banking** (optional) - For direct deposits, the City must provide a banking account number to MuniServices to use for direct deposit of funds generated from the discovery and audit program. A deposit book, stamp, and credit card processing terminal are required.

The standard timing of this phase is approximately 30 to 40 days. This timeframe is dependant on items such as timely receipt of data and client requirements. Because of this, the timeframe may be shortened or lengthened as necessary.

Phase 2: Testing Phase

During this phase we will begin to test the processes and procedures developed during the preparation phase. Prior to bulk mailing, a smaller test batch of notifications will be mailed to ensure that the processes outlined are functioning correctly. During this phase any modifications to process can be initiated in a timely manner. The standard timing of this phase is 30 to 45 days.

1st Test Mailing (09/10/2008)

MuniServices will prepare a mailing designed to assess the procedures outlined in the work plan. The test batch usually consists of 200 notices and will be tracked closely to determine impact on MuniServices, as well as City staff. During the testing phase, MuniServices and the City can make immediate modifications to the processes to ensure the highest level of effectiveness prior to bulk notifications starting.

Invoice & Tax Calculation Approval (09/17/2008)

Once the first round of respondents has been processed, MuniServices will submit sample account statements for the City's review. This allows the City to validate tax calculations and classifications prior to invoicing of the non-compliant entities.

Payment Processing Test (09/24/2008)

This procedure will validate MuniServices' payment posting and application processing procedures. MuniServices and the City will ensure funds are transmitted timely and that documentation for each payment batch meets the City's guidelines.

Application & Batch Forwarding (10/08/2008)

MuniServices will submit to the City the first batch of applications where payment has been received.

Phase 3: Active Phase

Stated simply, this phase will be the execution of the work plan developed by MuniServices for the notification and registration of non-compliant entities. During the testing phase, MuniServices will work with the City to refine the processes and ensure accuracy prior to the volumes associated with the active phase. MuniServices will continue to modify the timing related to new milestones of the active phase as the project continues.

Testing Validation (10/17/2008)

Upon completion of the testing phase, MuniServices will review the processes with the City and review any additions or modifications to the procedures outlined in the work plan. MuniServices will then prepare a final operation version of the work plan and submit to the City for approval.

Bulk Mailing - Active Phase (10/22/2008)

The active phase begins with MuniServices' first bulk mailing. Each mailing will continue the processes refined during the testing phase and continue on a weekly basis throughout the duration of the project.

Average City Personnel Discovery Project Hours

Task	City Staff Hours	Project Phase
Project Plan Review Meeting & Ordinance Counseling	6.0 - 8.0	1: Preparation
Export of Business License Registration Database	4.0	1: Preparation
Provide Copies of Application & Registration Documents	2.5	1: Preparation
Review, Adjustment, and Approval of MuniServices' Standard Taxpayer Notification Letters	4.0- 8.0	1: Preparation
Process Review Meeting: Implementation of Test Phase	1.5	1: Preparation
Review of 1st Test Mailing Batch (200 Leads)	4.0-6.0	2: Testing
Validate Tax Calculations	4.5-6.5	2: Testing
Application & Batch Forwarding Validation	3.0-5.0	2: Testing
Process Review Meeting: Implementation of Active Phase	1.5	2: Testing
Bulk Mailing / Account Resolution (Case by Case Basis)	On going	3: Active

MuniServices will provide the City with audit progress reports to include, but not be limited to, the following:

- Status of work in progress, including copies of reports provided to taxpayers/intermediaries addressing each reporting error/omission individually, including where applicable the business name, address, telephone number, account identification number, individuals contacted, date(s) of contact, nature of business, reason(s) for error/omission and recommended corrective procedure;
- Actual revenue produced for the City by MuniServices' service on a quarterly and cumulative basis;
- Projected revenue forthcoming to the City as a result of MuniServices' audit service, specified according to source, timing, and one-time versus ongoing; and

- Alphabetical listing of all errors/omissions detected for the City by MuniServices, including the account number, correction status, payment amount received by the City, period to which payment is related and payment type (e.g., reallocation, deficiency assessment) for each one.

COLLECTIONS SERVICES

The Collections Services described in this section relate to the collection of the City's known tax debt that would be referred by the City to MuniServices for collection. These accounts shall only consist of those accounts referred by the City and not those accounts subject to the MuniServices' Discovery and Audit Services mentioned above.

