

RICHMOND HOUSING AUTHORITY (RHA)
Housing Advisory Commission Meeting

DATE: Monday, January 11, 2021

TIME: 3:30 p.m.

Access Meeting by Computer, Tablet or Mobile Device

Please click the link below to join the webinar:

<https://zoom.us/j/95576042883?pwd=R3IBOE1KN0ZiOFBBNXUyR1dLZ3drdz09>

Passcode: 458970

By Telephone: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or
+1 312 626 6799 or +1 929 205 6099

Webinar ID: 955 7604 2883

Passcode: 458970

CORONAVIRUS DISEASE (COVID-19) ADVISORY

Due to the coronavirus (COVID-19) pandemic, Contra Costa County and Governor Gavin Newsom have issued multiple orders requiring sheltering in place, social distancing, and reduction of person-to-person contact (See, for example, Contra Costa County Health Order extending the shelter-in-place order and statewide shelter-in-place order). Accordingly, Governor Gavin Newsom has issued executive orders that allow cities to hold public meetings via teleconferencing (Executive Order N-29-20).

Both <https://www.coronavirus.cchealth.org/> and <http://www.ci.richmond.ca.us/3914/Richmond-Coronavirus-Info> provide updated coronavirus information.

DUE TO THE SHELTER IN PLACE ORDERS, attendance at the Housing Advisory Commission Meeting will be limited to Housing Advisory Commission members, essential Richmond Housing Authority (RHA) and City of Richmond staff, and members of the news media. Public comment will be confined to items appearing on the agenda and will be limited to the methods provided below. Consistent with Executive Order N-29-20, this meeting will utilize teleconferencing only. The following provides information on how the public can participate in this meeting.

Public comments may be submitted in multiple ways:

1. Via email to aarredondo@rhaca.org by 2:30 p.m. on January 11, 2021 or during the meeting as set forth below. Email must contain in the subject line public comments – not on the agenda or public comments – agenda item #. Email must contain in the subject line **public comments – not on the agenda or public comments – agenda item #.**

Comments received via email or telephone during the meeting will be handled as follows:

Comments received via email during the meeting and up until the public comment period on the relevant agenda item is closed, will be read into the record and will be limited to a maximum of three minutes, depending on the number of commenters, as more fully described in the City Council meeting procedures below]. For public hearing items, the time will be limited to a maximum of three minutes. The staff will stop reading comments into the record after the allotted time of three minutes for such comments.

Comments received by telephone 510-621-1300, during the public comment period shall not to exceed the allotted time of three minutes – for such comments as provided above.

2. Via mail received by 2:30 p.m. Monday, January 11, 2021 sent to Richmond Housing Authority 330 24th Street, Richmond, CA 94804.

3. Via phone voice message received by 2:30 p.m. Monday, January 11, 2021, phone: 510-621-1300. Please leave your comment on the voicemail or with staff member that answers the phone.

4. Via Telephone. If you would like to give your public comment via telephone, please email your telephone number with area code to aarredondo@rhaca.org during the public comment period. You will be called during the public comment period and you will be given the opportunity to verbally submit public comment (not to exceed the allotted time – three minutes – for such comments as provided below).

The RHA cannot guarantee that its network will be uninterrupted. To ensure that the Housing Advisory receives your comments, you are strongly encouraged to submit your comments in writing in advance of the meeting.

Comments received by 2:30 p.m. January 11, 2021 during the day of the meeting will be handled as follows:

All email, phone, and mail comments received **by 2:30 p.m. on Monday, January 11, 2021**, will be provided to the Commissioners.

Record of all public comments:

All public comments will be considered a public record, put into the official meeting record, and considered before Commission action. All public comments will be available after the meeting as supplemental materials and will be posted as an attachment to the meeting minutes when the minutes are posted.

Accessibility for Individuals with Disabilities

Upon request, the RHA will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services and sign language interpreters, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be emailed to NBeacham@rhaca.org or submitted by phone at 510-620-1300. Requests can be made by mail to Nannette Beacham 330 24th Street, Richmond, CA 94804. Requests will be granted whenever possible and resolved in favor of accessibility.

Effect of Advisory on In-person public participation

During the pendency of the Executive Order N-29-20, the language in this Advisory portion of the agenda supersedes any language below in the meeting procedures contemplating in-person public comment.

