



BOARD OF COUNTY COMMISSIONERS

DATE: August 18, 2015
AGENDA ITEM NO. 26c.

Consent Agenda ☐

Regular Agenda ☒

Public Hearing ☐

 **County Administrator's Signature:**

Subject:

Approval of an Agreement for Use of Property Tax Collections to Fund Exemption Audit Services with the Pinellas County Property Appraiser and the Pinellas County Tax Collector.

Department:

County Administrator

Staff Member Responsible:

Mark S. Woodard, County Administrator

Recommended Action:

AS REQUESTED BY THE PROPERTY APPRAISER AND THE TAX COLLECTOR, I RECOMMEND THE BOARD OF COUNTY COMMISSIONERS (BOARD) APPROVE THE AGREEMENT FOR USE OF PROPERTY TAX COLLECTIONS TO FUND EXEMPTION AUDIT SERVICES WITH THE PINELLAS COUNTY PROPERTY APPRAISER AND THE PINELLAS COUNTY TAX COLLECTOR, AND AUTHORIZE THE CHAIRMAN TO SIGN THE AGREEMENT.

Summary Explanation/Background:

The Property Appraiser is responsible, under Florida law, for the administration of ad valorem property tax exemptions, including homestead exemptions and the preparing and filing of tax liens for back taxes related to the removal of undeserved exemptions. The Tax Collector is responsible, under Florida law, for the collection and distribution of ad valorem property taxes, including back taxes and tax liens, and associated penalties, fees, and interest.

Recognizing there may be property owners on the Pinellas County tax roll claiming undeserved and/or fraudulent personal exemptions from ad valorem property taxes, such as the homestead exemption, the Property Appraiser and Tax Collector intend to contract with Tax Management Associates, Inc. (TMA) for audit services to identify properties with undeserved Personal Exemptions for the purpose of collecting taxes due on those properties. This item is before the Board at the request of the Property Appraiser's and the Tax Collector's Offices.

This is not a new initiative for the Property Appraiser's Office (PAO). Currently, the PAO has two (2) full time equivalent (FTE) staff assigned to this activity. The PAO recognized that outsourcing this initiative will result in greater collective success. The existing FTEs will be retained to manage the TMA contract, verify date/information and contractor recommendations, and to finalize lien letters or close cases. These FTEs are also cross-trained to provide greater capacity in support of other PAO activities and initiatives.

TMA will provide audit services in exchange for the fee established in the TMA Agreement, which consists of an amount equal to thirty percent (30%) of any tax, penalties, and interest collected from back taxes assessed or tax liens filed by the Property Appraiser on parcels identified through a TMA audit as having undeserved Personal Exemption(s). The Fee shall be paid exclusively from the taxes, penalties, and interest collected in relation to the removal of Personal Exemptions.

The Property Appraiser has researched firms with access to national public records data that can perform the work required to identify fraudulent homestead exemptions. The Property Appraiser finds TMA as the sole provider of this service. This office confirmed that one county in Florida (Brevard) and several non-Florida counties have attempted a competitive procurement process, which resulted in TMA as the only respondent. Based on this, Sarasota County did not release a competitive bid, but sole-sourced their project with TMA. Furthermore, this office confirmed that TMA has an exclusive agreement with Lexis-Nexis, the largest provider of electronic data for public records related information and the necessary data-mining algorithms/methodology necessary to analyze exemption fraud. Based on this research and information, the Property Appraiser did not release a competitive bid for this contract. Additionally, there is no statutory or common-law requirement for Counties or Constitutional Officers to competitively bid for contractual services of this type. TMA was selected on the basis of its indicated qualifications, skills, experience, access to data, and good faith belief in their capacity to perform the project in a satisfactory, timely manner that will provide a benefit to the taxing authorities.

Fiscal Impact/Cost/Revenue Summary:

There is no fiscal impact with approval of the Agreement. Fees will be paid from taxes, penalties and interest collected.

Exhibits/Attachments Attached:

Letter from Pam Dubov, CFA, CAE, Pinellas County Property Appraiser
Agreement for Use of Property Tax Collections to Fund Exemption Audit Services
Tax Management Associates, Incorporated and Pinellas County Property Appraiser and Tax Collector Agreement



PAM DUBOV, CFA, CAE

Pinellas County Property Appraiser

www.pcpao.org

pam@pcpao.org

To: Mark Woodard, Pinellas County Administrator

From: Pam Dubov, Pinellas County Property Appraiser

Date: August 12, 2015

Subject: Investigation of Improper Property Tax Exemptions

I request that you place an agenda item on the earliest available BCC agenda for the Board to discuss and either approve or disapprove the "Agreement for Use of Property Tax Collections to Fund Exemption Audit Services" that was sent to you previously. The explanation of the program follows:

The Homestead Property Tax Exemption is a valuable benefit for permanent Florida residents. Coupled with the Save Our Homes cap, homeowners can save thousands of dollars in property taxes each year. But just like all money-saving benefits, it is ripe for fraudulent or improper claims. A claim of improper homestead exemption shifts the burden of property tax payments to other property owners, and robs Cities, Counties, Schools and other taxing authorities of needed revenue.