MuniServices understands the unique needs of local government, and achieves a higher level of efficiency, precision and customer service than general collection agencies. MuniServices' goal is to work each account in a thorough manner to provide optimum collection results. MuniServices will conduct this program in a manner that provides professional and courteous service to the City's debtors, while maintaining focus on the primary goal of maximizing collections.

The method for designating a tax-related account for collection and the objectives and standards for the collection will be set forth in the Workplan. After testing a sample file and identifying all record fields/codes to assure proper reading of the information and receiving the City's approval on the form and content of the collection letters, MuniServices will start generating collection notices and making phone calls. MuniServices is not authorized to and shall not take legal action on the City's behalf to collect on accounts. The Work Plan will describe, in more detail, how MuniServices will meet the following objectives in the collection service:

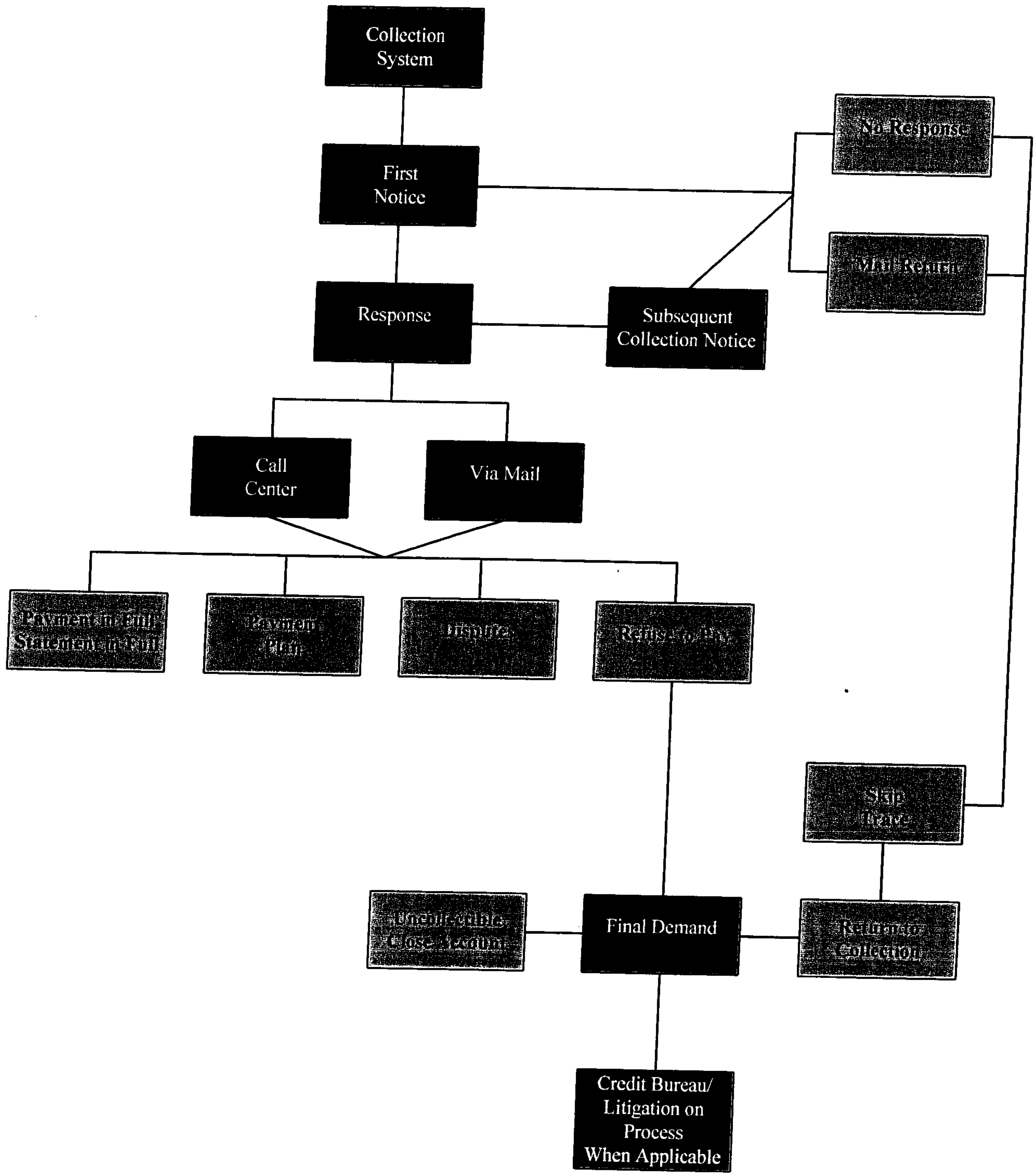
- Analyze the referred accounts;
- Identify accounts requiring skip tracing;
- Contact the delinquent account holder by mail and/or phone, prepare and mail customized letters, conduct a tailored telephone notification program and prepare and

