

**AMENDMENT NO. 3 TO AGREEMENT BETWEEN  
CITY OF MILPITAS AND  
MUNISERVICES, LLC**

This Amendment No. 3 is entered into the \_\_\_\_\_ day of \_\_\_\_\_ 2012, by and between the City of Milpitas, a municipal corporation (“City”) and MuniServices, LLC (“Consultant”).

**RECITALS**

WHEREAS, the City of Milpitas and MuniServices, LLC have previously entered into an agreement on June 17, 2003 for Sales and Use Tax Audit, Sales Tax Analysis & Reporting Services, and Property Tax Compliance Services (hereinafter “Agreement”).

WHEREAS the initial term of the Agreement was for a three year period ending on June 30, 2006.

WHEREAS on May 24, 2006 City and Consultant executed Amendment No. 1 extending the term of the Agreement for an additional three year term ending on June 30, 2009.

WHEREAS on June 16, 2009 City and Consultant executed Amendment No. 2 extending the term of the Agreement for an additional three year term ending on June 30, 2012.

WHEREAS City and Consultant desire to extend the term of the Agreement for an additional three year term ending on June 30, 2015.

WHEREAS with the dissolution of Redevelopment Districts (RDA) in the State of California, City desires to delete any reference to RDA tax increment audit in the Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, City and Consultant agree to amend the Agreement as follows:

1. First sentence in Section 1.1 of the Agreement entitled “Term of Services” is hereby amended to read as follows: “The term of this Agreement shall begin on the date first noted above and shall continue in full force and effect through June 30, 2015, and Consultant shall complete all the work described in Exhibit A prior to that date, unless the term of the Agreement is otherwise terminated or extend, as provided for in Section 8, except that Consultant shall continue performing the SUTA correction services on accounts with active SBE write-ups after termination or expiration of the Agreement.
2. Replace Exhibit A, Scope of Services for Property Tax Services (pages 1 and 2 of Exhibit A) with the attached revised Scope of Services.

3. All other terms and conditions of the Agreement shall remain in full force and effect.

This Amendment No. 3 shall become effective as of the date first written above.

**CITY OF MILPITAS**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
City Manager

**APPROVED AS TO FORM**

**ATTEST:**

By: \_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
City Clerk

**CONSULTANT:  
MuniServices, LLC**

Date: May 22, 2012

By:  \_\_\_\_\_  
Marc Herman  
President

Date: May 22, 2012

By:  \_\_\_\_\_  
Doug Jensen  
SVP Client Services

**EXHIBIT A**  
**SCOPE OF SERVICES**  
**PROPERTY TAX SERVICES**

MBIA MuniServices Company (MMC) shall provide to the CITY, MMC's Property Tax Compliance Services which consists of Discovery, Audit and Recovery Services.

**OBJECTIVES AND METHODS**

MMC's property tax audit assists CITY in recovering all of the revenue to which it is entitled from its Property Tax. Administrative errors and omissions combined with general compliance problems are inevitable given the non-standard, complex nature of state and local property taxes. Error rates rise with respect to property tax applicability, rates, exceptions, exemptions, quirks and other inconsistencies.

Because there are time limitations on the CITY's ability to recover misallocated revenue, prompt correction of these errors and omissions is essential to maximizing revenue potential.

The following steps are taken in conducting MMC's Property Tax Audit:

- o Contact CITY's designated staff to review service objectives, scope, workplan schedule, public relations and logistical matters. MMC will also establish an appropriate liaison with the CITY's coordinator and logical checkpoints for progress reviews.
- o Represent the CITY for purposes of examining records pertaining to property tax to identify and confirm any errors/omissions that are resulting in deficient payment of tax revenues to the CITY.
- o For each error/omission identified and confirmed, prepare documentation to substantiate and facilitate recovery of revenue due from prior periods plus applicable interest and penalties (collectively "Misallocations").
- o Meet with designated CITY official(s) as necessary to review our findings and recommendations.
- o Prepare and forward to the appropriate parties requests for corrective action and revenue recovery for Misallocations. The date appropriate parties receive and acknowledge these requests is the Date of Knowledge.
- o Provide additional assistance as necessary to support the CITY in recovering and preventing tax allocation errors/omissions.

From the Date of Knowledge, the County Assessor's office will review the identified Misallocations, and for those Misallocations for which a correction is required, an Assessor's Roll Correction (ARC) will be processed by the County correcting those Misallocations, typically triggering a reallocation. The Roll Year in which the assessments first appear corrected is the Date of Correction. Corrected assessments result in proper allocations in subsequent Roll Years ("Corrected Allocations").

Specifically, MMC shall:

- o Establish a comprehensive inventory of every parcel located within the City, including the database elements needed to facilitate a comparison analysis with County secured and unsecured taxable values.
- o Conduct an audit of the CITY local secured and unsecured valuations, on a parcel-by-parcel basis to determine tax rate area (TRA) miscoding errors and omissions.

#### **TIMING AND REPORTING**

MMC shall commence the revenue enhancement audits and annual report services within 10 working days of authorization (unless instructed otherwise by the CITY) with the objective of delivering the initial audit reports within 90 to 120 working days. Thereafter, MMC shall provide the CITY with audit progress reports to include, but not be limited to, the following:

- o Actual revenue produced for the CITY by MMC's service on an annual and cumulative basis.
- o Projected revenue forthcoming to the CITY as a result of MMC's audit service, specified according to source, timing and one-time payment versus ongoing.
- o Listing of all errors/omissions detected for the CITY including, for each, the account number, correction status, payment amount received by the CITY, period to which payment is related and payment type (e.g. reallocation, deficiency assessment, etc.).
- o Status of the work including copies of reports provided by the County addressing each reporting error/omission individually, the Incorrect Parcel Number, Correct Parcel Number, Assessee, Correct TRA assignment, Business ID, Address, Secured and Unsecured Valuation, Exemptions, Net Total Valuation of misallocated assessments.