Florida Statute s. 196.011 (9) provides a process for filing liens for back taxes, 50% penalties, and 15% interest per annum for a period up to 10 years on parcels that receive undeserved homestead exemption. The amounts collected are returned to the taxing authorities by the Tax Collector. The Property Appraiser does not receive any portion of the funds collected under this statute.

The Pinellas County Property Appraiser's Office developed a homestead exemption fraud investigation unit 26 years ago after the county approved the property appraiser's request to allow automatic renewal of exemption. The unit grew from 1 member in 1989 to 4 members by 2009. Up until 2009, all investigators had a law enforcement background and in 2009, our investigators had 80 years of investigative experience combined.

The Save-Our-Homes cap increased the tax savings associated with the homestead exemption, giving property owners a greater incentive to wrongly claim an exemption on multiple homes or to claim a Florida exemption while also claiming residency based property tax benefits in another state or country. Some property owners have become more sophisticated in their estate and financial planning in order to circumvent the Florida Constitution's limitation of one homestead exemption per family unit.

Budget cuts have led to a 37.5% decrease in our investigative staff and a 33% reduction in investigations. Total lien values have fallen by 50%, but part of that is due to losses in value and the Save Our Homes cap amounts. We simply do not have the manpower to unearth a large number of the homestead exemption fraud cases that actually exist. Our investigative staff used to perform extensive field investigations when potential homestead exemption fraud was alleged, which is something we can no longer afford to do because it is so labor intensive. That methodology did not take full advantage of information that has become available through national and state databases either.

☒ MAIN BRANCH- COURTHOUSE

315 Court St. - 2nd Floor
Clearwater, FL 33756
MAIL: PO Box 1957
Clearwater, FL 33757
TEL: (727) 464-3207
FAX: (727) 464-3448
HEARING IMPAIRED: (727) 464-3370

EXEMPTIONS:

TEL: (727) 464-3294
FAX: (727) 464-3408
COMMERCIAL APPRAISALS:
TEL: (727) 464-3284
RESIDENTIAL APPRAISALS:
TEL: (727) 464-3643 (C/F)
TANGIBLE PERSONAL PROPERTY
TEL: (727) 464-8484
FAX: (727) 464-8488

☐ NORTH COUNTY

29269 US Highway 19 N
Clearwater, FL 33761
TEL: (727) 464-8780
FAX: (727) 464-8794

☐ TYRONE (SOUTH)

1800 66TH St. N
St. Petersburg, FL 33710
TEL: (727) 582-7652
FAX: (727) 582-7610

☐ MID-COUNTY

CUSTOMER SERVICE CENTER - WALK-IN
13025 Starkey Rd., Largo (Tax Collector)
TEL: (727) 464-3207
FAX: (727) 464-8488
MAIL: PO Box 1957 - Clearwater, FL 33757

The current method of detecting possible homestead exemption fraud relies primarily on reports from citizens and returned mail from the post office. The majority of potential fraud cases come in as tips and complaints from the general public. Complaints are received from property appraiser staff, government agencies, law enforcement, and citizens. We also rely heavily on our returned, undeliverable mail as that is a red flag that a homestead exemption is no longer valid. There are many cases of homestead fraud that go undetected using these methods.

There are new technological developments in software and database mining that allow companies to run statistical, mass data analysis that we do not have the capabilities to run. This software enables us to uncover potential undeserved homestead exemptions by identifying property owners who receive benefits or have indicia of residence in other jurisdictions nationwide.

After speaking with other counties who have considered contracting with Tax Management Associates (TMA), and speaking with the TMA representative, to the best of our knowledge the PAO has determined that TMA is the only service provider who can perform this audit in a manner that uses a fee structure permitted under our statutory authority. Our research found that one other county in Florida (Brevard) and several non-Florida counties have gone through the competitive procurement process, which resulted in TMA as the only respondent. Based on this, Sarasota County did not release a competitive bid, but sole-sourced their project with TMA. Furthermore, this office confirmed that TMA has an exclusive agreement with Lexis-Nexis, the largest provider of electronic data for public records related information and the necessary data-mining algorithms/methodology necessary to analyze exemption fraud. Based on this office's research, I have not released a competitive bid for this contract. Additionally, there is no statutory or common-law requirement for Counties or Constitutional Officers to competitively bid for contractual services of this type.

