

## Granicus' Host Compliance Services Agreement

THIS SERVICES AGREEMENT (the "**Agreement**") is entered into as of the July 1, 2020 (the "**Effective Date**"), between Host Compliance LLC, a subsidiary of Granicus LLC, ("**Host Compliance**") and El Dorado County, with an address at 360 Fair Lane, Placerville, CA 95667 (the "**Customer**").

WHEREAS, Customer desires to detect and protect against its constituents from the impact of illegal, unpermitted and/or under-remitting short-term rentals ("**STRs**");

WHEREAS, Host Compliance is a software and managed services provider that provides monitoring, analytic, and compliance software and related services for the detection and management of STRs;

WHEREAS, Host Compliance agrees to grant Customer access rights to certain software to detect, investigate and manage STRs, and provide all other managed services necessary for Customer's productive use of such software (together, the "**Services**") as described in the attached Schedule 1;

WHEREAS, any "**Personal Information**" (as defined in the California Consumer Privacy Act of 2018, as may be amended from time to time (the "**CCPA**")), that may be collected by Customer will be shared with Host Compliance in the course of using the Services strictly for "Business purposes" as defined in the CCPA, and both the Customer and Host Compliance believe the use of such Personal Information is reasonably necessary and proportionate to achieve the operational purpose for which the Personal Information was collected by Customer.

NOW THEREFORE in consideration of the premises and the mutual covenants hereinafter, Host Compliance and the Customer agree as follows:

### 1.0 Services.

**1.1 Subscriptions.** Subject to and conditioned on Customer's payments pursuant to Section 4.0 of this Agreement, Host Compliance hereby grants Customer a non-exclusive, non-transferable right to access and use the Services during the term of this Agreement, in accordance with the terms and conditions of this Agreement. Unless otherwise provided in the attached Schedule 1, (a) Services are purchased as subscriptions, (b) additional service subscriptions may be added during a subscription term, with the pricing for such additional services, prorated for the portion of that subscription term remaining at the time the subscriptions are added, and (c) any added subscriptions will terminate on the same date as the underlying subscription.

**1.2 Provision of Services.** Customer and Customer's end users ("**End Users**") may access and use the Services and any other Services that may be ordered by the Customer from time to time pursuant to a valid subscription in accordance with the terms of this Agreement. The Services will be provided to Customer in the capacity of a "service provider".

**1.3 Data Processing.** Any Personal Information will only be accessed by Host Compliance for Business purposes or as allowed by law. Services will include, at a minimum, industry standard technical and organizational security measures to store Personal Information, or other data provided by Customer or obtained by Customer through the use of the Services (together, the "**Customer Data**"). These measures are designed to protect the integrity of Customer Data and guard against unauthorized or unlawful access.

**1.4 Modifications to the Services.** Host Compliance may update the Services from time to time. If Host Compliance updates the Services in a manner that materially improves functionality, Host Compliance will inform the Customer.

## **2.0 Customer Obligations.**

- 2.1 Customer Administration of the Services.** Host Compliance' responsibilities do not extend to internal management or administration of the Services. Customer is responsible for: (i) maintaining the confidentiality of passwords and accounts; (ii) managing access to administrator accounts; (iii) ensuring that Customer's and End Users' use of the Services complies with this Agreement and all laws and regulations that are applicable to Customer's use of the Services, including any privacy-related regulations such as the CCPA.
- 2.2 Unauthorized Use & Access.** Customer will prevent and terminate any unauthorized use of or access to the Services, and will promptly notify Host Compliance of any such unauthorized use of or access. Customer will not and will ensure that its End Users do not: (i) sell, resell, or lease the Services; (ii) reverse engineer, attempt to or assist anyone to reverse engineer the Services; or (iii) use the Services in any way that infringes, misappropriates or otherwise violates any intellectual property right or other right of any person.
- 2.3 Third Party Requests.** Customer is responsible for responding to Third Party Requests. "Third Party Request" means a lawful request from a third party for records relating to Customer's or an End User's use of the Services including information regarding an End User. Third Party Requests may include valid search warrants, court orders, or subpoenas, or any other request for which there is written consent from End Users permitting a disclosure. Host Compliance will make reasonable efforts, to the extent allowed by law and the terms of the Third Party Request, to promptly notify Customer of its receipt of such request and comply with Customer's reasonable requests regarding efforts to oppose the same. Customer will first seek to obtain the information required to respond to the Third Party Request and will contact Host Compliance if it cannot obtain such information despite diligent efforts.

