

**FIRST AMENDMENT TO THE
AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND MUNISERVICES, LLC**

THIS FIRST AMENDMENT TO THE AGREEMENT FOR CONSULTING SERVICES ("First Amendment") is made between the City of Redondo Beach, a chartered municipal corporation ("City") and MuniServices, LLC ("Consultant").

WHEREAS, on September 1, 2015, the parties hereto originally entered into the Agreement for Consulting Services between the City and Consultant (the "Agreement"); and

WHEREAS, the parties wish to amend the Agreement.

NOW THEREFORE, in consideration of the promises and mutual covenants contained herein, and intending to be legally bound, the parties hereby agree to make the following amendments to the Agreement:

1. Term. Exhibit "B" of the Agreement is hereby amended to add Exhibit "B-1", which extends the Agreement to August 31, 2022. Exhibit "B-1" is attached hereto and incorporated by reference. Consultant shall commence and complete all services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B-1".
2. Compensation. Exhibit "C" of the Agreement is hereby amended to add Exhibit "C-1", which reduces Consultant's percentage share of total UUT revenues collected from 0.60% to 0.51%. Exhibit "C-1" is attached hereto and incorporated by reference. Consultant shall be compensated for the services described in Exhibit "A".
3. No Other Amendments. Except as expressly stated herein, the Agreement shall remain unchanged and in full force and effect. The Agreement and this First Amendment constitute the entire agreement between the parties and supersede any previous oral or written agreement with respect to the subject matter hereof. In the event of any inconsistency between the terms of the Agreement and this First Amendment, the terms of this First Amendment shall govern.

IN WITNESS WHEREOF, the parties have executed this First Amendment in Redondo Beach, California, as of this 18th day of August, 2020.

CITY OF REDONDO BEACH,
a chartered municipal corporation

DocuSigned by:

E6413C7231DF4E1...
William C. Brand, Mayor

MUNISERVICES, LLC,
a Delaware limited liability company

DocuSigned by:

77CAEABD7625414
By: Michael Melka
Name: _____
Title: CFO

ATTEST:

DocuSigned by:

72F2AC716C214CF...
Eleanor Manzano, City Clerk

APPROVED:

DocuSigned by:

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Risk Manager Diane Strickfaden

APPROVED AS TO FORM:

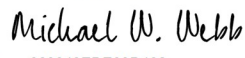
DocuSigned by:

669049EDE03D402...
Michael W. Webb, City Attorney

EXHIBIT "B-1"

SCHEDULE FOR COMPLETION

TERM. The term of this Agreement shall be extended to August 30, 2022, unless otherwise terminated herein.

EXHIBIT "C-1"

COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

- I. **ANNUAL FIXED FEE.** The City's total annual fixed fee for participating in the Program shall be the greater of i) fifty-one hundredths (0.51%) of the total UUT revenues received by the City (excluding UUT revenues derived from sewer, water or trash) based on the prior fiscal year, or ii) fifteen thousand dollars (\$15,000) ("Minimum Fee").
- II. **COMPENSATION UPON TERMINATION**
 - A. Upon termination by either party of the Agreement as provided herein, Consultant shall be entitled to retain any fees it may have received from the City pursuant to Section I.A of this Exhibit "C". Within thirty (30) days following termination, Consultant shall provide the City with a list of detections of non-compliance resulting from the compliance review activities of Consultant. The City will, in good faith, diligently seek to: i) correct such detections of non-compliance made by Consultant prior to the date of termination; and ii) collect the additional revenues that are due to the City for past periods and for the twelve quarters going forward following the correction, even though the date of actual correction may occur after the termination date. Consultant shall assist the City in this correction/collection effort at no additional charge, if so requested by the City.
 - B. Consultant's right to compensation for City-Specific audit (UUT audits) services under Section III of this Exhibit "C" shall survive termination of this Agreement; provided, however, that Consultant's services were performed prior to the termination of this Agreement.
- III. **COMPENSATION FOR CITY-SPECIFIC AUDIT SERVICES**
 - A. Fee for City-Specific Audit Services. With respect to a City-Specific audit referred to in Section I.D.1 of Exhibit "A", City will pay Consultant twenty-five percent (25%) of the additional revenues that has resulted from Consultant's City-Specific audit services.
 - B. Fee for City-Specific Audit for Retroactive Recovery. Consultant shall also seek to recover, or assist the City in recovering all revenue due the City from prior periods, if any, and Consultant will receive 25% of any retroactive recovery. Said 25% also applies to the additional revenue, including the monetary value of any other services, credits, property of every kind or nature, or other consideration received by the City in lieu of monetary payment

received by the City for the first three years following the correction of the error/omission.

- C. Fee for City-Specific Compliance Reviews involving BOE records pertaining to prepaid wireless local charges, compensation shall be based up a fixed fee or a time and materials basis which shall be negotiated in a separate agreement for each such compliance review.

- IV. **CONSULTANT'S EXPENSES.** Consultant shall absorb all expenses incurred by Consultant in providing its services as described herein. These expenses include, but are not limited to employee salaries and benefits, insurance, airfare, auto rentals, meals, lodging, express mail, mail, telephone, copying, directories, on-line resources, and other overhead and miscellaneous expenses.

- V. **METHOD OF PAYMENT**

- A. City will notify Consultant within ten (10) days following receipt by the City of payments that are a direct result of Consultant's compliance and/or audit services (e.g. cash, installment, or other compensation directly benefitting the City). Upon receipt of such notice, Consultant shall promptly invoice the City.
- B. Consultant shall provide quarterly invoices to City for approval and payment. Invoices must be itemized, adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.
- C. Invoices for services rendered shall be in arrears (invoiced for the immediately preceding quarter). If the effective date of this Agreement is other than an invoice date, the City shall be invoiced for the first quarterly payment immediately following the Agreement effective date. City shall be invoiced and responsible for a prorated portion of the preceding quarter based on the effective date of this Agreement.

- VI. **SCHEDULE FOR PAYMENT.** The Total Annual Fixed Fee shall be paid in four equal quarterly payments with due dates of: March 31, June 30, September 30, and December 31. Payment will be made to Consultant within forty-five (45) days of receipt of Consultant's invoice, provided, services are completed to City's full satisfaction. Payment for City-Specific Audit Services will be made within forty-five (45) days of receipt of Consultant's invoice, rendered pursuant to paragraph V. A. above, provided services are completed to City's full satisfaction.