Tax Management Associates (TMA) offers a service that has helped to recover millions in tax dollars for other counties. They use their mass data analysis software to detect possible homestead exemption fraud paired with their highly trained investigative staff to verify information. They then return their findings to us so that we can validate that the homestead was improper and file liens against parcels receiving undeserved benefits.

TMA will be paid 30% of total amount of the back taxes, penalties and interest paid by property owners who should not have received homestead. TMA will not be paid until the lien is paid. TMA was selected on the basis of its indicated qualifications, skills, experience, access to data, and good faith belief in their capacity to perform the project in a satisfactory, timely manner that will provide a benefit to the taxing authorities.

We believe that a more uniform discovery of improper homestead will occur if we utilize TMA's services than if we continue to try to discover improper exemptions using outdated, labor-intensive methods. We also believe, but cannot prove, that taxing authorities will receive a greater financial gain using the TMA database search capabilities despite the fact that a portion of the proceeds will be paid to the vendor. The vendor bears the risk that we will find a low incidence of such exemptions. If no liens are filed and paid, the vendor will not be paid.

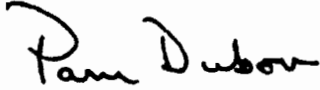
Note: This proposal will *not* affect the normal tax delinquency process for non-payment of tax bills. This proposal only addresses taxes that have been improperly exempted. These improper exemptions may remain undetected without the assistance of TMA.

This proposal will require the Property Appraiser and Tax Collector to execute a Memorandum of Understanding (MOU) with each taxing authority in which the taxing authority agrees to have 30% of the proceeds of lien collections paid to the vendor. A copy of the proposed MOU and our proposed contract with the vendor is attached.

We respectfully request that you join us in our efforts to reduce the incidence of improper exemptions by executing the attached MOU. Our proposal will create a funding mechanism to allow us to review the validity of all residency based property tax exemptions and should serve to decrease the number of exemptions that are improperly claimed.

If you have questions regarding this request, please contact me or our Chief Deputy, Erin Moore at 464-4295. Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "Pam Dubov". The signature is written in a cursive, flowing style.

Pam Dubov, CFA, CAE
Pinellas County Property Appraiser

**Agreement for Use of Property Tax Collections to Fund
Exemption Audit Services**

THIS AGREEMENT ("Agreement") is made and entered into as of this ____ day of _____, 2015, by and between the PINELLAS COUNTY PROPERTY APPRAISER ("PROPERTY APPRAISER"), PINELLAS COUNTY TAX COLLECTOR ("TAX COLLECTOR"), and the undersigned Local Governing Boards of the TAXING AUTHORITIES of Pinellas County, hereinafter referred to collectively as the "TAXING AUTHORITIES."

WHEREAS, the PROPERTY APPRAISER is responsible under Florida law for the administration of ad valorem property tax exemptions, including homestead exemption, and the preparing and filing of tax liens for back taxes related to the removal of undeserved exemptions; and

WHEREAS, the TAX COLLECTOR is responsible under Florida law for the collection and distribution of ad valorem property taxes, including back taxes and tax liens, and associated penalties, fees, and interest; and

WHEREAS, the TAXING AUTHORITIES receive local property tax revenue to fund essential public services; and

WHEREAS, the Parties to this Agreement recognize that there may be property owners on the Pinellas County tax roll claiming undeserved and/or fraudulent personal exemptions from ad valorem property tax, such as the homestead exemption, (hereinafter collectively referred to as "Personal Exemptions"), which reduces property tax revenue and unfairly shifts the property tax burden to other property owners; and

WHEREAS, the PROPERTY APPRAISER and TAX COLLECTOR intend to contract with TAX MANAGEMENT ASSOCIATES, INC. ("TMA") for audit services to identify properties with undeserved Personal Exemptions for the purpose of collecting taxes due on those properties, which funds would otherwise be unavailable to the TAXING AUTHORITIES (hereinafter the "TMA Audit Agreement"); and

WHEREAS, TMA shall provide said audit services in exchange for the fee established in the TMA Audit Agreement, which consists of an amount equal to thirty percent (30%) of any tax, penalties, and interest collected from back taxes assessed or tax liens filed by the PROPERTY APPRAISER on parcels identified through a TMA audit as having undeserved Personal Exemption(s) (hereinafter, the "Fee"); and

WHEREAS, the Fee shall be paid exclusively from the taxes, penalties, and interest collected in relation to the removal of Personal Exemptions as a result of audits performed by TMA, and shall not constitute a pledge or general obligation of tax funds or create an obligation on the TAXING AUTHORITIES to appropriate or make monies available for the purpose of this Agreement beyond the fiscal year in which the Agreement is executed; and

NOW, THEREFORE, the PROPERTY APPRAISER, TAX COLLECTOR, and undersigned TAXING AUTHORITY, for and in consideration of the mutual promises, covenants, and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, agree as follows:

TERMS

1. **Incorporation of Recitals.** The recitals set forth above are hereby incorporated into and deemed a part of this Agreement.

