

**AGREEMENT BETWEEN THE COUNTY OF TEHAMA AND
HINDERLITER, DE LLAMAS AND ASSOCIATES**

This Agreement is entered into between the County of Tehama ("County") and Hinderliter, De Llamas and Associates, a California Corporation ("CONTRACTOR") for the purpose of providing sales tax audit and information services.

1. RESPONSIBILITIES OF CONTRACTOR.

During the term of this Agreement, Contractor shall perform the following services:

- A. CONTRACTOR shall conduct an initial and on-going sales and use tax audit to identify and correct "point-of-sale" distribution errors and thereby generate previously unrealized sales tax income for the COUNTY. Common errors that will be monitored and corrected include:
 - a. transposition errors resulting in misallocations;
 - b. erroneous consolidation of multiple outlets;
 - c. misreporting of "point of sale" to the wrong location;
 - d. delays in reporting new outlets;
 - e. misallocating use tax payments to the allocation pools or wrong jurisdiction and erroneous fund transfers and adjustments.
- B. CONTRACTOR will initiate contacts with the appropriate sales management and accounting officials in companies that have businesses where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner so as to enhance COUNTY'S relations with the business community.
- C. CONTRACTOR shall prepare and submit to the California Department of Tax and Fee Administration ("CDTFA") all information necessary to correct any allocation errors that are identified and shall follow-up with the individual businesses and the CDTFA to ensure that all back quarter payments due the COUNTY are recovered.
- D. If during the course of its audit, CONTRACTOR finds businesses located in the COUNTY that are properly reporting sales tax but have the potential for modifying their operation to provide an even greater share to the COUNTY,

CONTRACTOR shall so advise COUNTY and upon request, shall work with those businesses and the COUNTY to encourage such changes.

- E. CONTRACTOR shall make available to COUNTY Staff the HDL sales tax computer software program and database containing sellers permit and quarterly allocation information for all in-county business outlets registered with the CDTFA and update quarterly. The HDL Software Program and quarterly updates, will be provided at no cost to the COUNTY.
- F. CONTRACTOR shall provide the same sales tax related issues papers that it provides its full service clients and assist COUNTY with sales tax estimates related to annexations, incorporations and development projects. It will also provide any special reports requested by COUNTY to monitor revenue sharing agreements related to sales tax.

2. CONFIDENTIALITY OF TAX INFORMATION.

Section 7056 of the State of California Revenue and Taxation Code specifically limits the disclosure of confidential taxpayer information contained in the records of the State Board of Equalization. This section specifies the conditions under which a COUNTY may authorize persons other than COUNTY officers and employees to examine State Sales and Use Tax records.

The following conditions specified in Section 7056 (b) (1) of the State of California Revenue and Taxation Code are hereby made part of this Agreement:

- A. CONTRACTOR is authorized by this Agreement to examine sales or transactions and use tax records of the CDTFA provided to COUNTY pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law.
- B. CONTRACTOR is required to disclose information contained in, or derived from, those sales or transactions and use tax records only to an officer or employee of the COUNTY who is authorized by resolution to examine the information.
- C. CONTRACTOR is prohibited from performing consulting services for a retailer, as defined in California Revenue and Tax Code Section 6015, during the term of this Agreement.

D. CONTRACTOR is prohibited from retaining the information contained in, or derived from those sales or transactions and use tax records, after this Agreement has expired. Information obtained by examination of State Board of Equalization records shall be used only for purposes related to collection of local Sales and Use Tax or for other governmental functions of the COUNTY as set forth by resolution adopted pursuant to Section 7056(b) of the Revenue and Taxation Code. The resolution shall designate the CONTRACTOR as a person, authorized to examine Sales and Use Tax records and certify that this Agreement meets the requirements set forth above and in Section 7056(b)(1) of the Revenue and Taxation Code.