## **3.0 Intellectual Property Rights; Confidentiality**

- 3.1 Reservation of Rights.** Except as expressly set forth herein, this Agreement does not grant (i) Host Compliance any intellectual Property Rights (as defined below) in the Customer Data or (ii) Customer any Intellectual Property Rights in the Services, any other products or offerings of Host Compliance, Host Compliance trademarks and brand features, or any improvements, modifications or derivative works of any of the foregoing. Notwithstanding the foregoing, while Customer Data and Services may include some Publicly Available Data (as defined as below), neither Customer nor Host Compliance make any proprietary claim to Publicly Available Data. "**Intellectual Property Rights**" means current and future worldwide rights under patents, copyright, trade secret, trademark, moral rights and other similar rights. "**Publicly Available Data**" means data, material, and information collected from publicly available sources in the performance of this Agreement, but specifically excluding Services.
- 3.2 Suggestions.** Host Compliance may, at its discretion and for any purpose, use, modify, and incorporate into its products and services, and license and sub-license, any feedback, comments, or suggestions Customer or End Users send Host Compliance or post in Host Compliance' online forums without any obligation to Customer.

**3.3 Confidential Information.** Customer understands and agrees that it will not reveal, publish or otherwise disclose to any person, firm or corporation, without written authorization of Host Compliance, or except as required by law, any Confidential Information of Host Compliance, including without limitation any trade secrets, confidential knowledge, data or other proprietary information relating to the Services. "Confidential Information" means all information, written or oral, relating to the business, operations, services, facilities, processes, methodology, technologies, intellectual property, research and development, customers, strategy or other confidential or proprietary materials of Host Compliance. Nothing in this Agreement shall prevent a disclosure of Confidential Information solely to the extent required to comply with applicable law or regulation or a valid order of a court of competent jurisdiction; provided that if Customer receives a demand from a third party which purports to require access to the Services, or descriptions, drawings, images or videos of the Services' user interface or disclosure of any Confidential Information (e.g., a subpoena), Customer shall notify and consult with Host Compliance promptly following receipt of such demand or request (and prior to making any such disclosure), and reasonably cooperate with Host Compliance in any efforts to oppose and/or limit such disclosure.

**3.4 Consent to use Customer Data and Marks.**

**3.4.1** Customer hereby irrevocably grants such rights and permissions in or relating to Customer Data to Host Compliance: (i) to perform the Services; (ii) to enforce this Agreement and exercise Host Compliance's rights hereunder; and (iii) for aggregate consumer information or deidentified information generated through the Services as permitted by the CCPA. Customer confirms that all Personal Information collected, used, or shared pursuant to this Agreement as permitted under, and compliant with, the CCPA.

**3.4.2** Host Compliance understands and agrees that it is not permitted to sell Personal Information or retain, use, or disclose Personal Information for any purpose, including for commercial purposes, other than for the specific purpose of performing the Services set out in this Agreement or as otherwise permitted by the CCPA.

**4.0 Fees & Payment.**

**4.1 Fees.**

**4.1.1** Customer will pay Host Compliance for all applicable fees upfront annually, as set forth in Schedule 1.

**4.1.2** Customer will pay any amounts related to the Services as per payment terms detailed on the applicable invoice. Customer will not withhold payment on any invoices for any reason, including a Customer's decision to delay implementation of the Services. Unless otherwise indicated, all dollar amounts referred to in the Agreement are in U.S. funds.

