

Host Compliance Services Agreement

THIS SERVICES AGREEMENT (the “**Agreement**”) is entered into as of December 31, 2019 (the “**Effective Date**”), between Host Compliance LLC, (“**Host Compliance**”) and the City of Grand Junction, with an address at 250 North 5th Street, Grand Junction, CO 81501 (the “**Customer**”). This Agreement sets forth the terms and conditions under which Host Compliance agrees to license to Customer certain hosted software and provide all other services necessary for Customer’s productive use of such software (the “**Services**”) as further described in the attached Schedule 1.

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.
- 1.3 **Facilities and Data Processing.** Host Compliance will use, at a minimum, industry standard technical and organizational security measures to store data provided by Customer, or obtained by Customer through the use of the Services (“**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 Customer passwords and accounts; (ii) managing Customer access to Host Compliance system administrator accounts; and (iii) ensuring that such administrators’ use of the Services complies with this Agreement.
- 2.2 **Compliance.** Customer is responsible for use of the Services, including use of the Services by End Users and will comply with laws, regulations, and such provisions of this Agreement that are applicable to Customer’s use of the Services.

2.3 Unauthorized Use & Access. Customer will prevent unauthorized use of the Services and terminate any unauthorized use of or access to the Services. Customer will promptly notify Host Compliance of any unauthorized use of or access to the Services.

2.4 Restricted Uses. Customer will not and will ensure that its End Users do not: (i) sell, resell, or lease the Services; (ii) reverse engineer or attempt to reverse engineer the Services, nor assist anyone else to do so; or (iii) use the Services in any way that infringes, misappropriates or otherwise violates any intellectual property right or other right of any person, or that violates any applicable law.

2.5 Third Party Requests.

2.5.1 "Third Party Request" means a 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.

2.5.2 Customer is responsible for responding to Third Party Requests via its own access to information policies. Customer will seek to obtain information required to respond to Third Party Requests and will contact Host Compliance only if it cannot obtain such information despite diligent efforts.

2.5.3 If Host Compliance receives a Third Party Request, Host Compliance will make reasonable efforts, to the extent allowed by law and by the terms of the Third Party Request, to: (A) promptly notify Customer of Host Compliance's receipt of a Third Party Request; (B) comply with Customer's reasonable requests regarding efforts to oppose a Third Party Request; and (C) provide Customer with information or tools required for Customer to respond to the Third Party Request (if Customer is otherwise unable to obtain the information). If Customer fails to promptly respond to any Third Party Request, then Host Compliance may respond, but will not be obligated to do so.

2.5.4 If Customer receives a Third Party Request for access to the Services, or descriptions, drawings, images or videos of the Services' user interface, Customer will make reasonable efforts, to the extent allowed by law and by the terms of the Third Party Request, to: (A) promptly notify Host Compliance of Customer's receipt of such Third Party Request; (B) comply with Host Compliance's reasonable requests regarding efforts to oppose a Third Party Request; and (C) provide Host Compliance with information required for Host Compliance to respond to the Third Party Request. If Host Compliance fails to promptly respond to any Third Party Request, then Customer may respond, but will not be obligated to do so.

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 Colorado 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.

3.4 Consent to use Customer Data and Marks. Customer hereby irrevocably grants all 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 rights hereunder; and (iii) to use for any lawful purpose. Customer hereby grants to Host Compliance a license to use, reproduce and display Customer's name and logos in connection with: (i) Host Compliance performance of its obligations hereunder; (ii) include Customer's name and logos in its lists of Host Compliance current or former customers, and (ii) with Customer's prior written consent, for promotional and marketing purposes such as developing promotional press releases, case studies, and reports.

3.5 Validated Data. In the course of providing the Services, Host Compliance performs significant work validating and confirming various data sets including, without limitation, postal addresses, property owner information, and listing de-duplication ("Validated Data"). Validated Data may include data otherwise classified as Customer Data, Services, or Publicly Available Data. Notwithstanding any provision to the contrary in this Agreement, Customer is prohibited from disclosing Validated Data to a competitor of Host Compliance during the term of this Agreement and for a period of one (1) year thereafter.

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 taxes, Customer must provide Host Compliance with an official tax receipt or other appropriate documentation. The City of Grand Junction is a tax exempt local government.
- 4.3 Purchase Orders.** If Customer requires the use of a purchase order or purchase order number, Customer (i) must provide the purchase number at the time of purchase and (ii) agrees that any terms and conditions on a Customer purchase order will not apply to this Agreement or the Services provided hereunder and are null and void.

5.0 Term & Termination.

- 5.1 Term.** The initial term of this Agreement shall be one year commencing on the Effective Date, and may be renewed for a further period of one year upon each expiry of the then current term and subject to annual appropriation of funds, 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 Effects of Termination for Convenience.** If this Agreement is terminated by Customer in accordance with Section 5.2 (Termination for Convenience): (i) the rights granted by Host Compliance to Customer will cease immediately and Customer will no longer have the right to utilize the data obtained through the use of the Services for outreach (including traditional mail, electronic mail, and/or telephone); and (ii) after a reasonable period of time, Host Compliance may delete any Customer Data relating to Customer's account. The following sections will survive expiration or termination of this Agreement: 2.5 (Third Party Requests), 3.0 (Intellectual Property Rights; Confidentiality), 4.0 (Fees & Payments), 5.2 (Termination for Convenience), 5.3 (Effects of Termination for Convenience), 6.0 (Indemnification as modified herein), 7.0 (Exclusion of Warranties; Limitation of Liability), and 8.0 (Miscellaneous).
- 5.4 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.
- 5.5 Refund or Payment upon Termination for Breach.** If this Agreement is terminated by Customer in accordance with Section 5.4 (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 5.4 (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.

5.6 Effects of Termination for Breach. If this Agreement is terminated in accordance with Section 5.4 (Termination for Breach): (i) the rights granted by Host Compliance to Customer will cease immediately (except as set forth in this section); (ii) Host Compliance may provide Customer access to its account at then-current fees so the Customer may export its Customer Data; and (iii) after a reasonable period of time, Host Compliance may delete any Customer Data relating to Customer's account. The following sections will survive expiration or termination of this Agreement: 2.5 (Third Party Requests), 3.0 (Intellectual Property Rights; Confidentiality), 4.0 (Fees & Payments), 5.5 (Refund or Payment upon Termination for Breach), 5.6 (Effects of Termination for Breach), 6.0 (Indemnification as modified herein), 7.0 (Exclusion of Warranties; Limitation of Liability), and 8.0 (Miscellaneous).

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 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 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.
- 6.3 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 EXCLUSION OF WARRANTIES; LIMITATION OF LIABILITY.

- 7.1 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
- 7.2 LIMITATION ON INDIRECT LIABILITY.** TO THE FULLEST EXTENT PERMITTED BY LAW, EXCEPT FOR HOST COMPLIANCE'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.
- 7.3 LIMITATION ON AMOUNT OF LIABILITY.** TO THE FULLEST EXTENT PERMITTED BY LAW, HOST COMPLIANCE' 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.


8.0 Miscellaneous.

- 8.1 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.
- 8.2 Entire Agreement.** The Agreement including the invoice and order form 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, then the order form.
- 8.3 Governing Law.** This Agreement will in all respects be governed exclusively by and construed in accordance with the laws of the State of Colorado.

- 8.4 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.
- 8.5 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.
- 8.6 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).
- 8.7 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.
- 8.8 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.



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

<p>City of Grand Junction by its authorized signatory:</p>  <hr/> <p>Name: Scott Hockins Title: IT Business Operations Date: 12/11/2019</p> <p>Billing Contact: Scott Hockins Billing Email: scotth@gjcity.org Billing Direct Phone: 970-244-1540</p>	<p>Host Compliance LLC by its authorized signatory:</p>  <hr/> <p>Name: Eric Gibson Title: Chief Financial Officer Date: 1/7/2020</p> <p>Account Executive: Account Executive Email: Account Executive Phone:</p>
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Schedule 1

Scope of Services:

Mobile Enabled Web Based Registration and Tax Assessment Collection Forms **\$5000 / yr**

The development and hosting of an electronic web-based short-term rental registration and assessment collection forms¹. 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 through our payment processing partner Stripe, Inc.
- Ability to collect supporting documents (if required)
- SSL encryption
- Data available through app.hostcompliance.com
- Data downloadable into csv format via app.hostcompliance.com

Address Identification **\$9720 / yr**

Monthly email-delivered report and live web-delivered dashboard with complete address information and screenshots of all identifiable STRs in Grand Junction'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

¹ When a payment is collected, the variable customary card and ACH processing fees charged by Stripe, Inc. are passed onto paying constituents as a convenience fee in our standard configuration, nor does the system process payments of < \$0.50. Please note that when ACH transactions fail, the constituent will be charged a \$4 fee, and when refunding a payment, the associated fees are not returned.



Request for Proposal RFP-4701-19-SDH

Short Term Rental Compliance Software

RESPONSES DUE:

October 14, 2019 Prior to 2:00 PM MDT

Accepting Electronic Responses Only

Responses Only Submitted Through the Rocky Mountain E-Purchasing System (RMEPS)

<https://www.rockymountainbidsystem.com/default.asp>

(Purchasing Representative does not have access or control of the vendor side of RMEPS. If website or other problems arise during response submission, the vendor must contact RMEPS to resolve the issue before the response deadline. 800-835-4603)

PURCHASING REPRESENTATIVE:

Scott Hockins, IT Business Operations

scotth@gjcity.org

970-244-1540

This solicitation has been developed specifically for a Request for Proposal intended to solicit competitive responses for this solicitation and may not be the same as previous City of Grand Junction solicitations. All offerors should review this solicitation before submitting.