3. PROPRIETARY INFORMATION.

A. In performing its duties under this contract, CONTRACTOR will produce reports, technical information and other compilations of data to COUNTY. These reports, technical information and compilations of data are derived by CONTRACTOR using methodologies, formulae, programs, techniques and other processes designed and developed by CONTRACTOR at a substantial expense. CONTRACTOR'S reports, technical information, compilations of data, methodologies, formulae, programs, techniques and other processes designed and developed by CONTRACTOR shall be referred to as Proprietary Information. CONTRACTOR'S Proprietary Information is not generally known by the entities with which CONTRACTOR competes. CONTRACTOR desires to protect its Proprietary Information. Accordingly, COUNTY agrees that neither it nor any of its employees, agents, independent contractors or other persons or organizations over which it has control, will at any time during or after the term of the Agreement, directly or indirectly use any of CONTRACTOR'S Proprietary Information for any purpose not associated with CONTRACTOR'S activities. Further, COUNTY agrees that neither it nor any of its employees, agents, independent contractors or other persons or organizations over which it has control, will disseminate or disclose any of CONTRACTOR'S Proprietary Information to any person or organization not

connected with CONTRACTOR, without the express written consent of CONTRACTOR, or as required by law.

- B. COUNTY shall promptly notify CONTRACTOR in the event that any third party not bound by this Agreement requests or seeks to discover, pursuant to the California Public Records Act, subpoena or other compulsory process, or otherwise, any of CONTRACTOR'S Proprietary Information. Within the time period provided by law for responding to the request or discovery, CONTRACTOR shall inform the COUNTY whether the requested software, information, or materials constitutes trade secrets (as defined under California law) or is otherwise legally exempt from disclosure. If CONTRACTOR informs the COUNTY that the requested information constitutes trade secrets (as defined under California law) or is otherwise legally exempt from disclosure, the COUNTY shall not disclose the requested software, information, or materials unless otherwise directed by a court of competent jurisdiction. CONTRACTOR shall defend the COUNTY and, at the COUNTY's request, CONTRACTOR shall provide counsel to appear and represent the COUNTY at CONTRACTOR's sole cost and expense, in connection with any action or proceeding to compel inspection, access, disclosure, release, or other discovery of such requested software, information, or materials. Counsel for the COUNTY in any such defense of action or proceeding shall be selected by the COUNTY, subject to the approval of the CONTRACTOR, which approval shall not be unreasonably conditioned or withheld. CONTRACTOR's obligation to provide such defense includes the obligation to indemnify and hold harmless the COUNTY, its officers, agents, and employees from and against any and all claims, costs, damages, judgments, awards (including any award of costs or attorney's fees to any prevailing party), administrative orders, or payments in compromise and settlement, including all direct and administrative costs, and attorney's fees, with respect to any such action or proceeding.

4. COMPENSATION.

- A. CONTRACTOR shall be paid 15% of all new Sales and/or Use tax revenue received by the COUNTY as a result of audit and recovery work performed by CONTRACTOR (hereinafter referred to as "audit fees") including reimbursements from the Sales and Use Tax Compensation Fund as outlined in Section 97.68 of the Revenue and Taxation Code received by the COUNTY as a result of audit and recovery work performed by CONTRACTOR. New Sales and/or Use Tax revenue shall not include any amounts determined by COUNTY or CONTRACTOR to be increment attributable to causes other than CONTRACTOR'S work pursuant to this Agreement. In the event that CONTRACTOR is responsible for an increase in the tax reported by businesses already properly making tax payments to the COUNTY, it shall be CONTRACTOR'S responsibility to separate and support the incremental amount attributable to its efforts prior to the application of the audit fee. Said audit fees will apply to State fund transfers received for back quarter reallocations and monies received in the first eight consecutive reporting quarters following completion of the audit by CONTRACTOR and confirmation of corrections by the State Board of Equalization. CONTRACTOR shall provide COUNTY with an itemized quarterly invoice showing all formula calculations and amounts due for audit fees.
- B. CONTRACTOR shall obtain COUNTY approval prior to beginning the work of correcting tax reporting methodology or "point of sale" for specific businesses where said payment of the percentage fee will be expected. Said approval shall be accomplished by the COUNTY Administrative Officer or his/her designated representative on the Sales Tax Audit Authorization form, a copy of which is attached as "Exhibit A." COUNTY shall pay audit fees upon CONTRACTOR'S submittal of evidence of State fund transfers and payments to COUNTY from businesses identified in the audit and approved by the COUNTY.
- C. Above sum shall constitute full reimbursement to CONTRACTOR for all direct and indirect expenses incurred by CONTRACTOR in performing audits, including the salaries of CONTRACTOR'S employees, and travel expenses

connected with contacting local and out-of-state businesses and State Board of Equalization representatives.