- VII. **NOTICE.** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant: MuniServices, LLC
Attn: Legal Department
7625 N. Palm Avenue, Suite 108
Fresno, CA 93711
Facsimile: 559.312.2852
Email: legal@muniservices.com

With a copy to: PRA General Counsel
120 Corporate Blvd., Suite 100
Norfolk, VA 23502

City: City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277
Attention: Steve Diels

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND MUNISERVICES, LLC**

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach, a Chartered Municipal Corporation ("City") and MuniServices, LLC, a Delaware Limited Liability Company ("Consultant" or "Contractor").

The parties hereby agree as follows:

1. Description of Project or Scope of Services. The project description or scope of services to be provided by Consultant, and any corresponding responsibilities of City, or services required to be performed by City are set forth in Exhibit "A."
2. Term and Time of Completion. Consultant shall commence and complete the project or services described in Exhibit "A" in accordance with the schedule set forth in Exhibit "B".
3. Compensation. City agrees to pay Consultant for work performed in accordance with Exhibit "C".

* * * * *

GENERAL PROVISIONS

1. Independent Contractor. Consultant acknowledges, represents and warrants that Consultant is not a regular or temporary employee, officer, agent, joint venturer or partner of the City, but rather an independent contractor. This Agreement shall not be construed as a contract of employment. Consultant shall have no rights to any benefits which accrue to City employees unless otherwise expressly provided in this Agreement. Due to the independent contractor relationship created by this Agreement, the City shall not withhold state or federal income taxes, the reporting of which shall be Consultant's sole responsibility.
2. Brokers. Consultant acknowledges, represents and warrants that Consultant has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.
3. City Property. All plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Agreement shall upon request be delivered to the City within a reasonable time, and the rights thereto shall be deemed assigned to the City. If applicable, Consultant shall prepare check prints upon request. Said plans, drawings,



reports, calculations, data, specifications, videos, graphics or other materials, shall be specific for the project herein and shall not be used by the City for any other project without Consultant's consent. Notwithstanding the foregoing, Consultant shall not be obligated to assign any proprietary software or data developed by or at the direction of Consultant for Consultant's own use; provided, however, that Consultant shall, pursuant to Paragraph 14 below, indemnify, defend and hold the City harmless from and against any discovery or Public Records Act request seeking the disclosure of any such proprietary software or data.

4. Inspection. If the services set forth in Exhibit "A" shall be performed on City or other public property, the City shall have the right to inspect such work without notice. If such services shall not be performed on City or other public property, the City shall have the right to inspect such work upon reasonable notice. Inspections by the City shall not relieve or minimize the responsibility of Consultant to conduct any inspections Consultant has agreed to perform pursuant to the terms of this Agreement. Consultant shall be solely liable for said inspections performed by Consultant. Consultant shall certify in writing to the City as to the completeness and accuracy of each inspection required to be conducted by Consultant hereunder.
5. Services. The project or services set forth in Exhibit "A" shall be performed to the full satisfaction and approval of the City. In the event that the project or services set forth in Exhibit "A" are itemized by price in Exhibit "C", the City in its sole discretion may, upon notice to Consultant, delete certain items or services set forth in Exhibit "A", in which case there shall be a corresponding reduction in the amount of compensation paid to Consultant. City shall furnish Consultant to the extent available, with any City standards, details, specifications and regulations applicable to the Project and necessary for the performance of Consultant's services hereunder. Notwithstanding the foregoing, any and all additional data necessary for design shall be the responsibility of Consultant.
6. Records. Consultant, including any of its subcontractors shall maintain full and complete documents and records, including accounting records, employee time sheets, work papers, and correspondence pertaining to the project or services set forth in Exhibit "A". Consultant, including any of its subcontractors shall make such documents and records available for City review or audit upon request and reasonable notice, and shall keep such documents and records, for at least four (4) years after Consultant's completion of performance of this Agreement. Copies of all pertinent reports and correspondence shall be furnished to the City for its files.
7. Changes and Extra Work. All changes and/or extra work under this Agreement shall be provided for by a subsequent written amendment executed by City and Consultant.



8. Additional Assistance. If this Agreement requires Consultant to prepare plans and specifications, Consultant shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Consultant shall issue any necessary addenda to the plans and specifications as requested. In the event Consultant is of the opinion that City's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of this Agreement.
9. Professional Ability. Consultant acknowledges, represents and warrants that Consultant is skilled and able to competently provide the services hereunder, and possesses all professional licenses, certifications, and approvals necessary to engage in its occupation. City has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant shall perform in accordance with generally accepted professional practices and standards of Consultant's profession.
10. Business License. Consultant shall obtain a Redondo Beach Business License before performing any services required under this Agreement. The failure to so obtain such license shall be a material breach of this Agreement and grounds for immediate termination by City; provided, however, that City may waive the business license requirement in writing under unusual circumstances without necessitating any modification of this Agreement to reflect such waiver.
11. Termination Without Default. Notwithstanding any provision herein to the contrary, the City may, in its sole and absolute discretion and without cause, terminate this Agreement at any time prior to completion by Consultant of the project or services hereunder, immediately upon written notice to Consultant. In the event of any such termination, Consultant shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; and (2) necessary materials or services of others ordered by Consultant for this Agreement, prior to Consultant's receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, and further provided that Consultant is not able to cancel such orders. Compensation for Consultant in such event shall be determined by the City in accordance with the percentage of the project or services completed by Consultant; and all of Consultant's finished or unfinished work product through the time of the City's last payment shall be transferred and assigned to the City. In conjunction with any termination of this Agreement, the City may, at its own expense, make copies or extract information from any notes, sketches, computations, drawings, and specifications or other data, whether complete or not.
12. Termination in the Event of Default. Should Consultant fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Agreement, the City may immediately terminate this Agreement by giving written notice of such termination, stating the reasons



for such termination. Consultant shall be compensated as provided immediately above, provided, however, there shall be deducted from such amount the amount of damages if any, sustained by the City by virtue of Consultant's breach of this Agreement.