**4.2 Taxes.** Customer is responsible for all taxes. Host Compliance will charge tax when required to do so. If Customer is required by law to withhold any tax for payments due, Customer must provide Host Compliance with an official tax receipt or other appropriate documentation

**5.0 Term & Termination.**

- 5.1 Term.** The initial term of this Agreement shall be one year commencing on the Effective Date, which shall automatically renew for a further period of one year upon each expiry of the then current term, unless either party provides written notice to the other party of its intention not to renew at least 45 days prior to the end of the then current term. That said, the time period until the earlier of (a) the 6-month anniversary of the Effective Date, or (b) the start date of Customer's systematic or mass outreach activities utilizing the data obtained through the Services (traditional mail, electronic mail, and/or telephone campaigns), or (c) termination by Host Compliance in our sole discretion, shall be considered a trial period ("Trial Period").
- 5.2 Termination for Convenience.** If, for any reason during the Trial Period, Customer is dissatisfied with the Services, Customer may terminate the Subscription and all funds paid under this Agreement will be refunded and future commitments waived.
- 5.3 Termination for Breach:** Following the Trial Period, a party may terminate this Agreement for cause upon 45 days written notice to the other party of a material breach if such breach remains uncured at the expiration of such period. In addition, Host Compliance may terminate this Agreement, effective on written notice to Customer, if Customer fails to pay any amount when due hereunder, and such failure continues more than 10 days after Host Compliance's delivery of written notice hereof.
- 5.4 Refund or Payment upon Termination for Breach.** If this Agreement is terminated by Customer in accordance with Section 5.3 (Termination for Breach), Host Compliance will refund Customer any prepaid fees covering the remainder of the term of all Subscriptions after the effective date of termination. If this Agreement is terminated by Host Compliance in accordance with Section 5.3 (Termination for Breach), Customer will pay any unpaid fees covering the remainder of the term of the Agreement. In no event will Customer's termination after the first 6 months relieve Customer of its obligation to pay any fees payable to Host Compliance for the period prior to the effective date of termination.
- 5.5 Effects of Termination.** If this Agreement is terminated in accordance with Section 5.2 or 5.3: (i) the rights granted by Host Compliance to Customer will cease immediately and Customer will no longer have the right to utilize the Services; and (ii) administration, management, and maintenance of the Customer's Customer Data shall be transferred to Customer.

## 6.0 Indemnification.

- 6.1 By Host Compliance.** Host Compliance will indemnify, defend and hold harmless Customer from and against all liabilities, damages, and costs (including settlement costs and reasonable attorney's fees) arising out of any claim by a third party against Customer to the extent based on an allegations that Host Compliance' technology used to provide the Services to the Customer infringes or misappropriates any copyright, trade secret, patent or trademark right of the third party. In no event will Host Compliance have any obligations or liability under this section arising from: (i) use of any Services in a modified form or in combination with materials not furnished by Host Compliance and (ii) any content, information, or data provided by Customers, End Users, or other third parties.
- 6.2 By Customer.** Customer will indemnify, defend, and hold harmless Host Compliance from and against all liabilities, damages, and costs (including settlement costs and reasonable attorney's fees) arising out of any claim by a third party against Host Compliance regarding: (i) Customer Data; (ii) Customer's use

of the Services in violation of this Agreement; or (iii) End Users' use of the Services in violation of this Agreement.

**6.3 Possible Infringement.** If Host Compliance believes the Services infringe or may be alleged to infringe a third party's Intellectual Property Rights, then Host Compliance may (i) obtain the right for Customer, at Host Compliance' expense, to continue using the Services; (ii) provide a non-infringing functionally equivalent replacement for the Services; or (iii) modify the Services so that they no longer infringe. If Host Compliance does not believe the options described in this section are reasonable then Host Compliance may suspend or terminate this Agreement and/or Customer's use of the affected Services with no further liability or obligation to the Customer other than the obligation to provide the Customer with a pro-rata refund of pre-paid fees for the affected portion of the Services.