Commissioners

**Carol Hegstrom
Chair**

**Jaycine Scott
Vice-Chair**

**Dena Nelson
Secretary**

Preston Lam

Toni Autry

Y'Anad Burrell

**Ben Choi
Council Liaison**

AGENDA

1. Call to Order and Pledge of Allegiance (1 min.)
2. Roll Call (1 min.)
3. Welcome and Meeting Procedures (1 min.) – Individuals who would like to address the commission on matters not listed on the Agenda may do so under Open Forum. Please file a speaker's card with the note taker prior to the commencement of Open Forum. Individuals, who want to comment on an individual item, please file a speaker's card before the item is called. The standard amount of time for each speaker will be three minutes.
4. Agenda Review and Adoption (4 min.)
The order in which items will be heard may be adjusted at this time. Items may be removed from the Agenda at this time.
5. Approval of Minutes (1 min.)
 - November and December 2020
6. Introduction of Invited Guests
7. Executive Director's Update
8. Housing Advisory Commissioners' Reports (3 min.)
9. Housing Advisory Commissioner Appointments
10. Presentations
11. Recommendations to the Housing Authority Board of Commissioners (3 min.).
 - ADOPT a resolution removing the former City of Richmond Budget Administrator, Markisha Guillory, and adding City of Richmond Accounting Manager, Delmy Cuellar, as authorizing signatory on the Mechanics Bank depository and checking accounts - Richmond Housing Authority.
 - ADOPT a resolution approving a one year contract with Maze and Associates to complete the audits for Fiscal Years 2017-2019 for the Richmond Housing Authority for a total not to exceed amount of \$124,445.30 for the period of July 1, 2020 to June 30, 2021.
12. Open Forum (Limit to 3 minutes per person)

At 4:30 p.m., any items remaining on the Agenda that require immediate attention may be moved to this time.

Commissioners

**Carol Hegstrom
Chair**

**Jaycine Scott
Vice-Chair**

**Dena Nelson
Secretary**

Preston Lam

Toni Autry

Y'Anad Burrell

**Ben Choi
Council Liaison**

AGENDA

13. Old Business

- Asset Repositioning Update
 - Nevin Plaza
 - Hacienda
 - Nystrom
 - Administration Building
 - Richmond Village

14. New Business

15. Next Scheduled Meeting

This Commission meets every 2nd Monday at 3:30 p.m. To request disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact Bruce Soublet, ADA Coordinator, at (510) 620-6509 at least three business days before the meeting date. The next meeting is scheduled for

Monday, February 8, 2021.

HOUSING ADVISORY COMMISSION
Monday, November 9, 2020 – 3:30 PM
450 Civic Center Plaza, Richmond, CA 94804
Zoom

MINUTES

1. CALL TO ORDER, ROLL CALL, PLEDGE

The meeting was called to order at 3:33pm by Housing Advisory Commissioner and Chair Carol Hegstrom.

2. Roll Call

Present: Carol Hegstrom (Chair), Jaycine Scott (Vice Chair), Dena Nelson, Toni Autry, Preston Lam

Absent: Y'Anand Burrell

Vacancies: 1

Staff: Nannette Beacham, RHA Executive Director – Present
Gabino Arredondo, City of Richmond – Present

Council Liaison: Ben Choi, Council Liaison – Not Present

3. WELCOME AND MEETING PROCEDURES

4. AGENDA REVIEW AND ADOPTION – No change.

5. APPROVAL OF MINUTES- Motion by Chair Hegstrom; Approved by all via verbal vote

6. INTRODUCTION OF INVITED GUESTS: Shivali Gowda

7. EXECUTIVE DIRECTOR'S UPDATE:

- Nystrom Village Clean-up day—City employees and neighborhood volunteers came together to deal with trash dumping, getting abandoned cars towed & vacant trailers
- Nystrom Village Vacant Unit Break-Ins units broken into and squatters, despite security screens
 - Currently 31 vacancies at Nystrom
 - Jose is doing a great job cleaning up the units and assessing which can be re-occupied. There is an active waiting list. Some units are not inhabitable and will need to be demolished. Where units just need minor repair, we will tackle those