13. Conflict of Interest. Consultant acknowledges, represents and warrants that Consultant shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Agreement. Consultant further acknowledges, represents and warrants that Consultant has no business relationship or arrangement of any kind with any City official or employee with respect to this Agreement. Consultant acknowledges that in the event that Consultant shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Agreement, all consideration received under this Agreement shall be forfeited and returned to City forthwith. This provision shall survive the termination of this Agreement for one (1) year.
14. Indemnity. To the maximum extent permitted by law, Consultant hereby agrees, at its sole cost and expense, to defend protect, indemnify, and hold harmless the City, its elected and appointed officials, officers, employees, volunteers, attorneys, and agents (collectively "Indemnitees") from and against any and all claims, including, without limitation, claims for bodily injury, death or damage to property, demands, charges, obligations, damages, causes of action, proceedings, suits, losses, stop payment notices, judgments, fines, liens, penalties, liabilities, costs and expenses of every kind and nature whatsoever, in any manner arising out of, incident to, related to, in connection with or arising from any act, failure to act, error or omission of Consultant's negligent performance or work hereunder or willful misconduct (including any of its officers, agents, employees, Subcontractors), or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for such loss or damage which was caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement.
 - a. Nonwaiver of Rights. Indemnitees do not and shall not waive any rights that they may possess against Consultant because the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement.
 - b. Waiver of Right of Subrogation. Consultant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation and contribution against the Indemnitees.



15. Insurance. Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.
16. Non-Liability of Officials and Employees of the City. No official or employee of the City shall be personally liable for any default or liability under this Agreement.
17. Compliance with Laws. Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.
18. Limitations upon Subcontracting and Assignment. Consultant acknowledges that the services which Consultant shall provide under this Agreement are unique, personal services which, except as otherwise provided herein, Consultant shall not assign or sublet to any other party without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion. In the event that the City, in writing, approves any assignment or subletting of this Agreement or the retention of subcontractors by Consultant, Consultant shall provide to the City upon request copies of each and every subcontract prior to the execution thereof by Consultant and subcontractor. Any attempt by Consultant to assign any or all of its rights under this Agreement without first obtaining the City's prior written consent shall constitute a material default under this Agreement.

The sale, assignment, transfer or other disposition, on a cumulative basis, of twenty-five percent (25%) or more of the ownership interest in Consultant or twenty-five percent (25%) or more the voting control of Consultant (whether Consultant is a corporation, limited liability company, partnership, joint venture or otherwise) shall constitute an assignment for purposes of this Agreement. Further, the involvement of Consultant or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Consultant's assets occurs, which reduces Consultant's assets or net worth by twenty-five percent (25%) or more shall also constitute an assignment for purposes of this Agreement.

19. Subcontractors. Consultant shall provide properly skilled professional and technical personnel to perform any approved subcontracting duties. Consultant shall not engage the services of any person or persons now employed by the City without the prior written approval of City, which approval may be withheld in the City's sole and absolute discretion.
20. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents



exchanged between Consultant and City may be used to assist in the interpretation of the exhibits to this Agreement.

21. Amendment. This Agreement may be amended or modified only by a subsequent written amendment executed by both parties.
22. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Consultant.
23. Non-Exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Consultant hereunder shall be non-exclusive, and City reserves the right to employ other contractors in connection with the project.
24. Exhibits. All exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit "A" which does not pertain to the project description, proposal, or scope of services (as applicable) to be provided by Consultant, or any corresponding responsibilities of City, shall be deemed extraneous to, and not a part of, this Agreement.
25. Time of Essence. Time is of the essence of this Agreement.
26. Confidentiality. To the extent permissible under law, Consultant shall keep confidential its obligations hereunder and the information acquired during the performance of the project or services hereunder.
27. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
28. Governing Law and Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Venue for any litigation or other action arising hereunder shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.
29. Attorneys' Fees. In the event either party to this Agreement brings any action to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.
30. Claims. Any claim by Consultant against City hereunder shall be subject to Government Code §§ 800 *et seq.* The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City



shall be waived if not made within six (6) months after accrual of the cause of action.

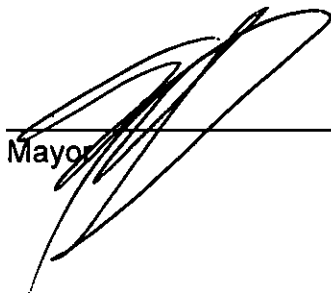
31. Interpretation. Consultant acknowledges that it has had ample opportunity to seek legal advice with respect to the negotiation of this Agreement. This Agreement shall be interpreted as if drafted by both parties.
33. Warranty. In the event that any product shall be provided to the City as part of this Agreement, Consultant warrants as follows: Consultant possesses good title to the product and the right to transfer the product to City; the product shall be delivered to the City free from any security interest or other lien; the product meets all specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of thirty (30) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Consultant, at Consultant's expense, including shipping. Consultant shall not be liable under this warranty for an amount greater than the amount set forth in Exhibit "C" hereto.
34. Severance. Any provision of this Agreement that is found invalid or unenforceable shall be deemed severed, and all remaining provisions of this Agreement shall remain enforceable to the fullest extent permitted by law.
34. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Consultant warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Consultant, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Consultant.
35. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SIGNATURES FOLLOW ON NEXT PAGE



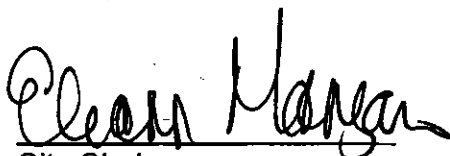
IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 1st day of September, 2015.

CITY OF REDONDO BEACH



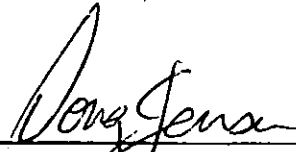
Mayor

ATTEST:




City Clerk

MUNISERVICES, LLC

By: 


Doug Jensen
SVP Client Services

APPROVED:



Risk Manager

APPROVED AS TO FORM:



City Attorney's Office



IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 1st day of September, 2015.

CITY OF REDONDO BEACH

MUNISERVICES, LLC

Mayor

By: _____
Name: Doug Jensen
Title: SVP Client Services

ATTEST:

APPROVED:

City Clerk

Risk Manager

APPROVED AS TO FORM:

City Attorney's Office

EXHIBIT "A"

PROJECT DESCRIPTION AND/OR SCOPE OF SERVICES

I. CONSULTANT'S DUTIES

A. General Services

1. Consultant shall provide the City with services in furtherance of a comprehensive utility users tax/franchise compliance and revenue protection program ("Program"), with broad participation by California public agencies. The Program shall be designed to preserve, protect, and enhance the City's utility users tax ("UUT") and utility franchise revenues.
2. Consultant's Utility Users Tax Standard Program as defined in Section II.A shall provide compliance reviewing, geocoding, information, and associated services and skills. Consultant shall establish and implement a Program that will allow the City and other participating California public agencies to preserve, protect and enhance their UUT and utility franchise revenues in three areas:
 - a. Compliance Review Services;
 - b. Revenue Protection; and
 - c. Client Support Services.
3. Consultant shall (1) detect and identify errors/omissions by utility service providers or utility users in the application, calculation, collection, and remittal of UUT; and (2) provide the City with technical assistance, without assuming or being delegated the authority or responsibility of the City to administer, interpret, and enforce its UUT ordinance and standard utility franchise agreements.