**6.4 General.** The party seeking indemnification will promptly notify the other party of the claim and cooperate with the other party in defending the claim. The indemnifying party will have full control and authority over the defense, except that: (i) any settlement requiring the party seeking indemnification to admit liability requires prior written consent, not to be unreasonably withheld or delayed and (ii) the other party may join in the defense with its own counsel at its own expense. The indemnities above are Host Compliance' and Customer's only remedy under this Agreement for violation by the other party of a third party's Intellectual Property Rights.

## **7.0 Insurance.**

**7.1 Insurance.** Host Compliance shall provide proof of a policy of insurance satisfactory to the County of El Dorado Risk Manager and documentation evidencing that Host Compliance maintains insurance that meets the following requirements:

- 7.1.1** Full Worker's Compensation and Employer's Liability Insurance covering all employees of Host Compliance as required by law in the State of California.
- 7.1.2** Commercial General Liability Insurance of not less than \$1,000,000.00 combined single limit per occurrence for bodily injury and property damage and a \$2,000,000.00 aggregate limit.
- 7.1.3** Automobile Liability Insurance of not less than \$1,000,000.00 is required in the event motor vehicles are used by Host Compliance in the performance of the Agreement.
- 7.1.4** Host Compliance shall furnish a certificate of insurance satisfactory to the County of El Dorado Risk Manager as evidence that the insurance required above is being maintained.
- 7.1.5** The insurance will be issued by an insurance company acceptable to Risk Management, or be provided through partial or total self-insurance likewise acceptable to Risk Management.
- 7.1.6** Host Compliance agrees that the insurance required above shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time or times during the term of this Agreement, Host Compliance agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of term of the Agreement, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of Risk Management and Host Compliance agrees that no work or services shall be performed prior to the giving of such approval. In the event Host Compliance fails to keep in effect at all times insurance coverage as herein provided, County may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.
- 7.1.7** The certificate of insurance must include the following provisions stating that:

- 7.1.7.1** The insurer will not cancel the insured's coverage without prior written notice to County, and;
- 7.1.7.2** The County of El Dorado, its officers, officials, employees and volunteers are included as additional insured on an additional insured endorsement, but only insofar as the operations under this Agreement are concerned. This provision shall apply to the general liability policy.
- 7.1.9** Host Compliance'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 in excess of Host Compliance's insurance and shall not contribute with it.
- 7.1.10** Any deductibles or self-insured retentions must be declared to and approved by the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, its officers, officials, employees and volunteers; or Host Compliance shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 7.1.11** Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the County, its officers, officials, employees or volunteers.
- 7.1.12** The insurance companies shall have no recourse against the County of El Dorado, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.
- 7.1.13** Host Compliance's obligations shall not be limited by the foregoing insurance requirements and shall survive expiration of this Agreement.
- 7.1.14** In the event Host Compliance cannot provide an occurrence policy, Host Compliance shall provide insurance covering claims made as a result of performance of this Agreement for not less than three (3) years following completion of performance of this Agreement.
- 7.1.15** Certificate of insurance shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with Risk Management, as essential for protection of the County.