- Jose: We are making progress and are planning to be able turn over 3 units first and hope to have a good number filled at both Nevin and Nystrom by the end of the year
- *Executive Director Beacham*: We don't always provide appliances at Nystrom. Sometimes residents provide their own appliances and they get a credit on their rent. But after a unit has been vacant for years, it is more than likely that we will be supplying appliances.
- *Question from Commissioner Autry*: Are utilities and appliances still in the units that could be attracting people to break in?
 - *Executive Director Beacham*: Utilities are turned off when the unit becomes vacant because yes, there is a history of break-ins for purpose of theft in the unit, including theft of copper. Currently though, PG&E won't disconnect utilities from units due to Covid-19. Jose's team is identifying units that can turned over, but there are some units that are uninhabitable and would need to be demolished in the next couple years.
 - *Gabino Arredondo*: Some people are running cords to the units to RVs. Working with fire department.
- *Question from Commissioner Nelson*: Can we connect the squatters with resources?
 - *Executive Director Beacham*: These aren't necessarily people we can help in our housing.
 - *Gabino Arredondo*: The police have a team that tries to help people when they go into the unit, but in this case the police arrested the people because they had outstanding warrants

8. HOUSING ADVISORY COMMISSIONERS' REPORTS

- *Commissioner Jaycine Scott*: Reduced loitering in front of Nevin Plaza and security seems more vigilant and deserve props. However, there is an issue with a large number of pigeons and droppings in the walkways
 - *Executive Director Beacham*: We would like to be more diligent in cleaning. Will work with Jose on a cleaning schedule. There isn't a lot we can do to deter the pigeons from coming. Netting and wiring haven't worked well in the past.
 - *Chair Carol Hegstrom*: I walk by every day and It does seem like it is getting better
 - *Executive Director Beacham* - it has to do with garbage as well. Trash can also attract rodents.

9. HOUSING ADVISORY COMMISSIONER APPOINTMENTS

None

10. PRESENTATIONS

11. RECOMMENDATIONS TO THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

Adopt a resolution authorizing the Executive Director to apply, accept and if awarded appropriate the U.S. Department of Housing and Urban Development (HUD) Emergency Safety and Security Grants for Nevin Plaza and Nystrom Village and execute all related documents to implement the grant

- We have a great opportunity to make an improvement. It first came to mind as a result of fire at Nystrom—can install brand new combination fire and carbon monoxide detectors and security cameras at Nystrom
- Asking for the maximum amount- \$225,000. We hope to be successful, even though we know there will be some future work at Nystrom, we feel good about eligibility.
- Even though we expect there will be some demolition and rehab, this will keep the neighborhood safe in the interim. It helps to have support from our commission when they are considering our grant application.

Motion to approve recommendation by Vice Chair Scott, Commissioner Autry seconds, commission approves unanimously

12. OPEN FORUM- none

13. OLD BUSINESS

- Asset repositioning update- technically we are behind but RHA not at fault
 - Nevin Plaza – section 18 application 80% submitted, has to go through technical system and almost there
 - Nystrom – still talking back and forth with developers who have submitted proposals. We want to make the best decision and don't want to pick a developer that can't keep their promises. Currently fact-finding and reviewing financials
 - Hacienda – one final funding piece; Mercy has submitted application for tax credits and we should hear back in December whether the tax credits were awarded. Moving along with solicitation for construction bids for redevelopment and should be done by the end of this month.
 - *Gabino Arredondo*: Call for artists recently closed.
 - *Chair Hegstrom*: will there be a separate development on the separate parcel?
 - *Executive Director Beacham*: not decided, but probably not public housing, since there wasn't public housing there before
 - Richmond Village – This property was redeveloped about 15 years ago so a 15 year option is coming up, we can re-finance or enter into a different kind of agreement.

Currently looking at data to make an informed recommendation to the Board in regard to the options for the property.

14. **NEW BUSINESS** – none
15. **NEXT SCHEDULED MEETING** - Monday December 14th, 2020
16. **ADJOURNMENT** - 4:03 pm

HOUSING ADVISORY COMMISSION
Monday, December 14, 2020 – 3:30 PM
450 Civic Center Plaza, Richmond, CA 94804
Zoom

MINUTES

1. CALL TO ORDER, ROLL CALL, PLEDGE

The meeting was called to order at 3:42pm by Housing Advisory Commissioner and Chair Carol Hegstrom.