B. UUT Standard Program

1. **Compliance Review Services.** Upon the written consent of the City, Consultant shall perform compliance activities for the Telephone Users' Tax, Gas Users' Tax, Electricity Users' Tax and Video Users' Tax, in the following areas.
 - a. UUT Tax Application Review. Perform compliance reviews of major utility providers, with a focus on common client issues, to assure that the UUT is being properly applied to taxable services and charges.



- b. Geocode Information and Review. Develop and maintain a proprietary address range database to assure accurate and complete address range information regarding the City's boundaries. This service shall include monitoring City boundary changes due to annexations or other municipal reorganizations and providing those changes to any utility services provider that serves customers within the City.
 - c. UUT Business Detection. Utilize other detection tools to verify whether such companies are doing business within the City, and then assist City's staff in pursuing enforcement actions, as needed, including developing compliance correspondence and enforcement procedures.
 - d. UUT Payment Analysis, Calculations and Deviations. Identify gaps in payments, calculation mistakes, and other payment errors, provided that the City provides Consultant with regular UUT payment history. Consultant shall follow up with the appropriate compliance correspondence and enforcement procedures on behalf of the City.
 - e. UUT Payment History. Consultant shall provide the City, on a monthly or otherwise mutually agreed upon basis, with a spreadsheet reflecting the City's UUT payments by provider and utility category (based on remittance data provided by the City).
 - f. Non-Core Suppliers Review. Consultant shall assist the City in obtaining the SB278 lists and review non-core suppliers operating with the City to ensure that these utility resellers are included in the calculation of UUT revenues and are in compliance with the provisions of the City's UUT ordinance.
 - g. Commercial Exemption Review. Consultant shall obtain the list of commercial exempt accounts and analyze the status pursuant to the exemption provisions of the City's UUT ordinance or federal law. Any accounts found to be exempt in error shall be brought into compliance as appropriate.
2. **Revenue Protection Services**. Consultant shall provide the following revenue protection services designed to protect the City's existing and future UUT revenues as follows:
- a. Ordinance Update. If the ordinance must be revised and requires voter approval, Consultant shall assist the City with ordinance language, staff reports, draft ballot language, and other technical assistance.



- b. Legislative Review Services. Monitor proposed state and federal legislation to identify issues affecting the City's UUT or utility franchise revenues, and, if justified, make recommendations to the City and lobbyists of California public agencies.
 - c. Regulatory Agency Review. Monitor proceedings at the various regulatory proceedings (e.g., California Public Utilities Commission, California Energy Commission, Federal Commerce Commission, and Federal Energy Regulatory Commission) that potentially impact the City's UUT, and make appropriate recommendations to the City.
 - d. Information Services. Provide the City with periodic newsletters, special communications, and legislative bulletins, workshops and seminars on such subjects as industry deregulation, new technologies, complying with new utility-related legislation, and other timely subjects.
 - e. Statutory Compliance Services. Consultant shall assist the City as appropriate to ensure compliance with Public Utilities Code §495.6.
 - f. Technology Reviews. Continually research utility information to identify taxable services delivered by new technologies and bundling packages and determine applicability to the City's UUT Ordinance.
3. **Disclaimer**. It is agreed and understood Consultant shall provide no legal services that may be required under any of the activated Programs described in this Agreement. Legal services shall not include the legal assistance and memos provided in Section I.C of this Exhibit "A".

C. Client Support Services

- 1. **UUT Website**. Prepare and maintain an accurate copy of the City's UUT ordinance and its administrative rules and interpretations on the uutinfo.org website. Maintain a link to the City's web page, FAQ's, and model forms for exemptions, registration, remittances and other tax compliance documents on the www.uutinfo.org website.
- 2. **Client Only Webpage**. Provide the City's staff, as appropriate, access to the client-only features of the www.uutlaw.com webpage which provides legal memos, practice hints, special utility features, legislative tracking and new technology reviews.
- 3. **Revenue Management Report(s)**. Provide an annual report that outlines the year's activities in review, revenue forecasts, YTD Comparison charts and revenue generated from compliance activities. This report contains an analysis of UUT revenues and a five-year revenue forecast on each of the



utility business segments (e.g. electric, gas, CATV, wired telecom, wireless telecom, etc.).

4. **Tax Application Inquiries.** Provide legal and technical assistance to existing City staff and the City Attorney's office, and provide timely analysis and draft responses to tax application inquiries from utility companies, and assist in responding to citizens regarding their utility bills and the computation of the UUT.
5. **Audit Assistance.** Assist the City staff in, i) gaining access to audit-related information under existing legal authorities, including the preparation of an administrative subpoena; and ii) addressing legal issues that arise in the course of an audit.
6. **Program Review.** Review the City's existing or proposed tax compliance programs, including tax amnesty programs.
7. **Tax Initiative Help.** Assist City in developing effective strategies to address aggressive "anti-tax" efforts.

D. UUT Premium Program

1. **City-Specific Audit.** At any time during the term of this Agreement, with the prior written consent of the City, Consultant may perform an audit of a specific utility provider related to UUT payments and/or utility franchise fees if applicable. The audit shall focus on the compliance of the particular selected utility provider(s) with the City's UUT ordinance and/or franchise fee agreement. This service shall include an actual request for, and review of the utility provider's books and records. The audit process shall consist of the following tasks:
 - a. Submit an Audit Notification along with the Letter of Authorization and a Request for Information ("RFI") outlining the information needed to complete the audit to the provider(s).
 - b. Attempt to obtain a waiver on the Statute of Limitations, as applicable, for the audit.
 - c. Review the work papers and supporting documentation used in the computation of the UUT and/or franchise fee payments.
 - d. Review and analyze the provider's general ledger and financial statements. Compare and analyze the data for reasonableness, completeness, and accuracy as related to the UUT and/or franchise fee.