2. **Authorization of Reduced Collections for Fee Payment:**

The undersigned TAXING AUTHORITY authorizes the TAX COLLECTOR to deduct TMA's Fee, as established in the TMA Audit Agreement, from the total property tax, penalties and interest collected as the result of the removal of Personal Exemption(s) pursuant to TMA audits. The TAX COLLECTOR shall distribute the remaining tax revenue to the undersigned TAXING AUTHORITY according to governing Florida law.

This Agreement does not constitute a pledge or general obligation of ad valorem taxation, or create any obligation on any TAXING AUTHORITY to appropriate or make monies available for any tax year, and does not create the right in any party to compel the exercise of the ad valorem taxing power of any TAXING AUTHORITY.

The TAX COLLECTOR may, upon request, make available to each TAXING AUTHORITY an accounting of all tax proceeds collected pursuant to the TMA Audit Agreement, the Fees paid to TMA, and the total funds distributed to each TAXING AUTHORITY.

3. **Term & Termination:** This Agreement shall be effective as of the date of execution for an initial term of twelve (12) months. Thereafter, the Agreement shall renew automatically on an annual basis until such time as the TMA Audit Agreement is terminated or otherwise expires. Upon termination or expiration of the TMA Audit Agreement, this Agreement automatically expires except for such provisions as survive termination as further agreed herein.

Any TAXING AUTHORITY may opt out of this Agreement provided it notifies the PROPERTY APPRAISER and TAX COLLECTOR in writing at least ninety (90) days before the end of a fiscal year. The option shall be effective upon the first day of the following fiscal year.

The parties acknowledge that TMA audit services shall not be provided for any parcel in a specific tax district if any TAXING AUTHORITY in that tax district does not sign, or subsequently withdraws from, an agreement or memorandum of understanding for use of property tax collections to fund exemption audit services.

Upon termination of this Agreement, Fees for all audits completed by TMA in effected tax districts up to the date of the notification of termination shall be payable in accordance with the terms provided by the TMA Audit Agreement. Because tax liens may not be paid within the term of this Agreement, the authorization of reduced collections for Fee payment shall survive the termination of the Agreement, and shall terminate upon the later of the collection and payment of all liens related to TMA audits, or the expiration of such liens as a matter of Florida law.

4. Severability: Should any provision, portion, or application of this Agreement be determined by a court of competent jurisdiction to be illegal, unenforceable, or in conflict with any applicable law or constitutional provision, or should future changes to Florida law conflict with any portion of this Agreement, the parties shall negotiate an equitable adjustment in the affected provisions of this Agreement with a view toward effecting the purpose of this Agreement, and the validity and enforceability of the remaining provisions, portions, or applications thereof, shall not be impaired. If a future change to Florida law conflicts with or preempts the entirety of this agreement, the agreement will be immediately terminated, subject to the termination provisions herein.

5. Public Records: The parties are public agencies subject to Florida's public records laws, including records retention, production, and confidentiality provisions. The PROPERTY APPRAISER and TAX COLLECTOR agree to retain all records maintained by their agencies and associated with the performance of this Agreement in compliance with applicable Florida records retention schedules, and to make all non-confidential or exempt records available for inspection or copying upon request and in compliance with Florida's public records laws.

6. Liability: The PROPERTY APPRAISER retains sole discretion and authority to grant, deny or remove exemptions, or file liens for undeserved Personal Exemptions in accordance with Florida law. All legal costs involving appeals of the removal of Personal Exemptions resulting from audits shall be the responsibility of the PROPERTY APPRAISER. The undersigned TAXING AUTHORITY has no decision-making authority in relation to exemptions or liens under this Agreement and assumes no liability for any claims, damages, losses, or expenses, direct, indirect or consequential, arising out of or resulting from the actions of TMA, the PROPERTY APPRAISER, or the TAX COLLECTOR under this Agreement or the TMA Audit Agreement.

7. Notice: Any notice required to be given under this Agreement shall be made in writing and sent by first class mail, postage paid, or by hand delivery to, the contact and address for the party as it appears on the signatory page of this Agreement.

8. Applicable Law: The terms and conditions of this Agreement shall be governed by the laws of the State of Florida.

9. Sole Benefit: This Agreement is for the sole benefit of the parties hereto, and in no event shall this Agreement be construed to be for the benefit of any third party, nor shall any party be liable for any loss, liability, damages or expenses to any person not a party to this Agreement.

10. Headings: Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

11. Execution: The parties agree that this Agreement may be signed in counterparts.


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the proper officer of each, as of the date first written above.