2. Roll Call

Present: Carol Hegstrom (Chair), Jaycine Scott (Vice Chair), Dena Nelson, Y'Anand Burrell, Toni Autry

Absent: Preston Lam

Vacancies: 1

Staff: Nannette Beacham, RHA Executive Director – Present
Gabino Arredondo, City of Richmond – Present

Council Liaison: Ben Choi, Council Liaison – Present

3. WELCOME AND MEETING PROCEDURES

4. AGENDA REVIEW AND ADOPTION – No change

5. APPROVAL OF MINUTES – Minutes emailed today; approval postponed until next month

6. INTRODUCTION OF INVITED GUESTS:

Brian Swartz and Scott Johnson from EAH
Sheeba, Property Manager for Nevin and Nystrom

7. EXECUTIVE DIRECTOR'S UPDATE:

Director Beacham:

- Thank you for participation. We have made significant progress this year and your support means a lot.
- We are moving forward with Nevin redevelopment. Application for funding was submitted to HUD. Awesome work from EAH and waiting to hear back from HUD.
- Still a lot of activity to address squatting and dumping at Nystrom Village, but the Police Department and the Code Enforcement group have been responsive and have been active in moving squatters, towing cars, etc.

- The RHA was awarded over \$2 million in tax credits for Hacienda. Final piece of funding so that is great news.

Jose, facilities superintendent:

- 10 units turned and ready for occupancy, 3 more in the next week or two
- Adding 4 BPS systems
- Refreshed paint in parking lot at Nevin Plaza
- Dealing with high-pressure water valve leak, commercial plumbers are working on it. Also a leak in the boiler room
- Safety inspection last week—waiting for results
- Certified for alarm and sprinklers, good for the next year
- *Chair Hegstrom*: There is loud water pump in the boiler

8. HOUSING ADVISORY COMMISSIONERS' REPORTS

None

9. HOUSING ADVISORY COMMISSIONER APPOINTMENTS

None; Commissioners and city staff noted that we may need to change the by-laws to adjust the rules for the vacancy. The vacant slot may be reserved for someone with a relationship to the Section 8 program, which is no longer run by the Richmond Housing Authority

10. PRESENTATIONS

11. RECOMMENDATIONS TO THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

ADOPT a resolution authorizing the Executive Director to enter into a Master Development Agreement (MDA) and to negotiate and execute any and all related documents and agreements, including the Ground Lease, between the Richmond Housing Authority and EAH Housing for the development of the Nevin Plaza public housing site (2400 Nevin Avenue).

- Director Beacham: The RHA and EAH came to agreement and the RHA will be making a recommendation to the Housing Authority Board of Commissioners tomorrow
- Brian Swartz has an updated timeline for Nevin Plaza:
 - Section 18 application disposition expected in the first quarter of 2021, including responding to any HUD questions
 - Design process and building permit process
 - Relocation process for tenants—hoping to relocate all tenants on site, as we work through 8-12 units in any given month
 - Looking at completion of rehab construction in the middle of 2023
 - New construction will lag about a year behind the rehab construction because of the additional entitlement process, including discretionary approvals through the planning department
 - Also integrating collaborative community engagement into the timeline

- Chair Hegstrom:
 - Will the new construction include the parking lot?
 - What month will the rehab construction begin?
 - Mr. Swartz: Aiming for second quarter of 2022
 - Correction needed: Nevin Plaza is 7 stories, not 12
- Are we guaranteed to have project-based vouchers?
 - We need the HUD approval to be officially allocated
- We will have 3 fewer units in the new building
- There will be more new space for RHA office space after the rehab

Toni Autry moves to approve; Jaycine Scott seconds; motion passes unanimously

AUTHORIZE the Executive Director of the RHA to solicit a proposal from McCormack Baron Salazar (MBS) to continue to own the improvements and operate Richmond Village, in conjunction with RHA and under a ground lease from RHA, after the exit of the tax credit investor, and pursuant to such a proposal, to negotiate an agreement that is satisfactory to RHA; and AUTHORIZE a sixty (60) day negotiating period for RHA to reach agreement with MBS, with up to two 30-day extensions at the discretion of the Executive Director and issue an RFP to solicit a new owner/operator for Richmond Village in the event RHA fails to reach agreement with MBS

Director Beacham: Our repositioning strategy includes a 15 year option coming up on January 1, 2021. May solicit another developer, but will also try to negotiate with MBS. We will have the remainder of the year to solicit a new developer if needed. There is a year to exercise the option. Richmond Village 1 Option- January 2021, and Richmond Village 2- January 2022. Hope to address both properties in the negotiations.