Issuing Office: This Request for Proposal (RFP) is issued by the City of Grand Junction. All contact regarding this RFP shall be directed to:

Scott Hockins, IT Business Operations
scotth@gjcity.org

Submission: Please refer to section 5.0 for what is to be included. ***Each proposal shall be submitted in electronic format only, and only through the Rocky Mountain E-Purchasing website (<https://www.rockymountainbidsystem.com/default.asp>).*** *This site offers both “free” and “paying” registration options that allow for full access of the Owner’s documents and for electronic submission of proposals. (Note: “free” registration may take up to 24 hours to process. Please plan accordingly.)* Please view our **“Electronic Vendor Registration Guide”** at <http://www.gjcity.org/business-and-economic-development/bids/> for details. (The City does not have access or control of the vendor side of RMEPS. If website or other problems arise during response submission, vendor **MUST** contact RMEPS to resolve issue before the response deadline. **800-835-4603**)

Addenda: All questions shall be submitted in writing. Interpretations, corrections, and changes to this RFP or extensions to the opening/receipt date will be made by a written Addendum to the RFP by the Owner. Addenda will be issued electronically through the Rocky Mountain E-Purchasing website at www.rockymountainbidsystem.com, and <http://www.gjcity.org/business-and-economic-development/bids/> Offerors shall acknowledge receipt of all addenda in their proposal.

SCOPE OF SERVICES

Purpose: The City of Grand Junction is interested in a product that provides an ongoing compliance system of short-term rentals. The desired software would include data on rental listings as well as addresses and contact information, to match up with city records to identify out-of-compliance short-term rentals and to assist with identification of the units advertising and operating in the city.

Scope of services:

- Short-Term Rental (STR) address identification within the city limits of Grand Junction.
- Real-time data, reporting, analytics, and mapping
- Other services (a-la-carte) available to aid the City with STR compliance.
- Creation and maintenance of a database of STR units within the city limits of Grand Junction

Proposal Requirements:

- Background of experience with City and STR enforcement
- Current technology environment – network and operating systems and security requirements
- Vendor requirements
- Representatives contact info.

- Value-added products and services/modules in addition to the RFP scope of work
- List of current and past customers/relationships & their contact info for references
- Complete list of cost and fees

Technology Requirements: The City prefers a cloud-based solution with the necessary security and user-level control of privileges; however, vendors should specify how their proposal/system prefers to address each of these items:

- Server Operating System
- Database Management System
- Server Hardware Architecture
- PC Requirements
- Web-hosting Requirements
- Office Automation Tools
- Email Applications
- Client Access Licensing (CALs) - Specify Concurrent vs. "Per Seat" Licensure

RFP Tentative Time Schedule:

- | | |
|--|-----------------------|
| • Request for Proposal available | September 30, 2019 |
| • Inquiry deadline at noon, no questions after this date | October 7, 2019 |
| • Addendum issued, if needed | October 9, 2019 |
| • Submittal deadline for proposals | October 14, 2019 |
| • City evaluation of proposals | October 15 – 18, 2019 |
| • Online product demonstrations, if requested by City | October 18 – 25, 2019 |



City of Grand Junction

RFP -4701-19-SDH: Short-Term Rental Compliance Software

Submitted by Host Compliance LLC

Ulrik Binzer, CEO, - 857-928-0955 - binzer@hostcompliance.com
1037 NE 65th Street #81158, Seattle, WA 98115

Submission Authorized by:

Ulrik Binzer, President & CEO



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Executive Summary

Serving more than 300 local governments with short term rental (“STR”) program management services and software today, Host Compliance has developed a deep understanding of what works and what doesn't when it comes to enforcing STR regulation. Since its founding in 2015, Host Compliance has quickly become widely regarded as the thought leader in the STR compliance monitoring and enforcement industry, and today it serves 90+% of the local governments in North America seeking outsourced STR compliance monitoring solutions.

As a provider of scalable yet customizable software-as-a-service offerings, the way we plan to meet the requirements outlined in the RFP is through deployment of our integrated cloud-based software-as-a-services solution. Our solution should be seen as a set of integrated and automated data sources and tools to improve the capabilities, efficiency and effectiveness of the City’s employees. **Address Identification** module coupled with other Host Compliance services should enable the City to accomplish its goals of an ongoing compliance system of short-term rentals that would include data on rental listings as well as addresses and contact information, to match up with city records to identify out-of-compliance short-term rentals and to assist with identification of the units advertising and operating in the city.

Our **Address Identification** solution forms the basis for a number of Host Compliance’s solutions, and as requested in Grand Junction’s scope of services, would provide for:

- Short-Term Rental (STR) address identification within the city limits of Grand Junction.
- Real-time data, reporting, analytics, and mapping.
- Other services (a-la-carte) available to aid the City with STR compliance.
- Creation and maintenance of a database of STR units within the city limits of Grand Junction.

Address Identification scans 40+ STR platforms for listings, deduplicates them, and leverages machine learning and a team of 200+ analysts to identify the addresses of listings. Our platform takes high resolution screen shots of all active listings no less than weekly and provides full address and contact information for identifiable STR listings and all available listing information for non-identifiable STR listings.

Our **Compliance Monitoring** (focused on zoning and permit compliance) and **Rental Activity Monitoring** (focused on tax under- and non-payment) solutions build on top of the Address Identification module to assess compliance and could even make the City’s letter outreach to STRs much more efficient (as always, after the City’s review and approval). Furthermore, our Rental Activity Monitoring module can be coupled with functionality to streamline audits of the most



egregious (non)-taxpayers, with customer reports and analysis to support sales tax audits and online submission of platform activity reports.

On a more proactive basis, our online **Permitting and Tax Collection** module is best in class, and can integrate STR permitting, sales tax collection and reporting, and renewal payments in one system, with the ability to calculate total amounts owed, late fees, interest, and penalties. The platform is available 24/7, with mobile adaptive design and SSL encryption, the ability to validate inputs whenever possible as to minimize data-entry errors, electronic signature capabilities, the ability to collect supporting documents (if required), and electronic credit and debit card payment capabilities through our payment processing partner, Stripe. City staff can access and maintain the permits and associated information on a real-time basis.

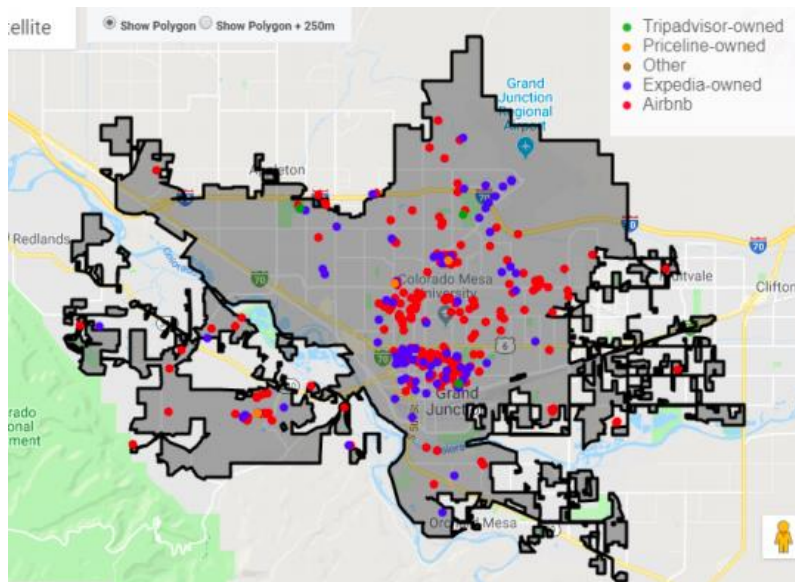
For local governments looking for ways to improve their ability to resolve STR related neighbor concerns in real time, our **24/7 Hotline** (a staffed telephone and email hotline) is a cost-effective solution that enables the City to quickly set-up and operate a cost-effective code enforcement hotline and online complaint reporting system at a fraction of the cost of doing so using traditional means.

In addition, a highly capable Customer Success team that is dedicated to ensuring the City's effective use of the Host Compliance platform is included as part of our solution. We have worked with some of North America's most sophisticated cities such as Denver, Austin, Boston, Nashville, Las Vegas, Los Angeles, and Minneapolis on their short term rental problems and bring that experience and expertise to all of our customers, large or small. As a result, the Host Compliance platform has earned customer satisfaction scores of 4.8 out of 5, with 98% of our customers reporting they would recommend us to a friend or colleague.

We have provided more detail on some of the more distinctive elements of our tools and services under the sections called Specific Services.

Current STR environment in Grand Junction

Figure 1 September 2019 Grand Junction STR Listings



Our analysis of the local market shows that the City’s STR market is incredibly dynamic. To be specific, when we analyzed the STR market from one year ago, we found 275 active listings. One year later, we find 301 active STR listings, which translates into 257 STR units. While STR listings in Grand Junction grew by 9%, this net growth-rate doesn’t tell the whole story and hides the fact that during the same 1-year time-period, 89 listings were deactivated, 15 were reposted, while 100 listings were created, for a 38% annual turnover rate. What this means is that only 62% of the listings currently active were found online at this time last year, and that the City would have had to identify 390 listings over the course of the year. We believe this is important as it highlights the dynamic nature of STR’s, and the need for proactive consistent enforcement efforts.



Background and Experience

Host Compliance LLC is a privately held company that was born in the heart of Silicon Valley. Founded in 2015, the company has quickly become the leading provider of STR compliance monitoring and enforcement solutions to local governments over the last 4 years. We recently closed our acquisition of STR Helper, a company focused also on STR compliance that was founded by a former city mayor and former city manager with deep expertise in municipal government, and combined today, we have a workforce in offices all over North America, including the former STR administrator for Vail, CO. Among our 300+ customers are over 25 local governments in Colorado.