mail special mailings (i.e. multiple account letters, etc.); MuniServices shall submit the proposed collection notice form(s) to the City for review and approval.

- Provide debtor assistance;
- Attend necessary conversations/meetings with the City;
- Prepare client collection reports on requested basis, review overall performance and collection goals, analyze delinquent accounts and review status of payment arrangements;
- Forward payments on accounts to the City within 48 hours of receipt, posting reports will be sent according to the City's schedule;
- Provide the following reports: Annual Performance Report, Monthly and Weekly Reports detailing collection activities and results and other mutually agreeable Special Reports upon request;
- Agree with City on a mutually desirable means for sending or sharing data (electronic or tape); and
- Develop with City a method for handling unidentified payments.

If so desired by the City, and upon mutual agreement as to scope of work (Workplan) and compensation, MuniServices will also collect non tax-related delinquent accounts.

STANDARD COLLECTION PROCESS



MuniServices' Data Capabilities, Security, and Controls

MuniServices has more than 30 years of handling confidential information safely and securely. The following will provide the City with more detailed information regarding the processes that MuniServices utilizes in handling taxpayer data in general, as well as for MuniServices' Discovery and Collections Services.

MuniServices' Data/Technical Capabilities

MuniServices has the capacity to process information in a number of media formats including the formats listed below in order of preference:

- FTP site: Specific set-up instructions are provided to all MuniServices' clients
- Email
- CD-ROM
- Iomega ZIP Disk
- IBM 3480 / 3490 Data Cartridges Recorded in ASCII (preferred) or EBCDIC*
- 9 Track 1/2" 6250 BPI (preferred) or 1600 BPI Data Tape*
- High Density (3½ or 5¼) IBM PC Diskette formats

*No more than 9,000 characters per block may be accepted. Block size MUST be in even increments of the record size utilized. Example: (Record Size 300) x (10 Records) = Block Size of 3,000.

Additional instructions:

- Delimited text file with header are preferred (fixed length text file or DBF are acceptable).
- WINZIP may be used to compress and span the information over multiple Diskettes or for emailing data.

Security

MuniServices understands the importance of safeguarding confidential information and data. MuniServices' experience and dedication to safeguarding over 18 Terabytes (TB) of confidential information, comprised of over 1,000 yearly source files including highly sensitive federal and state debtor data, demands we maintain the highest level of security and data confidentiality. To ensure security and data confidentiality, MuniServices employs physical, logical and programmatic measures.

MuniServices' state-of-the-art network operations center, located in a stand-alone MuniServices exclusive facility, ensures data security, integrity and continuity of operations. MuniServices' use of snap technologies allows for nearly instantaneous data recovery. Liebert's™ power conditioning and Uninterrupted Power Supply (UPS) system, along with an on-site public utilities independent Cummins 450 KVA (Kilo Volt Amps) power generation system, insures MuniServices' systems are available 24 hours a day, 365 days a year. A Jorgensen™ heavier than air fire suppression system is monitored 24x7. Monitoring of temperature, smoke and moisture, along with MuniServices' dual closed looped air handling and filtration, systems insures an optimal operational environment along with stable and continuous power.

Information Security

MuniServices' control of sensitive and confidential data is insured through the use of a multilevel comprehensive security scheme. Some of the infrastructure security methods deployed include, but are not limited to, perimeter security and monitoring devices, intrusion detection systems, virus protection, spyware protection, security patch deployment, multiple firewall deployment, non-Internet routable networks and the use of dedicated and secure segmented services and trusted networks. Monitoring systems also provide real-time alerting via cell phone and e-mail notification of any system issue or status change.