- Need better management day-to-day for the residents
- Want to have some of the rent come back to the RHA as an asset. In a different financial position than 15 years ago

Toni Autry moves to approve; Jaycine Scott seconds; motion passes unanimously

12. OPEN FORUM- none

13. OLD BUSINESS

Asset repositioning update:

- Nevin Plaza- Already discussed in recommendations section. Waiting list was opened in 2019
- Hacienda - Tax credits as discussed in Executive Director's update.
- Nystrom - Negotiating with proposers for redevelopment. Very important property. We have gone beyond the timeline in the FARS agreement; but HUD is aware of the negotiations. Waiting list is very short
- Administration Building- Submitted an application to dispose of this property

- Richmond Village- No rehab in the near future. This will be the last property that would be transitioned from public housing to a private sector developer

14. NEW BUSINESS –none

15. NEXT SCHEDULED MEETING - Monday January 11, 2021

16. ADJOURNMENT - 4:18pm



AGENDA REPORT

HOUSING AUTHORITY

DATE: January 19, 2021

TO: Chair Butt and Members of the Richmond Housing Authority Board of Commissioners

FROM: Nannette Beacham, Richmond Housing Authority, Executive Director

SUBJECT: AMENDMENT OF AUTHORIZED SIGNATURES ON HOUSING AUTHORITY MECHANICS BANK DEPOSITORY AND CHECKING ACCOUNTS

STATEMENT OF THE ISSUE:

The Richmond Housing Authority (RHA) needs to revise the list of authorized signatures positions to the Mechanics Bank Depository and Checking Accounts.

RECOMMENDED ACTION:

ADOPT a resolution removing the former City of Richmond Budget Administrator, Markisha Guillory, and adding City of Richmond Accounting Manager, Delmy Cuellar, as authorizing signatory on the Mechanics Bank depository and checking accounts - Richmond Housing Authority (Nannette Beacham 621-1300).

FINANCIAL IMPACT OF RECOMMENDATION:

None.

DISCUSSION:

The RHA is required to have two signatures on all required bank depository and checking accounts. The signature cards need to be updated as a result of personnel changes, and Mechanics Bank requires the adoption of a Board resolution in order to update signature cards. The list of authorized signatures positions on the Mechanics Bank accounts must be updated to facilitate continued processing of RHA payroll, accounts payable, and other transactions.

ATTACHEMENTS:

Attachment 1 – Resolution

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, CALIFORNIA, REVISING THE LIST OF AUTHORIZED SIGNATURES TO MECHANICS BANK DEPOSITORY AND CHECKING ACCOUNTS BY DELETING THE FORMER CITY OF RICHMOND'S BUDGET ADMINISTRATOR AND ADDING CITY OF RICHMOND'S ACCOUNTING MANAGER

WHEREAS, the Richmond Housing Authority (RHA) is required to maintain and periodically update the List of Authorized Signatures of Housing Authority and City employees authorized to make deposits or withdrawals of funds with Mechanics Bank; and

WHEREAS, subsequent to the Changes to List of Authorized Signatures, the Housing Authority of the City of Richmond needed to revise the authorization list of positions due to the resignation of the City of Richmond's Budget Administrator in order to make deposits or withdrawals of funds with Mechanics Bank.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA that the RHA hereby amends the Changes to List of Authorized Signatures to delete Markisha Guillory, City of Richmond's Budget Administrator, and to add Delmy Cuellar, City of Richmond's Accounting Manager.

BE IT FURTHER RESOLVED THAT the following Housing Authority and City officers holding the title(s) specified herein below or their successors in office are hereby authorized to order the deposit or withdrawal of funds with Mechanics Bank and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Nanette Beacham RHA Executive Director

Delmy Cuellar Accounting Manager

The foregoing resolution was passed and adopted by the Commissioners of the Housing Authority of the City of Richmond at a special meeting thereof held on January 19, 2020, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Chairperson

[SEAL]

Attest:

Secretary

Approved as to form:

City Attorney

State of California }
County of Contra Costa : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. XXXX** finally passed and adopted at a Special Housing Authority Meeting held on January 19, 2020.