In a short time, Host Compliance has become the global leader in STR regulation, compliance monitoring and enforcement and currently contracts with more than 300+ cities and counties for such services. The company is adding several customers each week and building a large body of compliance monitoring and enforcement best practice as we go. Host Compliance is currently contracted with **more than 25 Colorado cities and counties** to do similar work to the services desired by the city of Grand Junction including:

- City and County of Denver
- City of Boulder
- City of Fort Collins
- Beaver Creek Resort Company
- Town of Estes Park
- City of Manitou Springs
- City of Aurora
- City of Broomfield
- City of Durango
- Town of Vail
- Town of Pagosa Springs
- Cordillera Property Owners Association
- Grand County
- Gunnison County
- Larimer County
- Summit County
- Town of Crested Butte
- Town of Mount Crested Butte
- Town of Silverthorne
- Town of Frisco
- Town of Dillon
- Town of Grand Lake
- Town of Fraser
- Bachelor Gulch Metropolitan District
- Arrowhead at Vail Association HOA

From a solution standpoint, virtually all of our 300+ customers leverage our **Address Identification** solution to inform and prioritize their STR enforcement efforts.

With ~25 times as many local government STR clients as its closest competitor, Host Compliance is the clear market leader in the market for STR identification, compliance monitoring and enforcement solutions for local governments. This market leadership position manifests itself in 4 important areas:



- **Relevant Community Experience:** Unrivaled experience from serving 25+ Colorado cities and counties, many of which have similar regulations.
- **Market-Leading Expertise:** Our experience from working with many of North America's largest cities including Austin, Boston, Nashville, Denver, Las Vegas, Orlando, Los Angeles, and Minneapolis will ensure that our clients (large and small) always use industry best practices.
- **Advanced Data Science and Technology:** Best-in-class data science, technology, and processes that have been "battle-tested" and proven to work in communities as big as Los Angeles and small as Lake Bluff, IL.
- **Customer-focused service and support:** A workforce of 200+ analysts, a project management team, and a full Q/A team, along with our firsthand experience as Mayors, City Managers, Tax Collectors, Code Enforcement Officers and property managers, leads to demonstrably superior results with respect to accuracy, completeness and time to go-live.

To date, we have a 98% renewal rate, and our customers rate us a 9.5 out of 10⁴ in customer satisfaction, with 98% reporting that they would recommend Host Compliance to a friend or colleague.⁵ This deep expertise, our data-driven approach, and our focus on the end user has allowed Host Compliance to deliver proven, cost-effective and comprehensive short-term rental compliance programs to over 300 customers. We believe that the City of Grand Junction would similarly benefit from our effective and lowest risk avenue to quickly implementing a short-term rental compliance solution.

While we would be happy to introduce you to any of our clients, below is the contact information for some of the local government entities in the area that have been using Host Compliance services for significant periods of time:

City and County of Denver, CO

Address Identification, Compliance Monitoring for 4000+ STR units since January 2017

Brian Snow, Program Administrator

PH: (720) 865-2759

"Denver Excise and Licenses uses a software tool called Host Compliance to scan the internet for short-term rental advertisements and identify whether hosts are following the rules by including their short-term rental license number in the ads. Denver is near an all-time high compliance rate with 72% of online listings in compliance with the rules [much higher than most major cities], compared to 52% a year ago."- City of Denver

City of Fort Collins, CO

Address Identification, Compliance Monitoring for 400+ STR units since March 2017

Ginny Sawyer, Project and Policy Manager

PH: (970) 224-6094

Host Compliance has identified the addresses of 90+% of currently active listings and has supported



achieving an 80+% compliance rate.

Town of Estes Park, CO

Address Identification, Compliance Monitoring, Hotline for 700+ STR units since January 2017

Laura Hardin, Planner

PH: (970) 577-3723

Host Compliance has identified the addresses of 90+% of currently active listings

Beaver Creek Resort, CO

Address Identification, Compliance Monitoring, Rental Activity Monitoring, Permitting and Tax Collection for 900+ STR units since May 2017

Kathy Calton, Finance

PH: (970) 845-5896

Host Compliance has identified the addresses of 85+% of currently active listings

Village of Ruidoso, NM

Address Identification, Compliance Monitoring, Permitting and Tax Collection for 1000+ STR units since December 2018; also has voluntary tax collection agreement with Airbnb

Stephanie Warren, Short Term Rentals

PH: (575) 258-6999

“The New Mexico Municipal League recently declared that Ruidoso attained the highest percentage of compliance in the state, Dodge said. Host Compliance can track down rentals through a ‘scrubbing’ of the internet, sends out letters and performs many services for the village, but its components could be tailored to the county’s needs, he said. The village pays \$64,000 annually, but the return is substantially higher, he said. ‘We’ve had cases where a person says they received a letter, but are not renting, but we can show the dates rented, and they capitulate and sign up,’ he said.” – Ruidoso News

Current technology environment and Vendor Requirements

We have leveraged best-practice principles from our roots in Silicon Valley in building Host Compliance’s software, technology infrastructure, and data science architecture. Host Compliance’s core solutions are built in-house (given the lack of existing robust solutions incorporating geo-spatial data and the ability to run complex algorithms) and all data pertinent to our services are delivered through an integrated web interface that incorporates multiple modules (e.g., address identification, compliance monitoring, on-line permitting, tax collection, rental activity and tax compliance monitoring, hotline, reports and dashboards) updated in real-time. As the Host Compliance solution is a cloud-based solution on a virtualized server, it will be accessible to the relevant City of Grand Junction personnel through a secure password-protected web application. Data and reports can be pulled by City staff “on demand” through our platform, without the need for advanced hardware – only a secure and



consistent connection to a modern Internet browser (e.g., Explorer 11+, Edge, Chrome, Firefox and Safari) to access online software at a designated URL. As for PC requirements, as long as the City's PCs operate on one of the above mentioned operating systems, you will be able to use the Host Compliance platform.

For database management system, server hardware architecture, and related services, we are using Amazon, which is the industry's leading provider of such services and well-known for its scalability and security. Host Compliance is 100% cloud based which for the City means that there are no web hosting requirements as our databases are hosted on Amazon Web Services.

For external communications, we do use e-mail when a constituent's email is available; for internal communications, we have available Notes field to facilitate communication with the application. And because we do not have limitations on the number of authorized user accounts, the City may choose to provide access to the platform to other City departments at no added cost. We calculate our pricing based on the number of listings and short-term rentals in the City of Grand Junction and do charge concurrent or per seat licensure fees.

With regard to security, as described above, Host Compliance hosts our applications and your data with Amazon Web Services (AWS) which provides a highly reliable, scalable, low-cost infrastructure platform in the cloud that powers hundreds of thousands of organizations in 190 countries including government institutions such as the U.S. Department of State, the U.S. Department of Energy, the Center for Disease Control, the State of Washington and Multnomah County, OR. AWS is a secure, durable technology platform with industry-recognized certifications and audits: PCI DSS Level 1, ISO 27001, FISMA Moderate, FedRAMP, HIPAA, and SOC 1 (formerly referred to as SAS 70 and/or SSAE 16) and SOC 2 audit reports. All the data centers we use have multiple layers of operational and physical security to ensure the integrity and safety of our data.

All data is backed up using daily and weekly images. Parent/child replication additionally ensures that database backups are hot-swappable. Backups and replications are not transported off site but are stored in different Amazon data centers from the Host Compliance application to ensure that they can be recovered in case of loss of the primary data center. To identify and manage threats, Host Compliance's team constantly monitors notifications from various sources and alerts from internal systems.



Key Personnel and Representatives, including contact info

While Host Compliance's proposed solution is primarily delivered in the form of a software-as-a-service offering, the on-going project management and relationship management work will be led by some of North America's leading experts on STR regulation, compliance monitoring and enforcement:

Ulrik Binzer – Overall Project Management and Leadership

Ulrik is the Founder and CEO of Host Compliance, the industry leader in STR monitoring and compliance solutions for local governments. A pioneer in the STR enforcement solution space, Ulrik developed the first STR compliance monitoring tools and now uses his expertise and insights to help local governments across North America implement, monitor and enforce STR regulation. Ulrik frequently speaks on the topic of STRs and has been featured at a number of conferences including the American Planning Association's National Planning Conference, The University of Minnesota's Symposium on the Sharing Economy and at numerous events organized by the American Planning Association and the California Association of Code Enforcement Officers. Prior to founding Host Compliance, Ulrik served as Chief Operating Officer of Work4 Labs – an 80-person Venture Capital backed technology company with offices in Silicon Valley and Europe, and Soligent Distribution LLC - the largest distributor of solar equipment to local governments and businesses in the Americas.

Before assuming executive management roles in technology companies, Ulrik served as Vice President of the private equity firm Golden Gate Capital, as a strategy consultant at McKinsey & Company and as an Officer in the Danish Army where he commanded a 42-person Platoon and graduated first in his class from the Danish Army's Lieutenant School. Ulrik received his M.B.A. from Harvard Business School where he was as a Baker Scholar (top 5% of his class) and earned his Bachelor of Science degree in International Business from Copenhagen Business School and New York University.

David Marcus – Data management and analytics

David is Host Compliance's technical Co-founder, CTO and Chief Data Scientist, and a Caltech Applied and Computational Math graduate specialized in geospatial data science and information management. He has more than 13 years of experience building well-architected, scalable GIS applications.

Prior to Host Compliance, David founded PointsOnAMap.com, a database of travel attractions from around the world based on the analysis of hundreds of millions of photos, and Routefriend.com, a web-based application for planning trips on buses and trains, serving 1.5 million monthly users. David's most recent experience was at DwellAware where he served as the Lead Data Scientist, developing models of risks and costs in the residential real estate sector. Prior to DwellAware, David served in

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various technical roles at a number of software companies including aboutLife, Urban Mapping, American Towns, Nielsen Analytic Consulting and Hewitt Associates. David earned his Bachelor's Degree in Applied & Computational Mathematics at the California Institute of Technology and his Master's Degree in Anthropology from the University of Kent.