## **8.0 Exclusion of Warranties; Limitation of Liability.**

- 8.1 EXCLUSION OF WARRANTIES.** EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT, HOST COMPLIANCE MAKES NO OTHER REPRESENTATION, WARRANTY OR CONDITION, EXPRESS OR IMPLIED, AND EXPRESSLY EXCLUDES ALL IMPLIED OR STATUTORY WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABILITY, DURABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE WITH RESPECT TO THE SERVICES. HOST COMPLIANCE DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND TO CLIENT WITH RESPECT TO ANY THIRD PARTY SOFTWARE FORMING PART OF THE SERVICES
- 8.2 LIMITATION ON INDIRECT LIABILITY.** TO THE FULLEST EXTENT PERMITTED BY LAW, EXCEPT FOR HOST COMPLIANCE AND CUSTOMER'S INDEMNIFICATION OBLIGATIONS HEREUNDER, NEITHER CUSTOMER NOR HOST COMPLIANCE AND ITS AFFILIATES, SUPPLIERS, AND DISTRIBUTORS WILL BE LIABLE UNDER THIS AGREEMENT FOR (I) INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES, OR (II) LOSS OF USE, DATA, BUSINESS, REVENUE, OR PROFITS (IN EACH CASE WHETHER

DIRECT OR INDIRECT), EVEN IF THE PARTY KNEW OR SHOULD HAVE KNOWN THAT SUCH DAMAGES WERE POSSIBLE AND EVEN IF A REMEDY FAILS OF ITS ESSENTIAL PURPOSE.

**8.3 LIMITATION ON AMOUNT OF LIABILITY.** TO THE FULLEST EXTENT PERMITTED BY LAW, HOST COMPLIANCE'S AGGREGATE LIABILITY UNDER THIS AGREEMENT WILL NOT EXCEED THE AMOUNT PAID BY CUSTOMER TO HOST COMPLIANCE HEREUNDER DURING THE SIX MONTHS PRIOR TO THE EVENT GIVING RISE TO LIABILITY.

## 9.0 Miscellaneous.

- 9.1 Terms Modification.** Host Compliance may wish to revise this Agreement from time to time. If a revision, in Host Compliance' sole discretion, is material, Host Compliance will notify Customer and possibly request that an Amendment to this Agreement be agreed upon and signed. If Customer does not agree to the revised Agreement terms, Customer may terminate the Services within 30 days of receiving notice of the change.
- 9.2 Entire Agreement.** The Agreement (including any amendments thereto) and the invoice provided by Host Compliance, constitutes the entire agreement between Customer and Host Compliance with respect to the subject matter of this Agreement and supersedes and replaces any prior or contemporaneous understandings and agreements, whether written or oral, with respect to the subject matter of this Agreement. If there is a conflict between the documents that make up this Agreement, the documents will control in the following order: this Agreement, then the invoice.
- 9.3 Governing Law.** This Agreement will in all respects be governed exclusively by and construed in accordance with the laws of the State of Minnesota.
- 9.4 Severability.** Unenforceable provisions will be modified to reflect the parties' intention and only to the extent necessary to make them enforceable, and the remaining provisions of the Agreement will remain in full effect.
- 9.5 Waiver or Delay.** Any express waiver or failure to exercise promptly any right under the Agreement will not create a continuing waiver or any expectation of non-enforcement.
- 9.6 Survivability.** The provisions of this Agreement shall survive the termination hereof to the extent necessary to effectuate the terms contained herein.
- 9.7 Force Majeure.** Except for payment obligations, neither Host Compliance nor Customer will be liable for inadequate performance to the extent caused by a condition that was beyond the party's reasonable control (for example, natural disaster, act of war or terrorism, riot, labor condition, governmental action and Internet disturbance).
- 9.8 Procurement Piggybacking.** Host Compliance agrees to reasonably participate in any "piggybacking" programs pertinent to local government, and Customer agrees to reasonably allow any local government to "piggyback" off of Customer's efforts leading to this Agreement.
- 9.9 Independent Contractor.** It is specifically understood and agreed that in the making and performance of this Agreement, Host Compliance is an independent contractor and is not and shall not be construed to be an employee of Customer.
- 9.10 Third Party Rights.** This Agreement does not create any rights for any person who is not a party to it, and no person not a party to this Agreement may enforce any of its terms or rely on an exclusion or limitation contained in it.