CLERK OF THE HOUSING AUTHORITY



AGENDA REPORT

HOUSING AUTHORITY

DATE: January 19, 2021

TO: Chair Butt and Members of the Richmond Housing Authority Board of Commissioners

FROM: Nannette Beacham, Richmond Housing Authority, Executive Director
Belinda Brown, Finance Director

SUBJECT: RHA CONTRACT WITH MAZE AND ASSOCIATES FOR AUDIT SERVICES

STATEMENT OF THE ISSUE:

Staff requests approval of a contract with Maze and Associates to complete their audit work for the Richmond Housing Authority (RHA) for Fiscal Years 2017, 2018 and 2019.

RECOMMENDED ACTION:

ADOPT a resolution approving a one year contract with Maze and Associates to complete the audits for Fiscal Years 2017-2019 for the Richmond Housing Authority for a total not to exceed amount of \$124,445.30 for the period of July 1, 2020 to June 30, 2021 – Richmond Housing Authority (Belinda Brown/Nannette Beacham 621-1300).

FINANCIAL IMPACT OF RECOMMENDATION:

The cost of the contract will not exceed \$124,445.30. The audit was originally scheduled to conclude by June 30, 2020 so this cost was not included in the FY 2020-2021 RHA Budget. The cost may create a deficit if it is not able to be absorbed in the existing budget.

DISCUSSION:

There is a combination of reasons for the delay to completing the audits: RHA staff turnover which caused delays in trying to locate some of the information needed to close the books; a forensic audit was requested by both U.S. Department of Housing

and Urban Development (HUD) and Maze and Associates and the results required the need to perform additional auditing procedures.

RHA has made positive advancements to address the actions identified in the Public Housing Authority Recovery and Sustainability (PHARS) agreement with the U.S. Department of Housing and Development (HUD). One of the key remaining tasks to complete are the FY 2017, 2018, and 2019 RHA Financial Audits, the FY 2019 audit is anticipated to address the closing of the Housing Choice Voucher (HCV) Section 8 Program depending on the findings.

Maze and Associates has begun the auditing process for RHA. The auditors submitted checklists for each of the three years requesting documents from staff; and staff has worked hard to gather the information. All of the items to date have been submitted to Maze and Associates for review. Currently, Maze and Associates is working on a draft of the FY 2017 audit and should be able to submit to the city in the near term. It is expected that the FY 2017 audit to be completed in January 2021 and the FY 2018 audit to be completed by February 2021. The FY 2019 audit is estimated to be completed no later than April 2021.

For FY's 2017, 2018, and 2019, the scope of the audits related to the Richmond Housing Authority (Authority) work has increased significantly, due to the follow factors:

1. Unforeseen personnel turnover in the Authority.
2. Unforeseen difficulties encountered by the Authority staff to close the books.
3. Authority accounting activities were recorded in a system independent of the City's financial system. This independent system (YARDI) was not included in the original scope of the audits.
4. Delayed completion of Authority schedules and data requested on the Audit Checklists.
5. Monitoring activities from the grantor (HUD) of the Authority.
6. Unexpected special emphasis projects performed by other consultants which may have an effect on our audits and the need to perform additional substantive procedures due to the results of those projects.
7. Multiple general ledger trial balance reports provided for audit with numerous revisions required re-uploading the data into the financial statement worksheets multiple times and re-analysis of the data provided.

As a result, additional audit procedures were and will be required to address the increased audit scope for each fiscal year.

Maze and Associates Procurement Process

In April of 2017, the Finance Department issued a Request for Proposals (RFP) to select firms of certified public accountants to audit City of Richmond financial statements, and financial statements of component entities, including the RHA, for the FY's ending June 30, 2017 through June 30, 2019.

The deadline for receipt of the proposals for professional audit services as submitted through BidsOnLine was May 16, 2017. Four prospective bidders downloaded the solicitation of which four submitted proposals.