Lucas Culbertson – Software Engineering

Lucas leads Host Compliance's engineering team and ensures that Host Compliance always delivers a modern, high-quality software product. After starting his career in a traditional desktop GIS world, Lucas' skills have rapidly evolved to meet the ever-changing demand for geospatial experts with a focus on software engineering principles. His 9+ years of hands-on experience lies in both the agile, nimble, tech start-up world to the realm of DoD contract work where security and integration are paramount. Prior to Host Compliance, Lucas served in various technical leadership roles at Sirius XM, Automatic, and Urban Mapping. Lucas started his career as a GIS specialist for Bowhead Science and Technology, working with federal customers, and a GIS analyst for Spatial Data Research, specializing in municipal and country data. Lucas earned his Bachelor of Science in Geographical Information & Analysis from the University of Kansas.

Robert Peterson – Account Management

Bob heads up Account Management and strategic implementations for Host Compliance. As the former COO of STR Helper (the company that Host Compliance acquired) as well as a former City Manager for Garden City in Utah, which transforms from a sleepy town of 700 full time residents in May to over 20,000 by July, he has deep first-hand experience with the difficulties that municipal governments experience with STRs. Prior to working in the space of STR compliance, Bob has worked in the software industry for over 25 years, including serving as an Infrastructure and Engineering Senior Vice President for Bank of America, managing development and QA teams for SunGard, and working in technical services for Corel and Novell. Bob earned his Bachelor's Degree and Master of Public Administration from Brigham Young University.

Teresa Ou – Legal and Compliance

Given the rapid changes in STR regulation, we have included the profile for our General Counsel, Teresa Ou. Teresa honed her legal acumen at several major national law firms in New York, Boston, and Atlanta, followed by heading up the legal, compliance, and other functions for a high-profile start-up company named Lyra Health, Inc, where she started as the first employee and helped drive growth to almost 70 employees. In addition to her legal acumen, Teresa has almost 10 years of business consulting experience with McKinsey & Company where she focused on highly regulated industries. She is now well-versed in the various aspects of local statutory/ ordinance/regulations related to STRs, including advising municipalities on privacy laws (including the impact of the impending California Consumer Privacy Act of 2018), taxation/licensing powers, and the regulation of STRs. Most recently, she spoke on "Legal Issues with Short Term Rentals" at the 2019 National Planning Conference for the



American Planning Association. Teresa earned her undergraduate degree magna cum laude from Harvard College and law degree from Harvard Law School.

Stacy Pobatschnig – Customer success

Stacy leads Host Compliance’s customer success team (10 FTE and 200+ contractors) and our customers praise her responsiveness and ability to explain, instruct, and train. She is passionate about communication strategy, project management, and making positive impact for the thousands of permanent residents who are finding themselves priced out of the communities they work in and love. In fact, Stacy first learned about Host Compliance as she was looking for long term rental housing in the Lake Tahoe region (where she resides) and quickly realized that there was none available, partly due to the conversion of workforce housing into full-time STRs. Prior to joining Host Compliance, Stacy ran her own consulting firm and served in various leadership roles at Recreational Equipment, Inc. (REI) and Orvis where she managed various marketing analytics and software implementation teams. Stacy earned her MBA from the University of New Hampshire and her undergraduate degree from Simmons College in Boston.

Johannah Richards – Project / program management

Johannah heads up program management (4 FTE) and brings a wealth of local government experience in STR management to Host Compliance, including running the short-term rental compliance program, among other responsibilities, in Vail, Colorado. As the former Tax and Licensing Manager for Vail, she was responsible for the regulation and collection of \$24M in yearly sales tax revenue and the licensing and regulation of the 2400 short-term rentals located within the town, and in 2017, she was instrumental in the creation of public outreach and feedback processes, regulation strategies, and policy development for managing short-term rental impacts on the community. She also served as the Operations Manager for Community Development in Aspen, Colorado, with a focus on business process analysis and improvements to evaluate the efficiency and effectiveness of the current business systems that were in place for land use permitting and development. In addition, she has a deep background managing large scale project implementations across a number of our clients, including policy development initiatives in multiple communities. She resides in Edwards, Colorado, and our many customers in Colorado benefit from her expertise and experience in person.

Your main points of contact will be Johannah Richards (johannah.richards@hostcompliance.com) and our customer success team (customer.success@hostcompliance.com (415) 715-9280)



Scope of Services: Short-Term Rental (STR) address identification within the city limits of Grand Junction

Over the last 4 years, we have invested over \$1 million to develop our industry-leading **STR Address Identification** technology and artificial intelligence that enables us to create a more accurate inventory and match more short-term rental listings to short-term rental units than any of our competitors. In fact, since our inception we have successfully identified the exact addresses of more than a million short-term rental listings!

Our **Address Identification** data is made available to City staff via Host Compliance's cloud-based software platform, a combined CRM and big-data analytics platform utilizing some of the most cutting-edge artificial intelligence technologies to create tangible results for our clients, while delivering a "consumer-grade" user experience to City staff. We continuously scan all the applicable short-term rental websites operating in the City (42 at the time of writing) every 3 days, de-duplicate the listings, and then identify the addresses of the properties listed for short-term rental. While some competitors would have you believe that a service such as Address Identification is a commodity, the reality is that our solution provides dramatically better data.



Host Compliance systematically captures data from 42 major short-term rental platforms every 3 days

- Abritel
- Agoda.com
- Airbnb.com
- AlugueTemporada
- BedandBreakfast.com
- Bookabach
- BookANook4Me
- Booking.com
- BringFido
- CanadaStays
- CyberRentals
- Expedia.com
- FeWo-direkt.de
- Flat4Day
- Flipkey.com
- Hello Relaxation
- Hipcamp
- HolidayLettings.com
- HomeAway.co.uk
- HomeAway.com
- HomeAway.com.au
- HomeAway.de
- HomeAway.es
- HomeEscape
- Homelidays.com
- HouseTrip.com
- LuxuryRetreats.com
- MisterBandB
- Niumba.com
- Orbitz
- OwnersDirect
- PerfectPlaces
- Pink Vacation Rentals
- Stayz.com.au
- Toprural.es
- travelmob.com
- Tripadvisor.com
- VacationHomeRentals
- VacationRentals.com
- Vacation Rental Pros
- Villas.com
- VRBO.com

In combination, we believe the listings on these 42 websites represent ~99% of the total universe of vacation rentals in the City's jurisdiction. Please also note that our competitors monitor a fraction of the websites that are relevant to the City. This difference in features results in less comprehensive accurate data and materially fewer identified STRs.

As described above, our analysis shows 301 STR listings in the City as of September 2019. While the City had 301 active STR listings, a number of STR units were simultaneously advertised on 2 or more different websites (e.g. Airbnb and Flipkey). After eliminating duplicate listings, we believe these 301 active STR listings therefore represent 257 unique units. To eliminate duplicate listings, we use our proprietary de-duplication models that are more accurate than the models used by any other provider in the industry. Specifically, while other vendors use simplistic models that simply detect overlaps in listing descriptions, we use far more accurate distributed deep learning algorithms to identify duplicate listings. To provide additional detail, we currently use models based on XGBoost, a random forest machine learning library used in the world's leading machine learning competitions and currently considered to be the most advanced machine learning technology available. Using these advanced models has allowed us to



algorithmically identify duplicate listings across platforms with 97% match accuracy.

Once Host Compliance has identified all active STR listings within the City’s jurisdiction, the next step is to leverage our data science to identify the exact location (e.g., parcel number, situs address, unit number (where possible and applicable), and coordinates (latitude and longitude), host/ operator name, and property owner information. To do this we combine the City’s property databases with both simple parcel number matching algorithms and more advanced matching techniques such as:

- “Levenshtein edit distance matching”: Match records based on the Levenshtein measure of dissimilarity between two text strings. The Levenshtein edit distance is the number of operations (deletions, insertions, or replacement) of a single character that are required to transform string-1 into string-2,
- “Soundex matching”: Match records using a phonetic algorithm for indexing names and addresses by sound, as pronounced in English and Spanish. The goal is for homophones to be encoded to the same representation so that they can be matched despite minor differences in spelling.
- “GIS Informed matching”: Inform records matching by overlaying GIS data, i.e., distances between address points, etc.

In combination these advanced matching techniques produce higher match rates and more accurate matching than what can be achieved using less sophisticated methods. Our comprehensive inventory includes a number of criteria including listing URL, location address, owner name, contact information, property type, room type, as well as other information we collect from the STR listing to support matching with the actual STRs, including maximum advertised occupancy, listing descriptions, number of bedrooms and bathrooms, reviews, rental rate, minimum and maximum stays, and other pertinent information.