- e. Review and analyze all the provider's revenue accounts in detail to complete the following matters.
 - i. Determine revenues that are to be included or excluded from the UUT and/or franchise fee computations;
 - ii. Review the revenues excluded from the computations, if any, and;
 - iii. Determine if exclusions are permitted by the City's ordinance and/or franchise agreement.
2. Determine if a utility provider or any of its subsidiaries receives any revenues from customers or third-parties for the use of utility provider's facilities located on City's right-of-way authorized by the franchise agreement that are not included in the franchise fee calculation used to determine the payment to the City.
3. Analyze the number of customers reported in the City by rate classification and obtain and review the utility provider's procedures to code new customers to the proper jurisdictions and the procedures used to address annexations.
4. Obtain and review the list of exempt customers, if any, from the UUT and/or franchise fee computation. For Cable TV Provider's PEG fees, if there are any, request the supporting documentation on provider's payments to the City. The schedules should include a composition of the number of subscribers such as basic, non-standard and free subscribers, by month, for each of the calendar years included in the review period.
5. Review a sample test the geo-coding system by selecting certain customer accounts within the City's boundaries and in its immediate vicinity only if the accounts are properly coded as assessed. Consultant shall concentrate the sampling in problematic geographical areas, such as those that might overlap with a neighboring city or where multiple zip codes exist. Consultant shall also sample test heavily in the area of annexations to ensure that proper procedures are in place to identify and properly code these areas within the Franchisee's system. Consultant shall request that the utility provide the customer account information in an electronic format for all customers located in the City and surrounding areas.
6. Compare the provider's payments, exclusions, and other computations as related to the UUT and/or franchise agreement. Compare the actual payments made to the City for timeliness and accuracy.



7. Conduct an Exit Interview with the utility provider to review findings and obtain the provider's position on the issues identified. Seek to obtain agreement and/or payment of any amounts due to the City (to be sent directly to the City) within 30 days.
8. Prepare a written report with findings that describe and explain the results of Consultant review, potential additional monies due to the City, the provider's position on the issues and any applicable penalties and interest. Consultant will schedule a final presentation of these findings with the City.
9. Provide any and all necessary schedules and supporting documents to assist the City in collecting underpaid UUT and/or franchise fees.

E. Deliverables. Consultant shall deliver to the City the studies, plans, specifications, or other documents as are identified in this Exhibit "A"; and shall, upon completion of all work, submit to the City all information developed in the course of providing the services. Consultant shall, in such time and in such form as the City may require, furnish reports concerning the status of services required under this Agreement. Consultant shall, upon request by the City and upon completion or termination of this Agreement, deliver to the City all material furnished to Consultant by the City.

F. Examination of State Board of Equalization ("BOE") Documents

1. Consultant shall examine the BOE's records pertaining to prepaid local charges to (i.e. prepaid wireless UUT (collectively, the "records") and to use such information only for purposes related to such collection.
2. Consultant shall only disclose information contained in or derived from, those records only to an officer or employee of the City authorized by resolution, the City Charter, or City Municipal Code, to examine the information.
3. Consultant will not perform any consulting services for a "seller" (as defined in AB 1717) during the term of the Agreement.
4. Consultant shall not retain information contained in, or derived from those prepaid local charge records, after the Agreement has expired.
5. Consultant shall, to the same extent as the BOE, be subject to Revenue and Tax Code Section 55381, relating to unlawful disclosures.



6. This Agreement shall not permit a contingent fee arrangement as payment for services rendered pertaining to prepaid local charges; and that any fees paid by City to Consultant for City specific auditing of a "seller" of prepaid wireless UUT remitting to the BOE, shall only be done pursuant to a separate agreement which will not involve any contingent fee arrangement.

II. CITY'S DUTIES

A. Welcome Packet

1. The City will provide Consultant with a Program Welcome Packet, which will include the following items.
 - a. A copy of the City's UUT Ordinance and any amendments thereto.
 - b. Two letters requesting the exemption lists from the utility companies which will be placed on City letterhead and returned to Consultant.
 - c. Letter of Authorization for Consultant to act on City's behalf. A sample Letter of Authorization has been attached hereto and incorporated by reference into this Exhibit "A". Notwithstanding the foregoing, this authorization to act on the City's behalf shall be limited solely to services performed pursuant to this Agreement. Consultant shall not be authorized to act on City's behalf for any services outside the scope of this Agreement.
 - d. A sample remittance form to be provided to the utility companies if the City doesn't currently have a form for this purpose.
 - e. Two SB278 letters requesting from utility companies to provide a transportation list. These letters should be placed on City letterhead and returned to Consultant.

- B. Necessary Information.** The City will provide Consultant, on a timely basis, with information necessary to conduct its compliance review activities, including but not limited to, monthly UUT payment histories, exemption lists, SB 278 gas and electric lists (including names of customers refusing to pay surcharges), and any subsequent amendments to the UUT ordinance.



C. City-Specific Audit

1. City agrees to the following tasks with respect to the compliance review.
 - a. Provide administrative subpoenas as needed for access to the books and records of the utility.
 - b. Provide a Letter of Authorization for Consultant addressed to the utility for the specific audit.
 - c. Invoice the responsible party for tax deficiencies identified and confirmed by Consultant within thirty (30) days following receipt of Consultant detection report or correspondence.
 - d. Provide Consultant with a copy of any settlement agreement with a taxpayer/tax collector within ten (10) days of entering into such agreement

D. Legal Interpretations of Ordinance. Upon request, City will provide Consultant with appropriate legal and administrative interpretations of its UUT ordinance. The City will retain the exclusive authority and responsibility to administer, interpret, and enforce its UUT ordinance.

E. City's Determination Final. Upon determination of the City Council or City Officer empowered under State or local ordinance to make a determination as to whether or not a tax assessed against a taxpayer is due, that determination shall be final and binding on the parties hereto. However, a City Officer's or City Council's determination to waive a tax assessment will not relieve the City of its obligation to pay Consultant therefore.

III. CONFIDENTIALITY. Notwithstanding Section 26 of the Agreement, Consultant agrees that it shall keep all information it receives concerning City taxpayers confidential and shall use it solely for tax compliance purposes. Services performed by Consultant prior to termination may result in the City's receipt of revenue after termination. The City agrees to provide to Consultant after expiration or termination of this Agreement such confidential payment information as is necessary to enable Consultant to calculate the compensation due to Consultant as a result of said receipt of revenue and Consultant shall maintain the confidentiality of this information. Consultant shall be deemed a contractor under California Revenue and Taxation Code Sections 7284.6 to 7284.7 after expiration of this Agreement or receipt of notice of termination from the City for the sole and limited purpose of enabling Consultant to have access to said information to calculate Consultant's compensation.