In addition, staff considered the following Government Finance Officers Association (GFOA) recommendation in the selection process. Maze and Associates scored the highest points and, based on the evaluation, staff recommended that the City Council retained Maze and Associates as its auditor.

ATTACHEMENTS:

Attachment 1 - Resolution

Attachment 2 - Contract

RESOLUTION NO. XX-20

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, CALIFORNIA, APPROVING A ONE YEAR CONTRACT WITH MAZE AND ASSOCIATES TO COMPLETE THE AUDITS FOR FISCAL YEARS 2017-2019 FOR THE RICHMOND HOUSING AUTHORITY FOR A TOTAL NOT TO EXCEED AMOUNT OF \$124,445.30 FOR THE PERIOD OF JULY 1, 2020 TO JUNE 30, 2021

WHEREAS, the Richmond Housing Authority (RHA) owns and manages 244 units of rental housing; and

WHEREAS, RHA entered into a Public Housing Authority Recovery and Sustainability (PHARS) agreement with the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, RHA remains obligated and committed to performing all HUD required functions, and providing quality service to local program participants; and

WHEREAS, in 2017 Maze and Associates after a competitive bid process was selected as the City of Richmond auditors including the RHA, for the fiscal years ended June 30, 2017, 2018, and 2019; and

WHEREAS, for fiscal years 2017, 2018, and 2019, the scope of the audits related to the RHA work has increased significantly; and

WHEREAS, a key PHARS tasks is to complete all outstanding RHA Financial Audits.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA THAT the Executive Director is hereby authorized to execute a one year contract with Maze and Associates to complete the RHA audits for Fiscal Years 2017-2019 for a total not to exceed amount of \$124,445.30 for the period of July 1, 2020 to June 30, 2021

BE IT FURTHER RESOLVED THAT that the Executive Director is hereby authorized to take all actions necessary to implement this resolution.

The foregoing resolution was passed and adopted by the Commissioners of the Housing Authority of the City of Richmond at a meeting thereof held on January 19, 2021, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Chairperson

[SEAL]

Attest:

Secretary

Approved as to form:

City Attorney

State of California }
County of Contra Costa : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. XXXX** finally passed and adopted at a Housing Authority Meeting held on January 19, 2021.

CLERK OF THE HOUSING AUTHORITY

RICHMOND HOUSING AUTHORITY
PURCHASE OF SERVICES CONTRACT

Project Mgr: Nannette Beacham/Belinda Brown Project Mgr Phone No: 621-1300

Project Description: Professional Auditing Services

The parties to this Purchase of Services Contract (Contract) do mutually agree and promise as follows:

1. Parties. The parties to this Contract are the Housing Authority of the City of Richmond, California, (Authority) and the following named Contractor:

(NAME) Maze & Associates

(Street Address) 3478 Buskirk Avenue, Suite 215

(City, State, Zip Code) Pleasant Hill, CA 94523

(Taxpayer ID No.) _____

(Vendor No.) 5687

(Richmond Business License No.) 40009244 (Expiration Date) 12/31/2020

An California corporation, partnership, private individual, nonprofit corporation, religious institution, sole proprietor, other

(Please check appropriate box)

2. Term. The effective date of this Contract is 07/01/2020 and it terminates 06/30/2021 unless terminated as provided herein.

3. Payment Limit. Authority's total payments to Contractor under this Contract shall not exceed \$ 124,445.30 . The Authority shall not pay for services that exceed the Contract Payment Limit without the prior written approval of the Authority's Executive Director if the total contract amount does not exceed \$10,000 or without the prior approval of the Board of Commissioners if the total contract amount is over \$10,000.

4. Contractor's Obligations. Contractor shall provide those services and carry out that work described in the Service Plan which is attached hereto and, is incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.

Authority's Obligations. Authority shall make to the Contractor those payments described in the Payment Provisions attached hereto which are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.

6. General and Special Conditions. This Contract is subject to the General Conditions and Special Conditions (if any), which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.

7. Signatures. These signatures attest the parties' agreement hereto:

HOUSING AUTHORITY OF
THE CITY OF RICHMOND

CONTRACTOR:

By _____

By _____

Title _____

Title _____

Date Signed _____

Date Signed _____

LIST OF ATTACHMENTS:

- Service Plan
- Payment Provisions
- Insurance Provisions
- General Conditions
- Special Conditions

(*The Corporation Chief Financial Officer, Secretary or Assistant Secretary should sign below.)