5. RESPONSIBILITIES OF COUNTY.

As per Resolution 46-2009, and in compliance with Section 7056 of the Revenue and Taxation Code, COUNTY authorizes CONTRACTOR to examine the confidential sales tax records of COUNTY. COUNTY further agrees to provide any information or assistance that may readily and reasonably be available such as business license records within the COUNTY and to provide CONTRACTOR with proper identification for contacting businesses.

6. TERM OF AGREEMENT.

This Agreement shall commence July 1, 2025, and shall remain in effect until June 30, 2030, unless terminated in accordance with section 7.

7. TERMINATION OF AGREEMENT.

A. This Agreement may be terminated by either party by giving 30 days written notice to the other of such termination and specifying the effective date thereof. County's right to terminate this Agreement may be exercised by County's Chief Administrator. Upon the presentation of such notice, CONTRACTOR may continue to work up to the date of termination. Upon termination as provided herein, CONTRACTOR shall be paid the amounts due for any unpaid invoices, and shall be compensated for businesses identified by CONTRACTOR which make tax payments after termination of this Agreement as a result of CONTRACTOR'S work as follows:

- i. After COUNTY receives said tax payments for such businesses, CONTRACTOR shall be paid the audit fees resulting from tax payments made by the business for back quarter reallocations and the first eight consecutive reporting quarters following completion of the audit by CONTRACTOR and confirmation of corrections by the State Board of Equalization.

ii. Compensation for any audit work previously authorized and satisfactorily performed shall be made at the times provided in the preceding section entitled "Consideration."

B. All documents, data, surveys and reports prepared by CONTRACTOR pursuant to this Agreement shall be considered the property of the COUNTY and upon payment for services performed by CONTRACTOR, such documents and other identified materials shall be delivered to COUNTY by CONTRACTOR.

8. ENTIRE AGREEMENT; MODIFICATION.

This Agreement supersedes all previous agreements and constitutes the entire understanding of the parties hereto. CONTRACTOR shall be entitled to no other benefits other than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. CONTRACTOR specifically acknowledges that in entering into and executing this Agreement, CONTRACTOR relies solely upon the provisions contained in this Agreement and no other oral or written representation.

9. NONASSIGNMENT OF AGREEMENT.

Inasmuch as this Agreement is intended to secure the specialized services of CONTRACTOR, CONTRACTOR may not assign, transfer, delegate or sublet any interest herein without the prior written consent of the County.

10. EMPLOYMENT STATUS.

CONTRACTOR shall, during the entire term of this Agreement, be construed to be an independent contractor and nothing in this Agreement is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow COUNTY to exercise discretion or control over the professional manner in which CONTRACTOR performs the services which are the subject matter of this Agreement; provided always, however, that the services to be provided by CONTRACTOR shall be provided in a manner consistent with the professional standards applicable to such services. The sole interest of the COUNTY is to ensure that the services shall be rendered and performed in a competent, efficient and satisfactory manner. CONTRACTOR shall be fully responsible for payment of all taxes due to the State of California or the Federal government, which would be withheld from compensation of CONTRACTOR, if it were a County

employee. COUNTY shall not be liable for deductions for any amount for any purpose from CONTRACTOR'S compensation. CONTRACTOR shall not be eligible for coverage under County's Workers Compensation Insurance Plan nor shall CONTRACTOR be eligible for any other County benefit.

11. INDEMNIFICATION.

To the fullest extent permitted by law, CONTRACTOR agrees to protect, defend, indemnify, and save harmless COUNTY and its officers, officials, employees, and volunteers from and against all claims, demands, and causes of action by CONTRACTOR'S employees or third parties on account of personal injury or death or on account of property damages arising out of the work to be performed by CONTRACTOR hereunder and resulting from the negligent act or omissions of CONTRACTOR, CONTRACTOR'S agents, employees, or Subcontractors. These defense and indemnity obligations shall survive the termination or completion of this agreement and are in addition to, and not limited by, the Insurance obligations in the agreement. CONTRACTOR shall also indemnify COUNTY of any adverse determination made by the Internal Revenue Service or the State Franchise Tax Board against COUNTY with respect to CONTRACTOR'S "independent contractor" status that would establish a liability for failure to make social security or income tax withholding.