The address, parcel number and owner identification are done by using a combination of proprietary data sources, geospatial algorithms and our more than 200 trained address identification analysts, each of whom have passed rigorous quality control testing (and whose backgrounds include software engineers, business and law school graduates, accountants and even a title researcher!). This process is very quick and precise as compared to doing the same work manually (or exclusively algorithmically), and for comparison, we have more than 5 times as many data analysts as our closest competitor. All information is continuously acquired and stored in our secure cloud-based database, which contains an inventory of listing information (e.g., property type, room type, maximum advertised occupancy, number of rooms, rental rate, and minimum/maximum stay), high resolution images and screen captures of each active listing (including reviews) and for identified properties, parcel number, address, contact information and address for property owners. The listings are continuously monitored and given the importance of hard irrefutable evidence, Host Compliance automatically captures full-screen, high-definition screenshots of all active listings every 3 days (on average) and attaches these



screenshots to each property’s “file” in the database. The screenshots are captured on a random time

Showing 1 to 50 of 2,366 entries

Previous 1 2 3 4 5 ... 48 Next

Host Compliance Listing ID	Host Compliance Property ID	Parcel Number	Listing is Active	Meets STR Definition	Listing's First Activity Date	Date First Found or Reposted	Date Removed	Listing Site	Listing Title	Listing URL	Identified Address	Identified Unit Number	Listing's Minimum Nights Requirement	Listing Room Type
8SbVvaV9a...			false	false	2017-02-18		2017-02-25	Airbnb	Charming Tahoe Donner Chalet	https://www...			2	Entire home/apt
Lm4f7ca5n...			false	false	2015-12-29		2017-01-28	Airbnb	Truckee Tahoe spacious home 4BR 3BA	https://www...			2	Entire home/apt
WkHRSeq9...			false	false	2015-12-01		2016-12-18	Airbnb	Authentic Tahoe	https://www...			4	Entire home/apt
saik8ythLZT...			false	false	2015-12-01		2016-12-03	Airbnb	Tahoe Donner Home	https://www...			2	Entire home/apt
d1So9bth-ixsKDiv			true	false	2017-01-06	2016-09-24		Airbnb	Peaceful 3BR Truckee Cabin	https://www...			3	Entire home/apt
9AKPxEOGM...			true	false	2016-02-22	2016-09-24		Airbnb	Rustic 3BR Cabin in Truckee, CA	https://www...			2	Entire home/apt
3agx-TyRUwmdNJ...			false	false	2017-02-18		2017-02-25	Airbnb	Beautiful 2BR Tahoe Donner Condo	https://www...		2	2	Entire home/apt
xjeos900Di6...			true	false	2017-01-29	2017-01-14		Airbnb	Cozy, Modern and Updated One Bedroom Abode	https://www...			1	Entire home/apt

Figure 2 Address Report Example

and day during the week to eliminate the risk of non-compliant short-term rental operators “gaming the system” by making their listings temporarily inactive on certain days and times. Our screenshots are time-stamped and include everything related to the listings including the pictures, maps, reviews and descriptive information. To our knowledge, no other provider of short-term rental monitoring software captures full screen, time-stamped weekly screenshots; instead, they only take screenshots upon address identification or on an ad-hoc basis. This is problematic as it leaves City staff with much less actionable evidence than what is provided by Host Compliance’s solution.

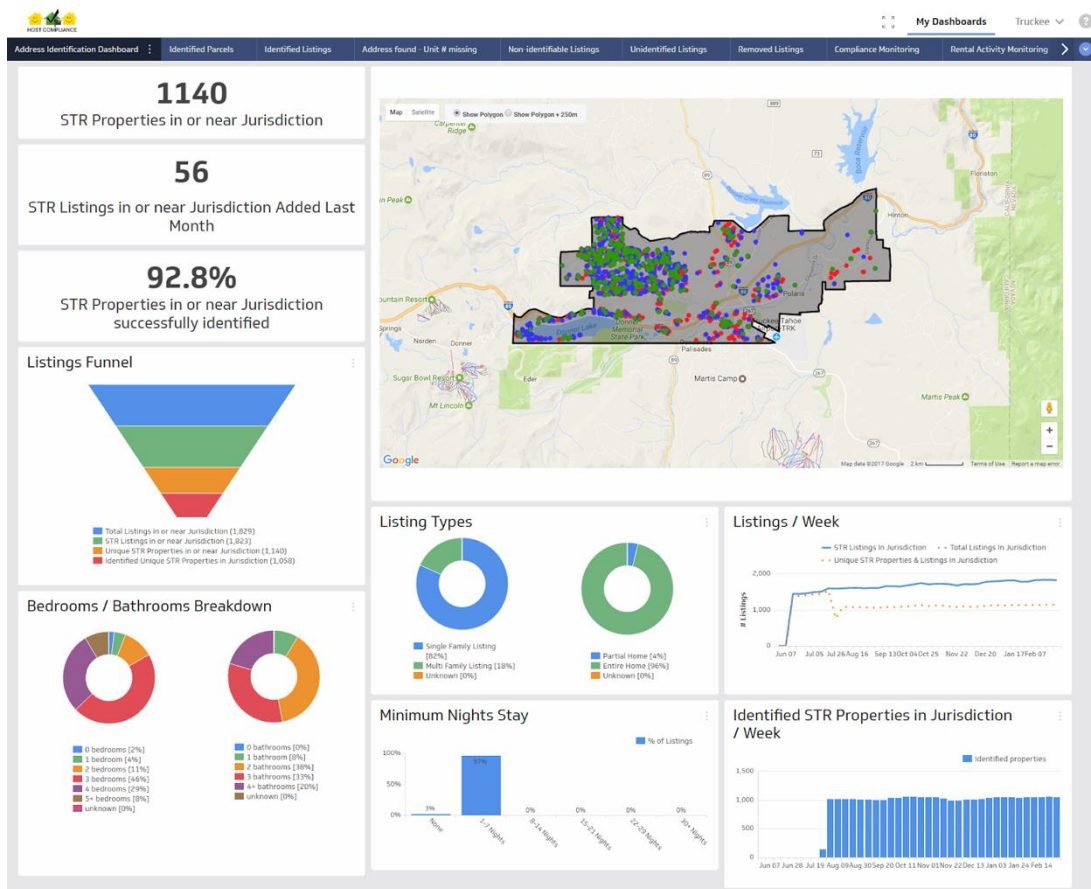
We have focused on automating as much of the STR monitoring and compliance process as possible. Before our technology, local governments had to manually search the internet, attempt to identify addresses independently, and evaluate for possible non-compliance, which is a highly intensive process and resulted in a much lower compliance rate. With our automated Address Identification module, we monitor 42 websites and take over 100,000 screenshots daily to monitor STR listings and track rental activities to help cities like Grand Junction bring non-compliant hosts into compliance.



Real-time data, reporting, analytics, and Mapping

Our Address Identification data is made available via Host Compliance’s platform, a combined CRM and big-data analytics platform utilizing some of the most cutting edge artificial intelligence technologies to create tangible results for our clients, while delivering a “consumer-grade” user experience to City staff. All data pertinent to our services are delivered through this integrated web interface that incorporates multiple modules (e.g., address identification, compliance monitoring, on-line permitting, tax collection, rental activity and tax compliance monitoring, hotline, reports and dashboards) updated in real-time.

Figure 3 Host Compliance Address Identification Dashboard



Our online portal offers dashboards and reporting “on demand”, as the listings are continuously monitored. The database would contain sortable records and time stamped screenshots of all currently and previously active STR listings in the City’s jurisdiction, including both properties that have already been contacted by the City, and properties that have yet to be contacted. Our data is updated every day, with the ability for City staff to search, enter information, correct, append with additional information,

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as well as use the data for outreach, monitoring and compliance purposes. To streamline the City’s workflows and reporting process, Host Compliance has many standard reports and in case additional custom reports are needed, we can create those at no additional cost, and City staff can access and run them through our platform.

Other services (a-la-carte) available to aid the City with STR compliance

Host Compliance offers a number of other services (a-la-carte) which build on Address Identification: Compliance Monitoring, Rental Activity Monitoring, Permitting/registration and Tax Collection, and a 24/7 Hotline. We have described each of these services in more detail below:

Compliance Monitoring

Via our **Compliance Monitoring** module, Host Compliance then continuously identifies the exact addresses of all identifiable short-term rental properties and stores all the relevant property, owner and host information in our secure cloud-based database. To make this data actionable, our systems compare it against Grand Junction’s registration records, and then automatically categorize and label all advertised short-term rental units based on their compliance level i.e.:

- Fully compliant properties, i.e., properties that meet all regulatory requirements
- Partially-compliant properties, i.e., properties that satisfy some, but not all the City’s regulatory requirements
- Non-compliant properties, i.e., properties that do not satisfy any of the City’s regulatory requirements
- Properties for which the compliance status is still to be determined due to lack of data

Based on these regular scans and the registration records, Host Compliance’s software will automatically classify all short-term rental units and listings into “active” and “inactive” based on the then current online availability of ads for each unit. Our system will provide easy to understand real-time reporting on new and removed listings and short-term rental units to make it easy for staff to quickly identify and generate lists of:

- Newly listed compliant and non-compliant short-term rentals



- Short-term rentals that have eliminated all advertising on all the websites monitored by Host Compliance
- Re-listings of non-compliant properties
- Short-term rentals that have become compliant because of outreach
- Short-term rentals that are still listed despite initial or repeated outreach

In addition, the lists enable prioritization of the automated outreach feature of our **Compliance Monitoring** module. Upon address identification, we could initiate a series of outreach initiatives intended to bring non-compliant properties into compliance with the City's STR regulations. The exact specifics of this communication plan can be adopted to accommodate the City's exact needs and communication preferences, but as a rule, such a plan will include the following types and sequence of highly targeted activities:

- When new non-registered properties are first identified, we will first mail the owner an "initial warning" letter to remind them of the City's STR requirements, and provide instruction on how to get into compliance.
- In the event, the owner does not comply with the rules within 30 days of receiving the "initial warning" letter, we will follow-up with a more sternly worded "Notice of Violation" letter.
- If an owner does not comply with the rules after receiving the 2nd letter we will refer the case to the City for follow-up. The City's follow-up will be greatly aided by our data, screenshots etc. which are available to City's personnel through the previously described online data portal. All information is available 24/7 online on desktop and mobile devices and can be download in jpg, png, pdf, excel or other standard file formats if desired.

With this approach, we typically see compliance rates of greater than 80% after 2 letters.