PROPERTY APPRAISER:

PAM DUBOV, CFA, CAE
PROPERTY APPRAISER
315 COURT ST. 2nd FLOOR
CLEARWATER, FL 33756
727-464-4295
pam@pcpao.org

DATE: _____

APPROVED AS TO LEGAL FORM

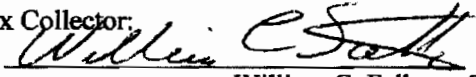
For the Property Appraiser:
Signature: 
Amanda S. Coffey, Assistant County Attorney

TAX COLLECTOR:

DIANE NELSON, CFC
TAX COLLECTOR
315 COURT ST. 3rd FLOOR
CLEARWATER, FL 33756
727-464-7777
taxcollector@taxcollect.com

DATE: _____

APPROVED AS TO LEGAL FORM

For the Tax Collector:
Signature: 
William C. Falkner, Sr. Assistant County Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the proper officer of each, as of the date first written above.

TAXING AUTHORITY NAME: _____

AUTHORIZED SIGNATURE: _____

PRINT NAME: _____

TITLE: _____

DATE SIGNED: _____

PRIMARY CONTACT: _____

ADDRESS 1: _____

ADDRESS 2: _____

CITY, STATE, ZIP: _____

PHONE: _____

EMAIL: _____

APPROVED AS TO LEGAL FORM

For the TAXING AUTHORITY:

Signature: _____

Name & Title: _____

**Tax Management Associates, Incorporated
& Pinellas County Property Appraiser and Tax Collector
Agreement for Provision of Exemption Audit Services**

This Agreement (the "Agreement") is made and entered into this _____ day of _____, 2015, by and between the PINELLAS COUNTY PROPERTY APPRAISER, with its principal place of business located at 315 Court Street, Clearwater, FL 33756 ("PROPERTY APPRAISER"), the PINELLAS COUNTY TAX COLLECTOR, with its principal place of business located at 315 Court Street, Clearwater, FL 33756 ("TAX COLLECTOR"), and TAX MANAGEMENT ASSOCIATES, INC., a corporation authorized to conduct business in Florida ("TMA"), to assist the PROPERTY APPRAISER through the performance of audits to verify entitlement to personal exemptions from ad valorem taxation granted on the County tax roll. The PROPERTY APPRAISER, TAX COLLECTOR, and TMA are hereinafter jointly referred to as "Parties."

Contractual services may begin upon full execution of this Agreement.

WITNESSETH:

WHEREAS, the PROPERTY APPRAISER is responsible under Florida law for the administration of ad valorem property tax exemptions and the preparing and filing of tax liens for back taxes related to the removal of undeserved exemptions; and

WHEREAS, the TAX COLLECTOR is responsible under Florida law for the collection and distribution of ad valorem property taxes, including back taxes and tax liens, and associated penalties, fees, and interest; and

WHEREAS, the PROPERTY APPRAISER desires to obtain services to audit the Pinellas County tax roll (hereinafter "Audit Services") to identify undeserved personal exemptions from ad valorem property tax. Such tax exemptions include, but may not be limited to, the homestead exemption granted pursuant to Article VII, section 6 of the Florida Constitution, and exemptions governed by Chapters 193 and 196, Florida Statutes (hereinafter collectively "Personal Exemptions"); and

WHEREAS, TMA agrees to provide said Audit Services to the PROPERTY APPRAISER pursuant to the charges, terms, and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the promises mutually exchanged, the Parties agree as follows:

- 1) **INCORPORATION OF RECITALS.** The recitals set forth above are hereby incorporated into and deemed a part of this Agreement.