DATE

Re: Producers and Users of Utility Services and Franchise Fee Holders in the City of Redondo Beach

Dear Sir or Madam:

Please be advised that the City of Redondo Beach ("City") has authorized the firm of MuniServices, LLC ("MuniServices") to conduct compliance reviews, pursuant to the City's Utility Users Tax ordinance and Franchise Fee agreements. For the purpose of these compliance reviews, MuniServices may inquire about several matters, including but not limited to, inquiries about payment history, anomalies, and customer complaints. MuniServices is authorized to execute confidentiality and non disclosure agreements on the City's behalf solely for the purpose of these compliance reviews.

Information obtained as a part of any such review shall be used only by the City, for purposes related to the administration of the Utility Users Tax ordinance or Franchise Fee agreement.

In order to facilitate the timely completion of such reviews, please extend your full cooperation to MuniServices or their above noted representative.

If you have any questions, related to the process of the review, please contact the UUT Manager at 800-800-8181 ext. 5520.

If there are questions, related to the City's authority to conduct such reviews, please contact me at (310) 318-0657.

Sincerely,

Steve Diels
City Treasurer
City of Redondo Beach



EXHIBIT "B"

SCHEDULE FOR COMPLETION

TERM. The term of this Agreement shall commence on September 1, 2015 and expire August 30, 2018. The Agreement shall automatically renew for subsequent annual periods for a total of two (2) years, unless the City Treasurer provides written notice to Consultant no later than fifteen days prior to the expiration of the current term. In no event shall this Agreement exceed five (5) years from the date of commencement.



EXHIBIT "C"
COMPENSATION

Provided Consultant is not in default under this Agreement, Consultant shall be compensated as provided below.

I. ANNUAL FIXED FEE

- A. Total Annual Fixed Fee. The City's total annual fixed fee for participating in the Program shall be the greater of i) six-tenths of one percent (0.6%) of the total UUT revenues received by the City (excluding UUT revenues derived from sewer, water, or trash) based on the prior fiscal year, or ii) fifteen thousand dollars (\$15,000) ("Minimum Fee").

II. COMPENSATION UPON TERMINATION

- A. Upon termination by either party of the Agreement as provided herein, Consultant shall be entitled to retain any fees it may have received from the City pursuant to Section I.A of this Exhibit "C". Within thirty (30) days following termination, Consultant shall provide the City with a list of detections of non-compliance resulting from the compliance review activities of Consultant. The City will, in good faith, diligently seek to: i) correct such detections of non-compliance made by Consultant prior to the date of termination; and ii) collect the additional revenues that are due to the City for past periods and for the twelve quarters going forward following the correction, even though the date of actual correction may occur after the termination date. Consultant shall assist the City in this correction/collection effort at no additional charge, if so requested by the City.
- B. Consultant's right to compensation for City-Specific audit services under Section III of this Exhibit "C" shall survive termination of this Agreement; provided, however, that Consultant's services were performed prior to the termination of this Agreement.

III. COMPENSATION FOR CITY-SPECIFIC AUDIT SERVICES

- A. Fee for City-Specific Audit Services. With respect to a City-Specific audit referred to in Section I.D.1 of Exhibit "A", City will pay Consultant twenty-five percent (25%) of the additional revenues that has resulted from Consultant's City-Specific audit services.
- B. Fee for City-Specific Audit for Retroactive Recovery. Consultant shall also seek to recover, or assist the City in recovering all revenue due the City from prior periods, if any, and Consultant will receive 25% of any retroactive



recovery. Said 25% also applies to the additional revenue, including the monetary value of any other services, credits, property of every kind or nature, or other consideration received by the City in lieu of monetary payment received by the City for the first three years following the correction of the error/omission.

- C. Fee for City-Specific Compliance Reviews involving BOE records pertaining to prepaid wireless local charges, compensation shall be based up a fixed fee or a time and materials basis which shall be negotiated in a separate agreement for each such compliance review.

- IV. **CONSULTANT'S EXPENSES.** Consultant shall absorb all expenses incurred by Consultant in providing its services as described herein. These expenses include, but are not limited to employee salaries and benefits, insurance, airfare, auto rentals, meals, lodging, express mail, mail, telephone, copying, directories, on-line resources, and other overhead and miscellaneous expenses.

- V. **METHOD OF PAYMENT**

- A. City will notify Consultant within ten (10) days following receipt by the City of payments that are a direct result of Consultant's compliance and/or audit services (e.g. cash, installment, or other compensation directly benefitting the City). Upon receipt of such notice, Consultant shall promptly invoice the City.
- B. Consultant shall provide invoices to City for approval and payment. Invoices must be itemized, adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.
- C. Invoices for services rendered shall be in arrears (invoiced for the immediately preceding quarter). If the effective date of this Agreement is other than an invoice date, the City shall be invoiced for the first quarterly payment immediately following the Agreement effective date. City shall be invoiced and responsible for a prorated portion of the preceding quarter based on the effective date of this Agreement.

- VI. **SCHEDULE FOR PAYMENT.** The Total Annual Fixed Fee shall be paid in four equal quarterly payments with due dates of: March 31, June 30, September 30, and December 31. Payment will be made to Consultant within forty-five (45) days of receipt of Consultant's invoice, provided, services are completed to City's full satisfaction. Payment for City-Specific Audit Services will be made within forty-five (45) days of receipt of Consultant's invoice, rendered pursuant to paragraph V. A. above, provided services are completed to City's full satisfaction.

- VII. **PAYMENT FOR SERVICES PERFORMED PRIOR TO THIS AGREEMENT.** Consultant shall be paid for the services described herein in accordance with



Section I of this Exhibit "C" for services performed from July 1, 2015 to August 30, 2015. Consultant shall invoice City for this amount on the first quarterly invoice.

- VIII. **NOTICE.** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant: MuniServices, LLC
Attn: Legal Department
7625 N. Palm Avenue, Suite 108
Fresno, CA 93711
Facsimile: 559.312.2852
Email: legal@muniservices.com

With a copy to: PRA General Counsel
120 Corporate Blvd., Suite 100
Norfolk, VA 23502

City: City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277
Attention: Steve Diels

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by regular mail, or the next day if sent overnight delivery. Notice of rate changes or distribution changes must be sent by certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party.