Our Compliance Monitoring module also provides sophisticated functionality to precisely define mailing criteria to segment and target different types of letter recipients using an unlimited number of fully customized mailing criteria and form letters i.e.:

- Ability to use sophisticated and highly customized mailing criteria e.g.
- Newly listed non-compliant short-term rentals
- Re-listings of illegal properties
- Short-term rentals that are still listed despite being mailed X number of notice letters in the past Y days
- any other combination of mailing criteria o Quickly deploy new letter templates and certificates by taking advantage of Host Compliance's vast library of best-practice letter templates. All Host Compliance letter templates:



- are thoroughly tested for clarity and impact to maximize response rates and minimize follow-up calls
- Provide the ability to continuously optimize response rates and impact by A/B testing new versions of existing and/or new form letters

Please note that all form letters used by Host Compliance will be developed in close cooperation with City of Grand Junction and that the final versions will be subject to the City of Grand Junction’s final approval.

Figure 4 Compliance Monitoring letter examples

CITY OF MILL VALLEY
26 CORTE MADERA AVENUE
MILL VALLEY, CA 94941



X00000

[Redacted]
[Redacted]
[Redacted]

February 21, 2017

Re: Short-term Rental Registration Process

Dear [Redacted]

It has come to our attention either through neighbor complaint or advertising on the internet that you are renting your property located at [Redacted] without having registered with the City of Mill Valley.

In 2015, the City of Mill Valley initiated a Short-term Rental Registration process that seeks to identify properties in the City that are rented on a short-term basis (i.e., fewer than 30 days), encourage hosts to manage their rentals in a way that protects the residential character of our neighborhoods, and collect appropriate fees and taxes. Through this Registration process, the City requires that existing or prospective hosts of vacation rentals will obtain a Business License (\$16 annual fee), complete the Short-term Registration form (\$50 annual fee), and pay Transient Occupancy Tax (TOT) on a monthly basis to the City. The appropriate forms can be found on the City’s website at <http://cityofmillvalley.org/rentals> and are also available at City Hall.


Please submit all forms and fees within 30 days from the postmark on this letter.

If you have any questions about this request and process, please feel free to contact me.

Sincerely,

Lisa Newman
Senior Planner
City of Mill Valley
(415) 384-4810
lnewman@cityofmillvalley.org

COUNTY OF SAN LUIS OBISPO
1055 MONTEREY STREET ROOM D290
SAN LUIS OBISPO, CA 93408



COUNTY OF SAN LUIS OBISPO
TAX COLLECTOR

X00000

[Redacted]
[Redacted]
[Redacted]

February 21, 2017

RE: POSSIBLE VIOLATION OF VACATION RENTAL LICENSING REQUIREMENTS AT [Redacted]

Dear [Redacted]

In the unincorporated areas of San Luis Obispo County (outside of any of the seven incorporated cities), lodging businesses (including private home vacation rentals) must register for a County Business License and must collect Transient Occupancy Tax (TOT, also called "bed tax" or "hotel tax") and other required assessments from their guests. These requirements apply whether properties are rented directly by owners, through a local property manager, or through an internet listing site such as airbnb.com, vrbo.com, homeaway.com, or craigslist.org.

The staff at the Tax Collector’s Office would be happy to walk you through this process. Please contact our office at ttc@co.slo.ca.us or call (805) 781-5831. This process requires that you:

- Apply for a Land Use Authorization at the County Planning and Building Department Permit Center at 976 Osos Street in San Luis Obispo.
- Once the Land Use Authorization (for a one-time fee of \$54) is issued, visit the Tax Collector’s Office at 1055 Monterey St., Rm D-290, San Luis Obispo, CA (Near the Fremont Theater). Tax Collector staff will be happy to issue a County Business License (\$36 Application Fee) and provide instructions for how to collect TOT and other required assessments from your guests.

TOT collected by operators from their guests helps fund important County services, such as law enforcement and road maintenance. Additionally, enforcement of County Business License and TOT requirements helps to ensure a "level playing field" for all operators.

If you have questions or comments, please contact us at ttc@co.slo.ca.us or at (805) 781-5831. We are happy to help bring lodging businesses into compliance. We appreciate your help in making our County better place for our residents and our guests.

Sincerely,

JAMES P. ERB, CPA
COUNTY TAX COLLECTOR

County of San Luis Obispo Government Center
1055 Monterey Street, Room D290 | San Luis Obispo, CA 93408 | (P) 805-781-5831 | (F) 805-781-5362
ttc@co.slo.ca.us | <http://sloacttc.com>



Figure 5 Letter Dashboard

Letters													
Parcel Number	Listing Address	Currently Active	Listing URLs	Validation Pages	Minimum Nights Requirement	Owner Name	Owner Address	First Letter Last Updated	First Letter Status	Second Letter Last Updated	Second Letter Status	Third Letter Last Updated	Third Letter Status
179		Yes	https://www.airbnb.c	Validation Page	3	NORMAN DARCY D & INGER K		01-Dec-2016 08:56:00	Delivered				
2		Yes	https://www.airbnb.c	Validation Page	2	KING RONALD E & TERESA R		25-Feb-2017 10:24:00	Arrived at USPS Facility				
3		Yes	https://www.homeasrental/p35430vb	Validation Page	2	DANIELS MARY C & PATRICK G		17-Feb-2017 18:11:00	In Transit to Destination				
4		Yes	https://www.airbnb.c https://www.airbnb.c https://www.airbnb.c	Validation Page Validation Page Validation Page	1	RAYNOR ELLEN I		02-Dec-2016 23:01:00	In Transit to Destination	16-Feb-2017 16:06:00	In Transit to Destination		
5		Yes	https://www.airbnb.c https://www.homeasrental/p55864vb	Validation Page Validation Page	3	WEEKS ROBERT C & TESSA		16-Feb-2017 16:06:00	In Transit to Destination				
6		Yes	https://www.airbnb.c https://www.homeasrental/p828744vb	Validation Page Validation Page	3	PARKS SHIRLEY A & DAVID J TRSTES		09-Feb-2017 14:38:00	Delivered, Left with Individual				
7		Yes	https://www.airbnb.c https://www.homeasrental/p75474vb	Validation Page Validation Page	3	O'CONNELL KRISTIN D ETAL		19-Nov-2016 23:59:00	In Transit to Destination	07-Feb-2017 17:10:00	In Transit to Destination		
8		Yes	https://www.airbnb.c https://www.homeasrental/p84732vb	Validation Page Validation Page	2	NASON CATHERINE T TRSTE		23-Nov-2016 09:48:00	Available for Pickup	07-Feb-2017 11:24:00	In Transit to Destination		
9		Yes	https://www.airbnb.c https://www.flipkey.c	Validation Page Validation Page	1	ROBERSON DAVID S & SHELLY G		02-Feb-2017 07:40:00	In Transit to Destination				

Letters can be fully customized to include high-resolution color screenshots, “good neighbor information”, registration forms, tax registration forms and other advanced features including the ability to send First Class, Certified and/or Registered letters (Certified and Registered letters will be charged an extra fee to cover the incremental cost charged by the United States Postal Service). As with everything else we do, Host Compliance is committed to full transparency and accountability and save each letter we send on our client’s behalf in our database. As a result, all letters we send can be accessed in pdf format in full resolution and each letter is timestamped to show when it was sent and delivered.



Rental Activity Monitoring

As occupancy/lodging tax compliance can be a major source of government revenue, our **Rental Activity Monitoring** can be a big help in identifying and reaching out to hosts who fail to report or underreport taxes. For each STR listing the software identifies, it calculates and analyzes the applicable tax revenue. Our Rental Activity monitoring service operates through:

- Automatic Monitoring of calendar and review activity across STR websites
- Weekly screenshots of reviews and calendars for each active listing
- Calculating the estimated tax revenue of each property based on our proprietary algorithms
- Comparing such estimated taxes to the City's reported taxes, as well as amounts submitted under the City's AirBnB contract (with all data exchange to be completed on an agreed upon schedule and format, and in a secure manner for confidential tax information), and identifying candidates for outreach
- Upon approval by the City or within pre-established parameters, quarterly pro-activity, systematic and data-informed outreach to STR operators regarding supporting documentation for their tax remittance obligations (using your form letters)
- Follow-up outreach to properties who do not submit sufficient documentation
- Generating up-to-date lists of STR operators suspected of under- or not reporting taxes
- Documentation of information that serves as the foundation for the suspicion of tax underreporting.

We will readily admit that estimating rental activity and corresponding revenue for tax collection based on reviews, calendar information, and nightly rates is challenging using traditional computation methods. Luckily, with the use of advanced artificial intelligence, we have developed far more robust models that surpass anybody else in the industry. While beyond the scope of this document, Host Compliance's rental frequency and activity algorithms were developed by developing advanced statistical models and deep-learning artificial intelligence across our vast historical dataset and have been rigorously back-tested. As a result, Host Compliance's rental frequency data is much more accurate than our competitor's data.



Mobile Permitting and Tax Collection

The foundation of an STR management and compliance program should be a seamless and easy-to-use permitting and tax collection system that provides robust document management and educates the applicant on STR requirements. Given the tech-savvy nature of STR hosts, and the likely large volume of permit applications and tax payments, we recommend our **Permitting and Tax Collection** solution to enable the ability to apply, pay, and track status online in real-time. Equally important, the online forms need to be mobile friendly, as ~50% of short-term rental hosts prefer to handle their business from their mobile devices (our solutions are mobile enabled).

Our solution makes it easy for STR hosts to register, renew permits and licenses, and calculate and remit taxes to City of Grand Junction. We have applied the best of user-centered design principles to our on-line Permitting and Tax Collection module which may seem to be a “nice-to-have”, but actually leads to increased completion rates and constituent satisfaction, while also reducing errors and decreasing the amount of time spent by the staff in supporting applicants through the process. Moreover, we work closely with our clients to ensure that all appropriate permit requirements and tax remittance calculations are captured in the system, as well as decide upon the right balance of review and validation between our team and City staff. For your convenience we have provided links to live version of a permitting and tax collection system below as well as a demo video for our registration system.