- 2) **EXEMPTION AUDIT SERVICES**

- a) TMA agrees to furnish Audit Services to identify undeserved Personal Exemptions on the Pinellas County tax roll. The Audit Services provided by TMA will be performed in accordance with the terms and conditions in this Agreement and in compliance with all applicable Florida law.
- b) It is expressly agreed by the Parties that the PROPERTY APPRAISER shall retain the final discretion to act on any and all Audit recommendations made by TMA. The PROPERTY APPRAISER shall remove Personal Exemptions and prepare and file tax liens in accordance with governing Florida law and PROPERTY APPRAISER internal policies and procedures. The PROPERTY APPRAISER retains the right to limit a lien to certain tax years, waive penalties and interest, or revoke a lien, as allowed by Florida law. This Agreement does not, and shall not be construed to, delegate any of the PROPERTY APPRAISER'S statutory duties, obligations, or decision-making authority related to the administration of exemptions.
- c) The PROPERTY APPRAISER shall assign properties to TMA for Audit Services as may hereafter be deemed appropriate. TMA agrees that no TMA employee will discuss any aspect of an audit being performed, except with authorized TMA personnel, authorized PROPERTY APPRAISER or TAX COLLECTOR officials, and the property owner being audited (to the extent hereafter determined appropriate by the PROPERTY APPRAISER), unless otherwise directed to do so by the PROPERTY APPRAISER. All correspondence to property owners in connection with audits will be signed by the PROPERTY APPRAISER or by its authorized designee.
- d) TMA agrees to audit, within a twenty-four (24) month period, all Personal Exemptions assigned for audit for the most current year and applicable prior years in compliance with Florida statutes, which provide for property tax liens for undeserved Personal Exemption for up to ten (10) years.
- e) The PROPERTY APPRAISER agrees to make available to TMA the Pinellas County tax roll and list of granted exemptions for the years for which audits are to be performed. Additionally, as necessary, the PROPERTY APPRAISER may make available copies of Personal Exemption applications and supporting documents, or information provided in said applications, subject to confidentiality provisions established by Florida law and addressed in Section (3), herein.
- f) TMA agrees to provide training to designated employees of the PROPERTY APPRAISER as to all aspects of the Audit Services provided pursuant to this Agreement. Any appropriate designee of the PROPERTY APPRAISER may perform an audit with TMA personnel, provided the PROPERTY APPRAISER shall be responsible for any related expenses of such PROPERTY APPRAISER employee.

3) PUBLIC RECORDS RETENTION & CONFIDENTIALITY

- a) The PROPERTY APPRAISER and TAX COLLECTOR are public agencies subject to Florida's Public Records Law, including records retention, production, and confidentiality provisions.

- b) TMA and its employees and agents shall be bound by all applicable public records laws to the same extent that those laws apply to the PROPERTY APPRAISER and TAX COLLECTOR. These requirements include but may not be limited to those stated in Chapter 119, Florida Statutes, and Sections 196.114 and 193.074 Florida Statutes, under which social security numbers, Personal Exemption applications and supporting documents, and any information provided within the application or supporting documents, are CONFIDENTIAL and EXEMPT from disclosure.
 - i) TMA agrees to retain all records associated with the performance of this Agreement in compliance with applicable Florida records retention schedules. Should TMA choose not to retain such records, it must provide those records to the PROPERTY APPRAISER in a format appropriate for purposes of records retention compliance prior to the destruction of any records in TMA's possession. This provision shall survive the termination of this Agreement. TMA will fully comply with all public records requirements set forth in Florida law.
 - ii) TMA agrees to take appropriate steps to protect confidential records or information obtained under this Agreement from unauthorized disclosure, and shall hold the PROPERTY APPRAISER harmless from any liability which may result from an action involving TMA or its employees or agents regarding confidentiality of property owner records. This provision shall survive the termination of this Agreement.

4) **COSTS AND PAYMENT FOR AUDIT SERVICES:**

- a) For services furnished under this Agreement TMA shall be paid an amount equal to thirty percent (30%) of the gross taxes, penalties, and interest collected in relation to the removal of Personal Exemptions as a result of any audit performed by TMA (hereinafter the "Fee").
- b) The Fee shall be calculated upon full or partial payment of any qualifying tax lien, whether payment is made prior to or after recording of the lien, and shall be calculated based on taxes levied by all taxing authorities in the tax district of the audited property for each tax year, pursuant to an associated agreement, interlocal agreement, or memoranda of understanding with each taxing authority (hereinafter collectively referred to as "MOUs").
- c) The Fee shall be paid exclusively from the taxes, penalties, and interest collected in relation to the removal of Personal Exemptions as a result of audits performed by TMA. The Fee shall not be payable from future ad valorem tax levies.
- d) This Agreement does not constitute a pledge or general obligation of ad valorem taxation, or create any obligation on any taxing authority to appropriate or make monies available for the purpose of the Agreement for any tax year. This Agreement does not create the right in any party to compel the exercise of the ad valorem taxing power of any taxing authority, and does not impair the taxing power of any taxing authority.