MuniServices also deploys a multi-layered approach to application security. Applications validate user authentication and access via an encrypted SID (System Identification) that is maintained and monitored by network security personnel. RSA™ 2-factor authentication is also utilized to further enhance network security and user identification. MuniServices' use of group policies and security group memberships provides for granular security within MuniServices' applications to allow for restricted access to not only programs and data, but also specific data fields within the application itself. Employees are granted access to confidential data only on a need to know basis, and only for the time required. Always vigilant in ensuring confidential data security and integrity, MuniServices' pursues enhanced identity identification through the use of biometric security enhancements.

Physical security of network operations center computer and storage assets, along with local area networking and wide area networking assets are secured through the use of security access devices. Access to the network operations center is restricted to critical personnel and monitored by internal network security personnel. Access to authorized work areas is also controlled by the use of security devices and monitored by internal building security personnel. CCTV (Closed Circuit Television), along with a roving security patrol provides for 24-hour recorded surveillance of the building and surrounding grounds. Any attempts to breach perimeter security results in notification of security personnel and local law enforcement.

MuniServices' continuing partnership with local, state and federal taxing agencies requires the secure storage, maintenance and retention of all confidential and sensitive data for a period of six years. The storage of offsite disaster recovery data is facilitated through Data Vault™. This bonded and insured computer data storage facility provides secure transport and storage of disaster recovery data, and maintains a secure climate controlled facility.

New employee drug screen testing, background investigations, and signed confidentiality agreements emphasizes MuniServices' commitment to data security and restricted access. MuniServices works exclusively in the public sector, and employees understand the importance of non-disclosure. MuniServices is restricted by state and federal regulations from selling, using, publishing, or otherwise disclosing to any third party, confidential information not related to activities required for completion of specific contractual agreements.

MuniServices assures adherence of data confidentiality and security by monitoring employee activity and interaction with both internal and external entities. Supervisors and managers have the ability to monitor phone conversations, access e-mail accounts, and review employee system files.

Transfer of confidential and sensitive data to and from MuniServices by clients can be facilitated through the use of its secure FTP (File Transport Protocol), PGP™ 128 bit encryption, or certified mail carrier. MuniServices' ability to accept multiple confidential data formats provides its clients not only security, but also ease of transport.

Access Controls

Network operation center security engineers control access to all MuniServices' systems and central data storage. Access is based on a need-to-know basis, and further restricted to hours of operation. Users are required to login, utilizing a unique access code that meets the following minimum enforced standards:

- Password must be a minimum of 7 characters long;
- Contain both uppercase and lowercase;
- Have digits and punctuation characters as well as letters;
- Not a word in any language, slang, dialect, and jargon; and
- Not based on personal information, account information, or general knowledge information.

While SSL (Secure Socket Layer) is an industry standard, MuniServices adds additional security requirements for access to data from outside of its trusted networks. MuniServices' utilization of RSA™ provides an additional 2-factor authentication with one minute rotating access codes to its security segmented services. VPN (Virtual Private Network) technology utilizes the following IPSEC (IP Security Protocol):

- Authentication Header (AH)
- Encapsulating Security Payload (ESP)
- Data Encryption Standard (DES)
- Triple DES (3DES)
- Diffie-Hellman (D-H)
- Message Digest 5 (MD5)
- Secure Hash Algorithm-1 (SHA-1)
- Rivest, Shamir, and Adelman (RSA) Signatures
- Internet Key Exchange (IKE)

- Certificate Authorities (CA)

Once work has been completed, an employee has been re-assigned, or is no longer employed access to key systems and confidential data is revoked. Supervisors and managers next review employee files and records to ensure appropriate actions are taken to ensure confidential data is reassigned or properly destroyed.

Destruction and Proliferation of Data

All confidential and highly sensitive data is maintained exclusively on MuniServices' owned and operated systems, with the exclusion of MuniServices disaster recovery data maintained at Data Vault™. The destruction and disposal of all confidential and highly sensitive data is accomplished through Recall, a certified secure document and data disposal company. Documents no longer required, which contain confidential information, are placed in Recall™ security containers for proper disposal. All tape, electronic media and disks undergo a two-phase data destruction process. Electronic media undergo an EMF (electric magnetic field) degaussing by use of an electromagnetic device, are placed in a Recall™ electronic media disposal security container for a second phase of degaussing, and then undergo physical destruction. The destruction of all confidential data is certified; appropriate documentation provided to MuniServices by Recall™.