

Tax Management Associates, Inc.
Business Personal Property Audit and Consulting Services
Contract Addendum

This Contract Addendum (this "Contract Addendum") is made and entered into this 24th day of ~~May~~^{June}, 2013 by and between CHATHAM COUNTY, a political subdivision of the State of North Carolina, hereinafter referred to as "COUNTY" and TAX MANAGEMENT ASSOCIATES, INC., a corporation authorized to conduct business in North Carolina, hereinafter referred to as "TMA".

WITNESSETH:

WHEREAS, COUNTY and TMA have previously entered into an agreement dated June 28th, 2012 for Business Personal Property Audit Services (the "Original Agreement"); and

WHEREAS, the North Carolina General Assembly 2011 has passed House Bill 462 and subsequently amended General Statute 105-299 to prohibit the use of contingency based payments for the services found in the original agreement; and

WHEREAS, COUNTY and TMA desire to amend the Original Agreement by this written Contract Addendum;

NOW, THEREFORE, for in consideration of the mutual covenants and agreements made herein, the parties agree as follows:

AGREEMENT

The Original Agreement dated June 28th, 2012, shall remain in full force and effect with the following changes s:

ELIMINATIONS AND INSERTIONS

1. By eliminating and striking out from the Original Agreement dated June 28th, 2012 the complete paragraph(s)(C.) identified under the Services section, in the said agreement, and inserting therein in its place a new paragraph C. to read as follows:

C. In accordance with the charges, terms and conditions contained in this agreement, TMA agrees to furnish Business Personal Property Audit Services to verify the accuracy of business taxpayers' business personal property tax listings filed with the Chatham County Tax Assessor ("Assessor"). Approximately one hundred and twenty-three (123) audit locations will be performed over the course of each year of a five (5) year period beginning 2013. Services will also include occupancy tax audits as directed by the Assessor in the first calendar year of this Agreement. No fewer than twelve (12) occupancy tax audits will be performed over the course of the first year unless otherwise directed by the Assessor. The

actual number of audits will approximate the schedule in paragraph 2B of this Contract Addendum:

Audits to be performed by TMA to verify the accuracy in Taxpayers' listings shall be selected and assigned by the County as may hereafter be deemed appropriate. It is agreed to by the County that approximately six hundred and six (606) audits be assigned to TMA for audit during a sixty (60) month period beginning from the date of execution of this Agreement.

2. By eliminating and striking out from the Original Agreement dated June 28th, 2012 the complete paragraph(s) (A., B., D., and E.) under the Cost and Payment for Audit Services section, in the said agreement, and inserting therein in its place a new paragraph (A. and B.) to read as follows:

- A. During FY 2013, the County shall compensate TMA for its services a fixed sum of seven hundred seventy-four dollars (\$774.00) per property tax audit location regardless of size. Only after the initial 12 occupancy tax audits and initial 123 property tax audits have been completed and invoiced by TMA and paid for by the County, shall the fixed sum per audit location fee change to seven hundred thirty-five dollars (\$735.00) per property tax audit location regardless of size. Any additional properties subject to occupancy tax audit during FY2013, above the initial 12 referenced in this paragraph, will be audited for occupancy tax compliance by TMA at no additional cost. The fees referenced in this paragraph will be inclusive of all of TMA's expenses including, but not limited to salary related expenses, travel, meals and associated office expenses. These fees also include TMA representation in any level of appeal associated with one of the audits assigned to TMA over the course of this Agreement.

TMA agrees to bill the County on a monthly basis; however, no billing shall include charges for services rendered on an audit unless and until the audit has been completed and the taxpayer's appeal rights exhausted or time barred by applicable statutes of limitations, unless otherwise agreed by the County Assessor.

- B. The County and TMA agree to perform the audits on a schedule to approximate the following quantity and size of audits, with the actual individual Taxpayer's listings selected and assigned by the County. Each year's audit selections must follow a schedule working towards the total number of audits for the five year period. By way of example only, if a lower number of audit locations than planned in this addendum is assigned by the County to TMA in year one of this addendum, more audit locations will be assigned in following years in order to meet the total five year requirement.

Size	FY2013	FY 2014	FY2015	FY2016	FY2017	Total
A	106	106	106	106	106	530
B	9	9	8	8	7	41
C	5	5	5	5	5	25
D	2	2	1	1	0	6
D3	1	1	1	1	0	4
Occupancy Tax	12					
Property Tax						
Per Year Count	123	123	121	121	118	606
Per Year Cost	\$95,205	\$90,405	\$88,935	\$88,935	\$86,730	\$450,210
Cost per property tax audit	\$774	\$735	\$735	\$735	\$735	\$735

GENERAL PROVISIONS

3. TERM; CANCELLATION: This Agreement shall become effective upon the day and year above written in this Contract Addendum and shall remain in force for a period of five (5) years ending 6-24-18. Thereafter, this Agreement will remain in effect on a month to month basis until terminated by either party upon thirty (30) days prior written Notice, or as set forth in Paragraph 1.J.

In WITNESS WHEREOF, the parties have duly executed this Contract Addendum as of the date first above written.

Tax Management Associates, Inc.

Attest:


Richard H. Cooke, Jr., CEO


Brian H. Loher, CFO

56-1507131
SSN# or FED ID #

6/24/2013
Date

Chatham County

Attest