EXHIBIT "D"

INSURANCE REQUIREMENTS FOR CONSULTANTS

Without limiting Consultant's indemnification obligations under this Agreement, Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California.

Employer's Liability Insurance.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, and employees or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.



Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The City, its officers, elected and appointed officials, and employees, shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance, or as a separate owner's policy.

Automobile Liability: The City, its officers, elected and appointed officials, and employees, shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.

For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, elected and appointed officials, and employees. Any insurance or self-insurance maintained by the City, its officers, officials, and employees, shall be excess of the Consultant's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice, or ten (10) days for cancellation for non-payment of premium, by certified mail, return receipt requested, has been given to the City.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract on the Consultant's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.



Verification of Coverage

Consultant shall furnish the City with insurance certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the standard ISO forms which shall be subject to City approval. All certificates and endorsements shall be received and approved by the City before the contract is awarded. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Consultant acknowledges that insurance underwriting standards and practices are subject to change, and the City reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.





General Liability Extension Endorsement

1. ADDITIONAL INSURED

- a. **WHO IS AN INSURED** is amended to include as an **Insured** any person or organization described in paragraphs **A. through K.** below whom a **Named Insured** is required to add as an additional insured on this **Coverage Part** under a written contract or written agreement, provided such contract or agreement:

- (1) is currently in effect or becomes effective during the term of this **Coverage Part**; and
- (2) was executed prior to:
 - (a) the **bodily injury** or **property damage**; or
 - (b) the offense that caused the **personal and advertising injury**,
for which such additional insured seeks coverage.

- b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

- (1) a higher limit of insurance than required by such contract or agreement; or
- (2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph **A. through K.** below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

A. Controlling Interest

Any person or organization with a controlling interest in a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury**, **property damage** or **personal and advertising injury** arising out of:

- 1. such person or organization's financial control of a **Named Insured**; or
- 2. premises such person or organization owns, maintains or controls while a **Named Insured** leases or occupies such premises;

provided that the coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

B. Co-owner of Insured Premises

A co-owner of a premises co-owned by a **Named Insured** and covered under this insurance but only with respect to such co-owner's liability for **bodily injury**, **property damage** or **personal and advertising injury** as co-owner of such premises.

C. Grantor of Franchise

Any person or organization that has granted a franchise to a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury**, **property damage** or **personal and advertising injury** as grantor of a franchise to the **Named Insured**.

D. Lessor of Equipment

Any person or organization from whom a **Named Insured** leases equipment, but only with respect to liability for **bodily injury**, **property damage** or **personal and advertising injury** caused, in whole or in part, by the **Named Insured's** maintenance, operation or use of such equipment, provided that the **occurrence** giving rise to such **bodily injury**, **property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease.

General Liability Extension Endorsement**E. Lessor of Land**

Any person or organization from whom a **Named Insured** leases land but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such land, provided that the **occurrence** giving rise to such **bodily injury or property damage**, or the offense giving rise to such **personal and advertising injury**, takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

F. Lessor of Premises

An owner or lessor of premises leased to the **Named Insured**, or such owner or lessor's real estate manager, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such part of the premises leased to the **Named Insured**, and provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

G. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver of premises but only with respect to such mortgagee, assignee or receiver's liability for **bodily injury, property damage or personal and advertising injury** arising out of the **Named Insured's** ownership, maintenance, or use of a premises by a **Named Insured**.

The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

H. State or Governmental Agency or Subdivision or Political Subdivisions – Permits

A state or governmental agency or subdivision or political subdivision that has issued a permit or authorization, but only with respect to such state or governmental agency or subdivision or political subdivision's liability for **bodily injury, property damage or personal and advertising injury** arising out of:

1. the following hazards in connection with premises a **Named Insured** owns, rents, or controls and to which this insurance applies:
 - a. the existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - b. the construction, erection, or removal of elevators; or
 - c. the ownership, maintenance or use of any elevators covered by this insurance; or
2. the permitted or authorized operations performed by a **Named Insured** or on a **Named Insured's** behalf.

The coverage granted by this paragraph does not apply to:

- a. **Bodily injury, property damage or personal and advertising injury** arising out of operations performed for the state or governmental agency or subdivision or political subdivision; or
- b. **Bodily injury or property damage** included within the **products-completed operations hazard**.

With respect to this provision's requirement that additional insured status must be requested under a written contract or agreement, the Insurer will treat as a written contract any governmental permit that requires the **Named Insured** to add the governmental entity as an additional insured.

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General Liability Extension Endorsement**I. Trade Show Event Lessor**

1. With respect to a **Named Insured's** participation in a trade show event as an exhibitor, presenter or displayer, any person or organization whom the **Named Insured** is required to include as an additional insured, but only with respect to such person or organization's liability for **bodily injury, property damage or personal and advertising injury** caused by:
 - a. the **Named Insured's** acts or omissions; or
 - b. the acts or omissions of those acting on the **Named Insured's** behalf,in the performance of the **Named Insured's** ongoing operations at the trade show event premises during the trade show event.
2. The coverage granted by this paragraph does not apply to **bodily injury or property damage included within the products-completed operations hazard**.

J. Vendor

Any person or organization but only with respect to such person or organization's liability for **bodily injury or property damage** arising out of **your products** which are distributed or sold in the regular course of such person or organization's business, provided that:

1. The coverage granted by this paragraph does not apply to:
 - a. **bodily injury or property damage** for which such person or organization is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement unless such liability exists in the absence of the contract or agreement;
 - b. any express warranty unauthorized by the **Named Insured**;
 - c. any physical or chemical change in any product made intentionally by such person or organization;
 - d. repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - e. any failure to make any inspections, adjustments, tests or servicing that such person or organization has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f. demonstration, installation, servicing or repair operations, except such operations performed at the such person or organization's premises in connection with the sale of a product;
 - g. products which, after distribution or sale by the **Named Insured**, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for such person or organization; or
 - h. **bodily injury or property damage** arising out of the sole negligence of such person or organization for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (1) the exceptions contained in Subparagraphs **d.** or **f.** above; or
 - (2) such inspections, adjustments, tests or servicing as such person or organization has agreed with the **Named Insured** to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
2. This Paragraph **J.** does not apply to any insured person or organization, from whom the **Named Insured** has acquired such products, nor to any ingredient, part or container, entering into, accompanying or containing such products.