Figure 6 Introductory Screen (on mobile)

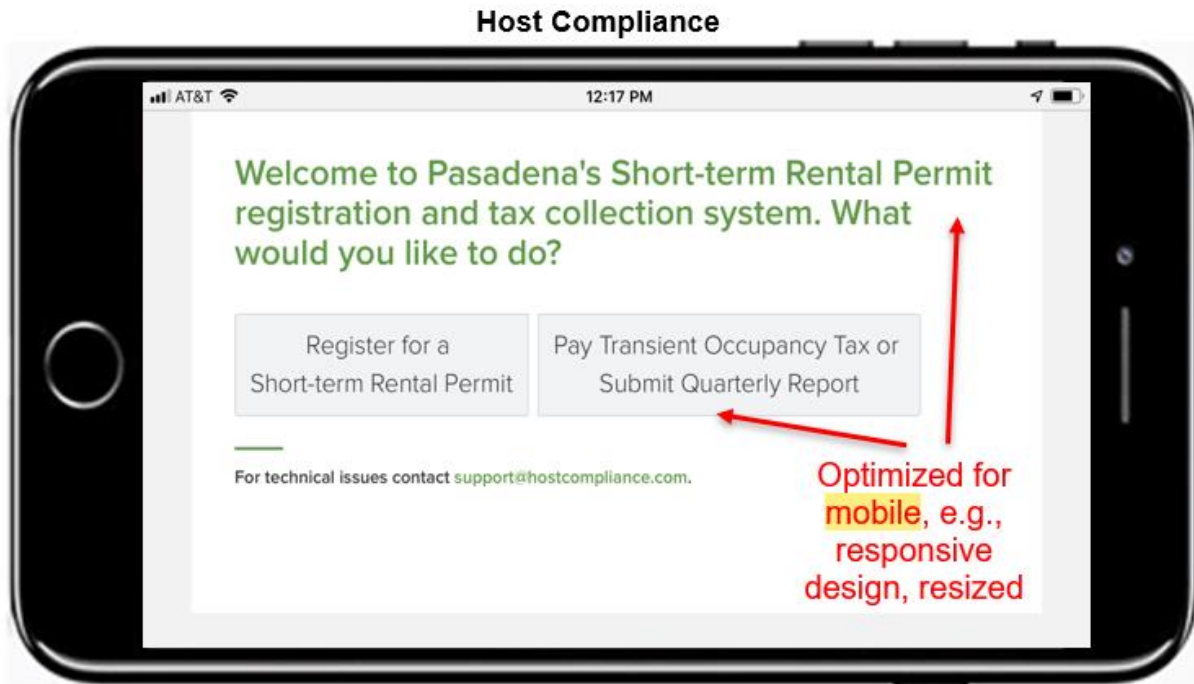
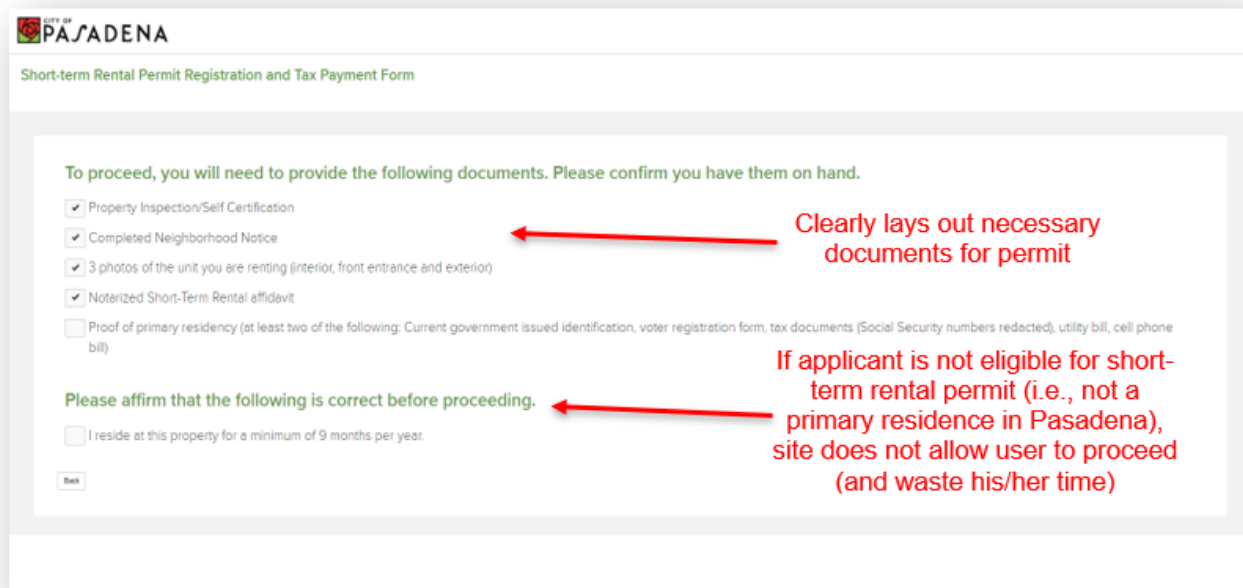


Figure 7 Screen 2 with built-in compliance and clear instructions





We highly recommend that you take the opportunity to compare and contrast this user experience with the user experience offered by our competitors to judge for yourself who offers the best solution to this problem. Host Compliance's focus on ease of use, error-proofing, and legal compliance results in a clearly superior experience and better data. We believe that accessibility and inclusiveness are critical to an open government, and so we strive to adhere to the principles of Web Content Accessibility Guidelines 2.0, and we are already making investments to become compliant with the California Consumer Privacy Act of 2018 (effective January 1, 2020). Please also note:

- Mobile optimization, e.g., responsive design, resized text
- Clear and easy-to-read instructions and navigation
- Error-proofing via input validation
- Integrated credit/debit card payment functionality
- Ability to collect electronic signatures.

All payments are processed through a 3rd party payment processor called Stripe. Stripe has been audited by a PCI-certified auditor and is certified to PCI Service Provider Level 1. This is the most stringent level of certification available in the payments industry. To accomplish this, Stripe makes use of best-in-class security tools and practices to maintain a high level of security. Staff may search for past payments and registration applications, request corrections to applications with additional information; data may be downloaded in Excel files and data in the form of Excel, CSV, or GIS/shapefiles can be uploaded on their behalf.

24/7 Hotline

For local governments looking for ways to improve their ability to resolve STR related neighbor concerns in real time, our **24/7 Hotline** (a staffed telephone and online hotline) is a cost-effective solution that enables the City to quickly set-up and operate a cost-effective code enforcement hotline and online complaint reporting system at a fraction of the cost of doing so using traditional means. With this service, we set up a hotline for neighbors to report non-emergency problems related to STR properties to, while at the same time getting our local government partners the data they need to root out non-neighborly STR hosts:

- Incidents can be reported by phone or online
- Full documentation of all reported incidents, with 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

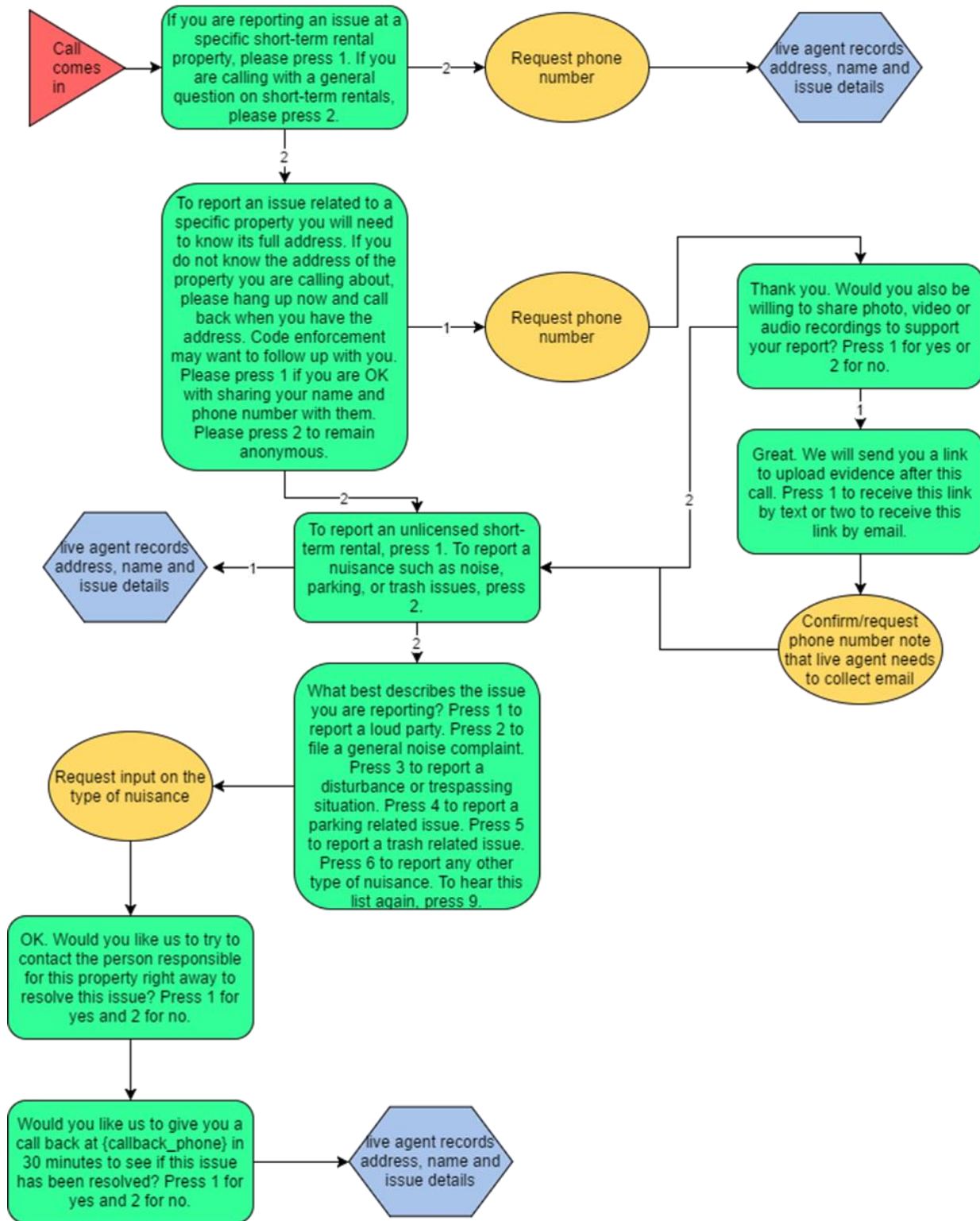


HOST COMPLIANCE

- Weekly staff reports containing: the # and types of reported incidents, list of reported properties, and custom reports and analysis of hotline related activities

The core of Host Compliance's hotline solution is a sophisticated call center and online reporting platform that allows neighbors to easily report noise, parking, trash and other vacation rental related issues 24/7/365. The call flow can be customized to the City's exact needs, but our recommended call flow is shown below, including several innovative features described in more detail below the flow diagram. Note that the call flow is partially automated to ensure 100% consistency and make the service cost-effective.