**IN WITNESS WHEREOF** Host Compliance and the Customer have executed this Agreement as of the Effective Date.

**El Dorado County** by its authorized signatory:



Karen Coleman  
**Treasurer-Tax Collector**

Date:

5/13/2020

**Chair**  
**Board of Supervisors**

June 9, 2020

Billing Contact:

Billing Email:

Billing Direct Phone:

**Host Compliance LLC** by its authorized signatory:



Name: Sam Norton

Title: VP Sales

Date: 5-8-2020

Account Executive: Kyle Salonga

Account Executive Email: kyle@hostcompliance.com

Account Executive Phone: 415.874.1783



## Schedule 1

### Scope of Services:

#### Address Identification

Monthly email-delivered report and live web-delivered dashboard with complete address information and screenshots of all identifiable STRs in El Dorado County's jurisdiction:

- Up-to-date list of jurisdiction's active STR listings
- High resolution screenshots of all active listings (captured weekly)
- Full address and contact information for all identifiable STRs in jurisdiction
- All available listing and contact information for non-identifiable STRs in jurisdiction

#### Compliance Monitoring

Ongoing monitoring of the short-term rentals operating in El Dorado County's jurisdiction for zoning and permit compliance coupled with systematic outreach to non-compliant short-term rental property owners (using El Dorado County's form letters)

- Ongoing monitoring of STRs for zoning and permit compliance
- Pro-active and systematic outreach to unpermitted and/or illegal short-term rental operators (using jurisdiction's form letters)
- Monthly staff report on jurisdiction's zoning and permit compliance:
- Up-to-date list of STRs operating illegally or without the proper permits
- Full case history for non-compliant listings

#### Rental Activity Monitoring and Tax Audit Support

Ongoing monitoring of jurisdiction's short-term rental properties for signs of rental activity:

- Automatic monitoring of review activity across 40+ STR websites
- Weekly screenshots of reviews and calendars for each active listing
- Quarterly staff report on jurisdiction's STR tax compliance
- Up-to-date list of short-term rental landlords suspected of under-reporting taxes
- Documentation of information that serves as the foundation for the suspicion of tax under-reporting
- Custom reports and analysis to support tax audits and other STR related investigations
- Quarterly pro-active, systematic and data-informed outreach (physical letters) to short-term rental operators regarding their tax remittance obligations (using jurisdiction's form letters)
  - Up to 4 letters each property per year (full color)
  - Letters are 2 pages each (2<sup>nd</sup> page is dedicated to full length screenshot of listing) to improve results for effective compliance
- Functionality to streamline audits of most egregious violators
- Online submission of platform activity reports

**24/7 Short-term Rental Hotline**

24/7 staffed telephone hotline and on-line portal for neighbors to report non-emergency problems related to STR properties:

- Incidents can be reported by phone or on-line
- Full documentation of all reported incidents
- Digital recordings and written transcripts of all calls
- Ability for neighbors to include photos, video footage and sound recordings to document complaints
- Real-time outreach to owners of problem properties (whenever owner's contact info is known)
- Weekly staff reports containing:
  - The # and types of reported incidents
  - List of properties for which incidents have been reported
- Custom reports and analysis of hotline related activities

**Total Annual Subscription Service Price****\$125,855**

*Note: Above pricing assumes 2,855 short-term rental listings in the unincorporated areas of El Dorado County's jurisdiction.*

## Optional Add-on Services

### Mobile Enabled Web Based Registration and Tax Assessment Collection Forms

The development and hosting of an electronic web-based short-term rental registration and assessment collection forms. The capabilities of the forms include:

- 24/7 availability
- Mobile adaptive design
- The ability to validate inputs whenever possible as to minimize data-entry errors
- Electronic signature capabilities
- Electronic credit and debit card payment capabilities
- Ability to collect supporting documents (if required)
- SSL encryption
- Data available through [app.hostcompliance.com](http://app.hostcompliance.com)
- Data downloadable into csv format via [app.hostcompliance.com](http://app.hostcompliance.com)

Price: \$13,984