

5. FEES FOR SERVICES

DISCOVERY SERVICE

MuniServices' compensation for providing Discovery Services is a contingency fee of 40% of the additional revenue received by City from the services. The 40% shall apply to the current tax year, all eligible prior period revenues, and any applicable penalties, interest, and late charges. The contingency fee only applies to revenue actually received by City. The term "current tax year" shall mean the most recent tax year for which local taxes are due and payable to City, and in which MuniServices has identified deficiencies. MuniServices shall invoice City at least quarterly based on revenue received by City. A 10% discount is offered should the City choose to participate in the Optional Net Remit Program as described below.

DEFICIENCY AUDIT SERVICE

MuniServices' compensation for performing the Deficiency Audit Service is a contingency fee of 40% of additional revenue generated by the program. The 40% contingency fee will apply to revenue received by City as a result of deficiencies identified in the review and shall include any eligible prior period revenues together with all applicable penalties, interest and late charges. City agrees to use reasonable and diligent efforts to collect deficiencies identified by MuniServices. MuniServices shall invoice City at least quarterly based on revenue received by City from identified deficiency amounts. A 10% discount is offered should the City choose to participate in the Optional Net Remit Program as described below.

COLLECTION SERVICE

MuniServices' compensation for collection on delinquent tax-related accounts is 25% of the amount recovered on all collection accounts referred to MuniServices by City for collection regardless of whether recovery is by way of voluntary payment in full or part, settlement, or judgment. The City must approve all settlements and abatements of any kind whatsoever in advance, which approval may be provided as part of the Workplan. MuniServices shall invoice City at least quarterly based on the amount collected. A 10% discount is offered should the City choose to participate in the Optional Net Remit Program as described below.

Optional Data Entry Service

The City could request MuniServices to perform data entry service to input accounts information indentified through the Discovery and Audit Services to the City's Business License system.

There are 3 options available for the Data Entry Service:

1. Remote terminal connection to the City's Business License System.
2. Weekly database export provided by MuniServices to the City to upload to City's Business License System.
3. On-site staffing at the City's location to enter accounts to the City's Business License System.

MuniServices' compensation for providing data entry service shall be on time and material basis at a discounted rate of \$50 per hour. MuniServices will invoice the City monthly based on actual time and expenses incurred. Depending on the option selected, there may be a set up fee associated with that option.

Optional Net Remit Program

For the Discovery, Deficiency Audit and Collection Services, the City may choose to participate in MuniServices' net remit program by giving MuniServices written notice of its choice to participate.

The net remit program is conducted as follows:

- Taxpayer payments received by MuniServices will be deposited into an escrow account maintained by MuniServices. The taxpayer payments deposited into the escrow account will be remitted to the City no less frequently than every two weeks net of MuniServices' fees.
- MuniServices will send to the City a remittance package no less frequently than once every two weeks that will contain the taxpayer business license application, copy of the taxpayer payment, other supporting documents received from the taxpayer, a MuniServices' generated report identifying each taxpayer payment received and the amount of MuniServices' fees attributed to the taxpayer payment, a check made payable

to the City for the amount of fees collected less MuniServices' fees, and an invoice showing MuniServices' fees.

- The interest earned on the escrow account will be used by MuniServices to offset the costs of the program. Disputed payments, refunds, and returned checks due to taxpayers insufficient funds will be handled according to MuniServices' standard net-remit procedures.

Because of efficiencies gained from the net-remit program, MuniServices will discount its fees by 10% of the quoted rates, resulting in an effective contingency fee rate of 36% for the Discovery and Audit services, and 22.5% for the Collection Service, as long as the City pays MuniServices within 90 days of receiving the invoice.

Corollary Consulting

For any mutually agreed scope of services beyond those outlined above, MuniServices shall be compensated on Time and Material Basis. Depending on the personnel assigned to perform the work, MuniServices' hourly rates range from \$75 per hour to \$300 per hour.

CITY'S RIGHTS AND OBLIGATIONS

The City agrees to:

- Provide an electronic copy of the City's License Registration File and License Payment History file to MuniServices, together with any other information necessary for MuniServices to compute MuniServices' billing for services, in electronic format, to MuniServices on no less than a quarterly basis during the term of the Agreement and thereafter for so long as MuniServices' right to invoice for services rendered continues;
- Use reasonable and diligent efforts to collect, or to assist MuniServices in the collection of, deficiencies identified by MuniServices pursuant to this Agreement; and
- Notify MuniServices within 10 days following receipt by the City of payments resulting from deficiencies identified by MuniServices.

Because MuniServices' Business Tax Compliance Services may result in collection of deficiencies after termination of the Agreement, the City's obligation to collect fees and notify

MuniServices, and MuniServices' right to continue to receive contingency fees, shall survive termination of this Addendum or the Agreement for any reason.

The City shall have the right, at the City's option, to elect not to proceed with recovery of any identified deficiencies. Deficiencies which are uncollectible due to insolvency or dissolution of the entity liable, or for deficiencies which are otherwise incapable of collection (e.g. statute of limitations expiration or other legal defense) shall not be considered an "election" by the City for the purposes of this Agreement. For deficiencies otherwise collectable but for which the City elects not to collect, the City shall notify MuniServices of its election not to pursue ("waive") collection of said deficiencies. MuniServices shall be entitled to one-half ($\frac{1}{2}$) of the fee MuniServices would have been entitled to for the waived portion of the deficiency.

6. PROPOSED PROJECT PLAN AND SCHEDULE

Please see Section 4 "Structure of Proposed Services" for the proposed project plan and schedule indicating the date for deliverables, critical meetings, City staff hours required for meetings, and the completion of each task.

7. CONFLICT OF INTEREST

MuniServices and its management have no relationship with any business that would create a conflict of interest hindering MuniServices from performing these services in an independent and neutral capacity. MuniServices provides its services only to government agencies, therefore creating no conflict of interest. Firms that provide services to both private and public sector clients have a real or perceived conflict of interest and are typically denied access to confidential taxpayer data. Since MuniServices works exclusively with government agencies, business and third-party intermediaries allow MuniServices access to confidential revenue data.

8. PROPOSAL EFFECTIVE DATE

MuniServices' proposal shall remain in effect for 90 days from the date of submittal (July 3, 2008). By submitting this letter, MuniServices represents that it has carefully read and fully understands the information provided by the City, and is willing and able to perform the commitments contained in this proposal.