- e) If any taxing authority in a specific tax district has not signed an MOU, or withdraws from an MOU, the PROPERTY APPRAISER shall not provide Personal Exemptions in that tax district to TMA for Audit Services.
- f) The TAX COLLECTOR shall automatically distribute TMA's Fee monthly, in the manner hereinafter agreed by the Parties, and shall provide TMA a monthly report listing the taxes, penalties and interest collected as a result of TMA audits, the parcel number, and site address of the properties audited, and the collection date.
- g) If the TAX COLLECTOR distributes a TMA Fee based on a lien payment that is subsequently reversed for any reason—including but not limited to a correction to the tax roll, a final judgment in a lawsuit, or a bounced check—the TAX COLLECTOR must recover the Fee from TMA. If, in the month immediately following the payment reversal, the total balance of TMA Fees for the monthly distribution exceeds the Fee made pursuant to the reversed payment (the "reversed Fee"), said reversed Fee will be withheld from the monthly distribution. Any such withholding will be reflected in the TAX COLLECTOR'S monthly report. If the balance of TMA Fees in the following month is not sufficient to cover the reversed Fee, the Tax Collector will send TMA a bill for the remainder of the reversed Fee, and TMA will remit the full amount billed within 30 days. Should a reversed payment be subsequently repaid or otherwise restored for any reason, TMA retains the right to the reversed Fee, which will be redistributed upon receipt by the Tax Collector of a new payment, in full accordance with this Agreement.
- h) As of the date that original Personal Exemption data is passed to TMA from the PROPERTY APPRAISER, as denoted by electronic time stamp on the communicating equipment, all properties thus provided for audit which are identified by TMA as potentially having received undeserved Personal Exemption(s) shall be construed as the result of the provided Audit Services and shall be subject to TMA's Fee under these payment provisions. However, if the PROPERTY APPRAISER discovers an undeserved Personal Exemption on a property that was not identified by TMA as potentially having received undeserved Personal Exemption(s), no Fee shall be paid in relation to that property.
 - i) Each individual property, as denoted by the parcel identification number on the property tax roll, shall be treated as a separate account under these payment terms. Any individual account is severable and treated as unique and distinct in terms of the amount owed to TMA for services provided under this contract. Payments of the Fee for multiple accounts may be made together provided that an accounting of the Fee for each individual account is provided.
- i) All expenses incurred by TMA in performing audits under this Agreement including, but not limited to, travel, food, lodging, mileage, postage, salaries, etc. shall be the responsibility of TMA. TMA shall maintain a sufficient workforce of employees necessary to provide the contracted services, and there shall be no additional compensation paid to TMA for said employees.
- j) All legal costs involving appeals of the removal of Personal Exemptions resulting from audits shall be the responsibility of the PROPERTY APPRAISER. TMA shall be

responsible for defending its audit findings throughout any appeals process, as appropriate and necessary, without additional cost to the PROPERTY APPRAISER. Defense of audit findings may include personal appearances at meetings with property owners or their representatives, and provision of testimony and evidence concerning information identified in an audit at any administrative, judicial, or quasi-judicial hearings.

5) **TERMINATION**

- a) This Agreement shall become effective from the date entered above and shall remain in effect for an initial term of twenty-four (24) months, and shall continue in effect thereafter on a month-to-month basis. After the initial twenty-four month term, any Party can terminate this agreement by providing thirty (30) days' written notice of termination to the other Parties.
- b) If through any cause TMA, the PROPERTY APPRAISER, or the TAX COLLECTOR fails to fulfill its obligations as provided by this Agreement, or materially violates any of the covenants or stipulations within this Agreement, or becomes unsatisfied with services rendered, and such failure or violation continues for thirty (30) days after written notice thereof by a Party, any Party shall thereupon have the right to terminate this Agreement immediately upon giving written notice to the other Parties. Said notice shall be delivered to the Parties personally or mailed by certified mail to the mailing address as specified herein under "Notice."
- c) In the event that any county-wide taxing authority terminates its MOU, or sufficient funds are otherwise not available to support this Agreement for a new fiscal period, the PROPERTY APPRAISER shall notify TMA of such occurrence and the Agreement shall terminate on the last day of the current fiscal period without penalty or expense. In the event of such termination, Fees for all audits completed by TMA up to the date of the notification of termination shall be payable in accordance with the terms provided by this Agreement.
- d) In the event of termination, all audits assigned to TMA and on which TMA has initiated work or expended resources, shall be completed by TMA and all Fees for completed Audits shall be payable in accordance with the terms as provided by this Agreement. Because tax liens may not be paid within the term of this Agreement, provisions related to the payment of Fees shall survive the termination of the Agreement term, and shall terminate upon the later of the collection and payment of all liens related to TMA audits, or the expiration of such liens as a matter of Florida law.
- e) Upon completion of all audits, TMA shall provide any records related to this Agreement to the PROPERTY APPRAISER for record retention purposes, as further addressed in Section (3), herein.

6) **GENERAL PROVISIONS**

- a) **AUTHORITY TO CONTRACT:** The PROPERTY APPRAISER'S and TAX COLLECTOR'S authority to contract for the service herein originates in Florida law.