12. INSURANCE

Contractor shall procure and maintain insurance pursuant to Exhibit A, "Insurance Requirements For Contractor," attached hereto and incorporated by reference.

13. NON-DISCRIMINATION.

CONTRACTOR shall not employ discriminatory practices in the treatment of persons in relation to the circumstances provided for herein, including assignment of accommodations, employment of personnel, or in any other respect based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation.

14. GREEN PROCUREMENT POLICY.

Through Tehama County Resolution No. 2021-140, the County adopted the Recovered Organic Waste Product Procurement Policy (available upon request) to (1) protect and conserve natural resources, water and energy; (2) minimize the jurisdiction's contribution to pollution and solid waste disposal; (3) comply with state requirements as contained in 14 CCR Division 7, Chapter 12, Article 12 (SB 1383); (4) support recycling and waste reduction; and (5) promote the purchase of products made with recycled materials, in compliance with the California Integrated Waste Management Act of 1989 (AB 939) and SB1382 when product fitness and quality are equal and they are available at the same or lesser cost of non-recycled products. Contractor shall adhere to this policy as required therein and is otherwise encouraged to conform to this policy.

15. COMPLIANCE WITH LAWS AND REGULATIONS

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable federal, state, county and municipal laws, ordinances, regulations, and titles. Any change in status, licensure, or ability to perform activities within the Scope of Work must be reported to the County immediately.

16. LAW AND VENUE

This Agreement shall be deemed to be made in, and shall be governed by and construed in accordance with the laws of, the State of California (excepting any conflict of laws provisions which would serve to defeat application of California substantive law). Venue for any action arising from this Agreement shall be in Tehama County, California.

17. AUTHORITY

Each party executing this Agreement and each person executing this Agreement in any representative capacity, hereby fully and completely warrants to all other parties that he or she has full and complete authority to bind the person or entity on whose behalf the signing party is purporting to act.

18. NOTICES.

Any notice required to be given pursuant to the terms and provisions of this contract shall be in writing and shall be sent by first-class mail to the following addresses:

If to County: Gabriel Hydrick, Chief Administrator
County of Tehama
727 Oak St.
Red Bluff, CA 96080

If to Contractor: HINDERLITER, DE LLAMAS & ASSOCIATES
1340 Valley Vista Drive, Suite 200
Diamond Bar, CA 91765

Notice shall be deemed to be effective two days after mailing.

19. NON-EXCLUSIVE AGREEMENT:

CONTRACTOR understands that this is not an exclusive agreement, and that COUNTY shall have the right to negotiate with and enter into agreements with others providing the same or similar services to those provided by CONTRACTOR, or to perform such services with County's own forces, as COUNTY desires.

20. RESOLUTION OF AMBIGUITIES:

If an ambiguity exists in this Agreement, or in a specific provision hereof, neither the Agreement nor the provision shall be construed against the party who drafted the Agreement or provision.

21. NO THIRD-PARTY BENEFICIARIES:

Neither party intends that any person shall have a cause of action against either of them as a third-party beneficiary under this Agreement. The parties expressly acknowledge that is not their intent to create any rights or obligations in any third person or entity under this Agreement. The parties agree that this Agreement does not create, by implication or otherwise, any specific, direct or indirect obligation, duty, promise, benefit and/or special right to any person, other than the parties hereto, their successors and permitted assigns, and legal or equitable rights, remedy, or claim under or in respect to this Agreement or provisions herein.

22. HARASSMENT

CONTRACTOR agrees to make itself aware of and comply with the County's Harassment Policy, TCPR §8102: Harassment, which is available upon request. The COUNTY will not tolerate or condone harassment, discrimination, retaliation, or any other abusive behavior. Violations of this policy may be cause for termination of this agreement.