General Liability Extension Endorsement

3. This Paragraph J. also does not apply:

- a. to any vendor specifically scheduled as an additional insured by endorsement to this **Coverage Part**;
- b. to any of **your products** for which coverage is excluded by endorsement to this **Coverage Part**; nor
- c. if **bodily injury** or **property damage** included within the **products-completed operations hazard** is excluded by endorsement to this **Coverage Part**.

K. Other Person Or Organization

Any person or organization who is not an additional insured under Paragraphs A. through J. above. Such additional insured is an **Insured** solely for **bodily injury**, **property damage** or **personal and advertising injury** for which such additional insured is liable because of the **Named Insured's** acts or omissions.

The coverage granted by this paragraph does not apply to any person or organization:

- 1. for **bodily injury**, **property damage**, or **personal and advertising injury** arising out of the rendering or failure to render any professional service;
- 2. for **bodily injury** or **property damage** included within the **products-completed operations hazard**; nor
- 3. who is specifically scheduled as an additional insured on another endorsement to this **Coverage Part**.

2. ADDITIONAL INSURED - PRIMARY AND NON-CONTRIBUTORY TO ADDITIONAL INSURED'S INSURANCE

A. The **Other Insurance** Condition in the **COMMERCIAL GENERAL LIABILITY CONDITIONS** Section is amended to add the following paragraph:

If the **Named Insured** has agreed in writing in a contract or agreement that this insurance is primary and non-contributory relative to an additional insured's own insurance, then this insurance is primary, and the Insurer will not seek contribution from that other insurance. For the purpose of this Provision 2., the additional insured's own insurance means insurance on which the additional insured is a named insured.

B. With respect to persons or organizations that qualify as additional insureds pursuant to paragraph 1.K. of this endorsement, the following sentence is added to the paragraph above:

Otherwise, and notwithstanding anything to the contrary elsewhere in this Condition, the insurance provided to such person or organization is excess of any other insurance available to such person or organization.

3. BODILY INJURY – EXPANDED DEFINITION

Under **DEFINITIONS** the definition of **bodily injury** is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury sustained by that person at any time which results as a consequence of the physical injury, sickness or disease.

4. BROAD KNOWLEDGE OF OCCURRENCE/ NOTICE OF OCCURRENCE

Under **CONDITIONS**, the condition entitled **Duties in The Event of Occurrence, Offense, Claim or Suit** is amended to add the following:

A. BROAD KNOWLEDGE OF OCCURRENCE

The **Named Insured** must give the Insurer or the Insurer's authorized representative notice of an **occurrence**, offense or **claim** only when the **occurrence**, offense or **claim** is known to a natural person **Named Insured**, to a partner, executive officer, manager or member of a **Named Insured**, or to an **employee** designated by any of the above to give such notice.

B. NOTICE OF OCCURRENCE



General Liability Extension Endorsement

The **Named Insured's** rights under this **Coverage Part** will not be prejudiced if the **Named Insured** fails to give the Insurer notice of an **occurrence**, offense or **claim** and that failure is solely due to the **Named Insured's** reasonable belief that the **bodily injury** or **property damage** is not covered under this **Coverage Part**. However, the **Named Insured** shall give written notice of such **occurrence**, offense or **claim** to the Insurer as soon as the **Named Insured** is aware that this insurance may apply to such **occurrence**, offense or **claim**.

5. BROAD NAMED INSURED

WHO IS AN INSURED is amended to delete its Paragraph 3. in its entirety and replace it with the following:

3. Pursuant to the limitations described in Paragraph 4. below, any organization in which a **Named Insured** has management control:

- a. on the effective date of this **Coverage Part**; or
- b. by reason of a **Named Insured** creating or acquiring the organization during the **policy period**,

qualifies as a **Named Insured**, provided that there is no other similar liability insurance, whether primary, contributory, excess, contingent or otherwise, which provides coverage to such organization, or which would have provided coverage but for the exhaustion of its limit, and without regard to whether its coverage is broader or narrower than that provided by this insurance.

But this **BROAD NAMED INSURED** provision does not apply to:

- (a) any partnership, limited liability company or joint venture; or
- (b) any organization for which coverage is excluded by another endorsement attached to this **Coverage Part**.

For the purpose of this provision, management control means:

- A. owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation; or
 - B. having the right, pursuant to a written trust agreement, to protect, control the use of, encumber or transfer or sell property held by a trust.
4. With respect to organizations which qualify as **Named Insureds** by virtue of Paragraph 3. above, this insurance does not apply to:
- a. **bodily injury** or **property damage** that first occurred prior to the date of management control, or that first occurs after management control ceases; nor
 - b. **personal or advertising injury** caused by an offense that first occurred prior to the date of management control or that first occurs after management control ceases.
5. The insurance provided by this **Coverage Part** applies to **Named Insureds** when trading under their own names or under such other trading names or doing-business-as names (dba) as any **Named Insured** should choose to employ.

6. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives and **spouses** of any natural person **Insured** shall also be insured under this policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, and **spouses** only for **claims** arising solely out of their capacity or status as such and, in the case of a **spouse**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such natural person **Insured** to such **spouse**. No coverage is provided for any act, error or omission of an estate, heir, legal representative, or **spouse** outside the scope of such person's capacity or status as such, provided however that the **spouse** of a natural person **Named Insured** and the **spouses** of members or partners of joint venture or partnership **Named Insureds** are **Insureds** with respect to such **spouses'** acts, errors or omissions in the conduct of the **Named Insured's** business.

POLICY NUMBER

C 6043362570

INSURED NAME AND ADDRESS

GOVERNMENT REVENUE SOLUTIONS HOLDINGS LLC
190 N EVERGREEN AVE STE 205

WOODBURY, NJ 08096-1862

POLICY CHANGES



DESIGNATED INSURED BLANKET

This Change Endorsement changes the Policy. Please read it carefully.
This Change Endorsement is a part of your Policy and takes effect on the
effective date of your Policy, unless another effective date is shown.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED BLANKET

ANY PERSON OR ORGANIZATION THAT THE NAMED INSURED IS OBLIGATED TO
PROVIDE INSURANCE WHERE REQUIRED BY A WRITTEN CONTRACT OR AGREEMENT
IS AN INSURED, BUT ONLY WITH RESPECT TO LEGAL RESPONSIBILITY FOR
ACTS OR OMISSIONS OF A PERSON OR ORGANIZATION FOR WHOM LIABILITY
COVERAGE IS AFFORDED UNDER THIS POLICY.



Chairman of the Board
Secretary