Short-term Rental Hotline Call Flow





Automatic Evidence Collection: Host Compliance's systems provides allows the City to automatically request evidence of the alleged code violation directly from the complainant via text message or email. This evidence can take the form of images, videos, audio recordings or any other electronic evidence than can help substantiate the complaint. The evidence is requested either via text message or email, and the provided evidence is uploaded straight into our online system in real time. Requesting this evidence directly from the complainant immediately after they submit their complaint has many benefits:

- It greatly improves City's ability to prove ordinance violations
- It makes is easier to differentiate between real and frivolous complaints
- It can eliminate the need to dispatch zoning enforcement officers and thereby dramatically reduce the cost of obtaining the evidence

Automatic Outbound Calls to the Owners/Managers of Problem Properties: Host Compliance's system automatically cross references complaints with the City's database of registered short-term rentals to:

- Automatically call the owner or designated contact person for the short-term rental property that is causing problems within minutes of receiving the complaint
- Easily identify serial offenders 's noise/parking/traffic and other ordinances and use this data to initiate further actions against these "bad actors"

Automatic Collection of Data on Complaint Outcomes: Host Compliance's system incorporated the ability to automatically call back complainants after a designated amount of time to:

- Collect data on the outcome of the complaint and the property's owner's responsiveness
- Allow the complainant to easily escalate the complaint to zoning enforcement or the police department in the event the issue has not been resolved within the designated time-frame
- Requesting this data automatically and directly from the complainant within a certain time frame of him or her submitting the initial complaint has many benefits:
- It greatly improves the City's ability to prioritize complaints and only devote costly on-the-ground personnel where appropriate and necessary
- It makes is easier to document serious code violations and differentiate these from less severe problems
- It makes it easy to identify responsive and non-responsive property owners and managers and initiate further actions against those that do not respond to complaints and issues in a timely manner
- It can eliminate the need to dispatch zoning enforcement officers and thereby dramatically reduce the cost of obtaining the evidence

Automatic Call Recordings: Host Compliance's system records all calls and saves the recordings in the cloud for instant playback and future retrieval. Having real-time access to all call recordings makes



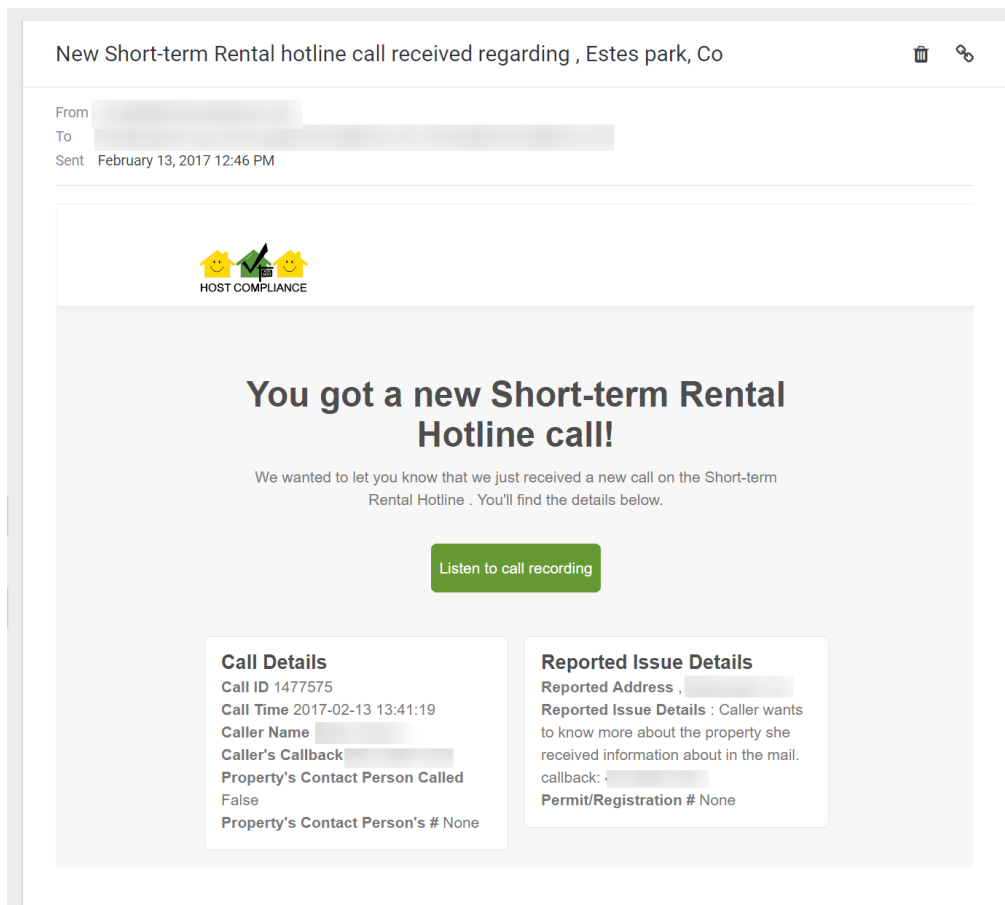
it easy for zoning enforcement staff to quickly get up to speed on the situation and if necessary, initiate immediate on-the ground follow-up actions

24/7 Real-time Dashboard: All calls to the hotline are automatically logged in our online dashboard which is available 24/7/365 from both desktop and mobile devices. The dashboard includes all pertinent information including:

- Time and date of the call
- Complaint type
- Address of the property that the complaint pertains to
- Whether the particular address is associated with a registered short-term rental property
- Complainant's contact information (if given)
- Any evidence submitted by the complainant
- A link to a recording of the call

Real-time Email and Text Message Notifications: If desired, our system can provide immediate email notifications to the City's designated personnel whenever a new complaint is received. The figure below shows an example.

Figure 8 STR Hotline Call Email Notification Example





In addition to the many features outlined above, the Host Compliance solution also provides the ability to easily run custom reports to shed light complaint patters, geographical hotspots and other relevant data points that can help optimize the City’s enforcement efforts. The data will be updated in close to real-time and the information can be easily downloaded into csv/Excel format.

Pricing

Since our services are delivered in the form of software-as-a-service offerings, we do not charge separately for labor hours nor do we have hourly billing rates for our software algorithms. Instead Host Compliance’s proposed STR software and services are offered as an annual subscription service, and our pricing model is driven by the volume of STRs to be monitored.

Base Solution	Price
Address Identification	\$9,720/yr
Additional Services	
Compliance Monitoring	\$3,662/yr
Rental Activity Monitoring	\$4,883/yr
Mobile Permitting and Tax Collection	\$5,000/yr
24/7 Dedicated Hotline	\$2,930/yr

Please note that with an increased focus on enforcement coupled with the City’s relatively new short-term permitting requirements, we anticipate that the number of short-term rental properties in the City (and the corresponding number of listings) should decrease in future years. As our pricing is based on the number of short term rental listings and units being monitored, our future year pricing would thus decrease pro rata. Since we cannot predict the exact impact, we cannot provide you with an exact number, but our pricing philosophy is always to be fair and transparent, and work in a partnership to ensure a high ROI on our services for our clients. Please also note that, with a City \$150 STR registration fee (and not taking into account the \$10 fee for sales tax license or the \$35 building inspection fee collected by the City), even if a competitor quoted a price that was 25% less than our proposal, our performance would only need to be 8% better than the competitor’s performance to provide a better overall return (i.e., the difference in subscription fees would be more than offset by our identifying 8% more STRs, based on registration fee alone).



For the avoidance of doubt, the proposed annual prices also include all the cost of implementing and customizing the software and services, associated reporting, dashboards, and data exports, and all training, support, maintenance, telephone and software licensing fees. In other words, there is no separate pricing for yearly maintenance, data conversion, training costs or any other associated costs, nor is there an implementation cost (as we spread the cost over the expected life of the contract through our subscription).

On the questions around the competitiveness of pricing, with the relatively small number of entrants in this space and government proposals subject to public records requests, there is substantial transparency into how each competitor prices. The pricing we have provided is consistent with our general pricing practices, and given the fact that we have won 90% of the RFP's we have participated in (with 100% renewal rate to date), we therefore believe that our pricing is a good value proposition that ensures a high ROI, a quality product, a top notch user and staff experience, industry-leading security, and cutting edge "big data" technology. While you may receive a lower price quote, we do not believe it is sustainable, and we encourage you to carefully check reference customers.