23. COUNTERPARTS, ELECTRONIC SIGNATURES – BINDING

This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each Party of this agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (“CUETA”) Cal. Civil Code §§ 1633.1 to 1633.17), for executing this agreement. The Parties further agree that the electronic signatures of the Parties included in this agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among Parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the Parties. For purposes of this section, a digital signature is a type of “electronic signature” as defined in subdivision (i) of Section 1633.2 of the Civil Code. Facsimile signatures or signatures transmitted via pdf document shall be treated as originals for all purposes.

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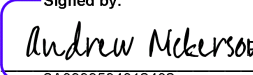
IN WITNESS WHEREOF, COUNTY and CONTRACTOR have executed this Agreement on the day and year set forth below.

COUNTY OF TEHAMA

Date: _____

Chairman, Board of Supervisors

Date: _____

Signed by:
resident/CEO
HINDERLITER, DE LLAMAS & ASSOCIATES
33-0008507

Payee Data Record Number Tax Identification Number

Approved as to form by the County Counsel:

By: Daniel B. Klausner, Senior Deputy County Counsel

Exhibit A

INSURANCE REQUIREMENTS FOR CONTRACTOR

Contractor 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 described herein and the results of that work by Contractor, his/her agents, representatives, employees or subcontractors. At a minimum, Contractor shall maintain the insurance coverage, limits of coverage and other insurance requirements as described below.

Commercial General Liability (including operations, products and completed operations) \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If coverage is subject to an aggregate limit, that aggregate limit will be twice the occurrence limit, or the general aggregate limit shall apply separately to this project/location.

Automobile Liability

Automobile liability insurance is required with minimum limits of \$1,000,000 per accident for bodily injury and property damage, including owned and non-owned and hired automobile coverage, as applicable to the scope of services defined under this agreement.

Workers' Compensation

If Contractor has employees, he/she shall obtain and maintain continuously Workers' Compensation insurance to cover Contractor and Contractor's employees and volunteers, as required by the State of California, as well as Employer's Liability insurance in the minimum amount of \$1,000,000 per accident for bodily injury or disease.

Professional Liability (Contractor/Professional services standard agreement only)

If Contractor is a state-licensed architect, engineer, contractor, counselor, attorney, accountant, medical provider, and/or other professional licensed by the State of California to practice a profession, Contractor shall provide and maintain in full force and effect while providing services pursuant to this contract a professional liability policy (also known as Errors and Omissions or Malpractice liability insurance) with single limits of liability not less than \$1,000,000 per claim and \$2,000,000 aggregate on a claims made basis. However, if

coverage is written on a claims made basis, the policy shall be endorsed to provide coverage for at least three years from termination of agreement.

If Contractor maintains higher limits than the minimums shown above, County shall be entitled to coverage for the higher limits maintained by Contractor.

All such insurance coverage, except professional liability insurance, shall be provided on an “occurrence” basis, rather than a “claims made” basis.

Endorsements: Additional Insureds

The Commercial General Liability and Automobile Liability policies shall include, or be endorsed to include “Tehama County, its elected officials, officers, employees and volunteers” as an additional insured.

The certificate holder shall be “County of Tehama.”

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions of \$25,000 or more must be declared to, and approved by, the County. The deductible and/or self-insured retentions will not limit or apply to Contractor’s liability to County and will be the sole responsibility of Contractor.

Primary Insurance Coverage

For any claims related to this project, Contractor’s insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of Contractor’s insurance and shall not contribute with it.

Coverage Cancellation

Each insurance policy required herein shall be endorsed to state that “coverage shall not be reduced or canceled without 30 days’ prior written notice certain to the County.”

Acceptability of Insurers

Contractor’s insurance shall be placed with an insurance carrier holding a current A.M. Best & Company’s rating of not less than A:VII unless otherwise acceptable to the County. The County

reserves the right to require rating verification. Contractor shall ensure that the insurance carrier shall be authorized to transact business in the State of California.

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance that meets all the requirements stated herein.

Material Breach

If for any reason, Contractor fails to maintain insurance coverage or to provide evidence of renewal, the same shall be deemed a material breach of contract. County, in its sole option, may terminate the contract and obtain damages from Contractor resulting from breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

Policy Obligations

Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

Verification of Coverage

Contractor shall furnish County with original certificates and endorsements effecting coverage required herein. All certificates and endorsements shall be received and approved by the County prior to County signing the agreement and before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements.

The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.