- b) **DOCUMENTS COMPRISING AGREEMENT AND CONFLICT CONTROL:** This Agreement consists of this **Agreement for Provision of Exemption Audit Services** ("Agreement"), and the associated MOUs between the PROPERTY APPRAISER, TAX COLLECTOR and each Pinellas County taxing authority, which are hereby incorporated by reference. In the event of a conflict between this Agreement and the MOUs in relation to the rights and duties of TMA, the PROPERTY APPRAISER, and the TAX COLLECTOR, this Agreement shall supersede.
- c) **INDEMNIFICATION:** To the fullest extent permitted by law, TMA shall indemnify and hold harmless the PROPERTY APPRAISER, TAX COLLECTOR, and the taxing authorities, and their respective officials, agents, and employees, from and against all claims, damages, losses and expenses, direct, indirect or consequential (including, but not limited to, fees and charges of attorneys and other professionals and costs related to court action or arbitration) arising out of or resulting from the performance of this contract or the actions of TMA or its officials, employees, agents, or contractors under this Agreement or under any Agreements entered into by TMA in connection with this Agreement. This indemnification shall survive the termination of this Agreement.
- d) **NON-DISCRIMINATION:** TMA shall not discriminate against any person on the grounds of race, color, national origin, sex, age or disability in the administration of this Agreement. Nor shall any person be excluded from participation in, or be denied the benefits of this Agreement on the grounds of race, color, national origin, sex, age or disability.
- e) **LAW CONTROLLING:** The laws of the state of Florida shall control and govern this Agreement.
- f) **NON-ASSIGNMENT:** This Agreement is not assignable by any Party, by operation of law or otherwise.
- g) **MODIFICATION:** This Agreement may be modified only by a written agreement executed by all Parties hereto.
- h) **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement of the Parties and no other agreement or modification to this agreement, expressed or implied, shall be binding on any Party unless same shall be in writing and signed by both Parties. This Agreement may not be orally modified. Any modifications must be in writing, expressly titled a modification or addendum to this Agreement, attached to this Agreement, and signed by all Parties.
- i) **SEVERABILITY:** Should any provision, portion, or application thereof of this Agreement be determined by a court of competent jurisdiction to be illegal, unenforceable, or in conflict with any applicable law or constitutional provision, or should future changes to Florida law conflict with any portion of this Agreement, the Parties shall negotiate an equitable adjustment in the affected provisions of this Agreement with a view toward effecting the purpose of this Agreement, and the validity and enforceability of the remaining provisions, portions, or applications thereof, shall not be impaired. If a future change to Florida law conflicts with or preempts the entirety of

this Agreement, the Agreement will be immediately terminated, subject to the termination and public records provisions herein.

- j) **HEADINGS**: The subject headings of the paragraphs are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions. This Agreement shall be deemed to have been drafted by all Parties, and no purposes of interpretation shall be made to the contrary.
- k) **NOTICE**: Any notices to be given or submitted by any Party to the others pursuant to this Agreement shall be made in writing and sent by first class mail, postage paid or by hand delivery to:

PROPERTY APPRAISER:
PINELLAS COUNTY PROPERTY APPRAISER
315 Court St. 2nd Floor
Clearwater, FL 33756
ATTN: Pam Dubov, CFA, CAE, Property Appraiser

TAX COLLECTOR:
PINELLAS COUNTY TAX COLLECTOR
315 Court St. 3rd Floor
Clearwater, FL 33756
ATTN: Diane Nelson, CFC, Tax Collector

TMA:
TAX MANAGEMENT ASSOCIATES, INC.
2225 Coronation Blvd.
Charlotte, NC 28227
ATTN: Richard H. (Chip) Cooke, Jr., Chief Executive Officer

EXECUTED AND ENTERED INTO BY THE PARTIES HERETO.

PROPERTY APPRAISER AUTHORIZED SIGNATURE:

DATE: _____
PAM DUBOV, CFA, CAE _____
TITLE: PROPERTY APPRAISER _____
PINELLAS COUNTY PROPERTY APPRAISER

**STATE OF FLORIDA
COUNTY OF PINELLAS**

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by, PAM DUBOV, who is personally known to me or has produced _____ as identification. _____

Notary Public Signature _____ Notary Seal: _____

TAX COLLECTOR AUTHORIZED SIGNATURE:

DIANE NELSON, CFC
TITLE: TAX COLLECTOR
PINELLAS COUNTY TAX COLLECTOR

DATE: _____

**STATE OF FLORIDA
COUNTY OF PINELLAS**

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by, **DIANE NELSON**, who is personally known to me or has produced _____ as identification.

Notary Public Signature

Notary Seal:

TMA AUTHORIZED SIGNATURE:

RICHARD H. (CHIP) COOKE, JR.
TITLE: CHIEF EXECUTIVE OFFICER
TAX MANAGEMENT ASSOCIATES, INC.

DATE: _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by, **RICHARD H. COOKE, JR.**, who is personally known to me or has produced _____ as identification.

Notary Public Signature

Notary Seal:

.

APPROVED AS TO LEGAL FORM

For the Property Appraiser:
Signature: _____
Amanda S. Coffey, Assistant County Attorney

For the Tax Collector:
Signature: _____
William C. Falkner, Sr. Assistant County Attorney