By _____

Title _____

Date Signed _____

(NOTE: Pursuant to California Corporations Code Section 313, if Contractor is a corporation or nonprofit corporation, this Contract (1) must be signed by (a) the Chairperson of the Board, President or Vice President and (b) the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer

SERVICE PLAN

PAYMENT PROVISIONS

(PLEASE NOTE THAT THE HOUSING AUTHORITY OF THE CITY OF RICHMOND SHALL NOT PAY FOR SERVICES THAT EXCEED THE CONTRACT PAYMENT LIMIT WITHOUT THE PRIOR WRITTEN APPROVAL OF THE ADMINISTRATOR IF THE TOTAL EXCESS CONTRACT AMOUNT DOES NOT EXCEED \$10,000.00 OR WITHOUT THE PRIOR APPROVAL OF THE AGENCY BOARD IF THE TOTAL EXCESS CONTRACT AMOUNT IS OVER \$10,000.00.)

1. Provided Contractor is not in default under this Contract, Contractor shall be compensated as provided below.
2. Any and all payments made pursuant to this Contract shall be subject to the Contract Payment Limit. The Payment Limit includes expenses (phones, photo copying, meals and travel, etc). Invoices, shall be adequately detailed, based on accurate records, and be in a form reasonably satisfactory to the Authority. Contractor may be required to provide back-up material upon request.
3. Contractor shall submit timely invoices to the following address:

Attention: Accounts Payable, Finance
Department Project Manager: Belinda Brown
P. O. Box 4046
Richmond, CA 94804-0046
4. All invoices that are submitted by Contractor shall be subject to the approval of the Authority's Project Manager, Belinda Brown before payments shall be authorized.
5. The Authority shall pay invoice(s) within 45 days after completion of services to the Authority's satisfaction. Authority shall not pay late fees or interest.
6. A business license from the City of Richmond shall be obtained before any" payment under this Contract shall be authorized and the business license must be kept current during the term of this Contract for payments to continue to be authorized.
7. All insurance coverage required by this Contract shall be provided by the Contractor before any payment under this Contract shall be authorized and the insurance coverage must be kept current during the term of this Contract for payments to continue to be authorized.

INSURANCE PROVISIONS

During the entire term of this Contract and any extension or modification thereof, the Contractor shall keep in effect insurance policies meeting the insurance requirements specified in the insurance provisions which are attached hereto and incorporated herein by this reference.

GENERAL CONDITIONS

1. Compliance with Law. CONTRACTOR shall be subject to and comply with all Federal, State and local laws and regulations applicable with respect to its performance under this Contract, including but not limited to, licensing, employment and purchasing practices; and wages, hours, and conditions of employment.
2. Inspection. CONTRACTOR's performance, place of business and records pertaining to this Contract are subject to monitoring, inspection, review and audit by authorized representatives of the AUTHORITY, the State of California, and the United States Government.

Records.

- 3.1 CONTRACTOR shall keep and make available for inspection and copying by authorized representatives of the AUTHORITY, the State of California, and the United States Government, the CONTRACTOR's regular business records and such additional records pertaining to this Contract as may be required by the AUTHORITY.
 - 3.2 CONTRACTOR shall retain all documents pertaining to this Contract for a period of five years after this Contract's termination (or for any further period that is required by law) and until all Federal or State audits are complete and exceptions resolved for this contract's funding period. Upon request, CONTRACTOR shall make these records available to authorized representatives of the AUTHORITY, the State of California, and the United States Government.
4. Reporting Requirements. CONTRACTOR shall include in all documents or written reports completed and submitted to AUTHORITY in accordance with this Contract a separate section listing the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of each such document or written report.

5. Termination.

- 5.1 Written Notice. This Contract may be terminated by either party, at their sole discretion, upon thirty-day (30) advance written notice thereof to the other, and may be canceled immediately by written mutual consent.
- 5.2 Failure to Perform.
 - 5.2.1 The AUTHORITY upon written notice to CONTRACTOR, may immediately terminate this Contract should the CONTRACTOR fail to perform properly any of its obligations hereunder. In the event of such termination, the AUTHORITY may proceed with the work in any reasonable manner it chooses.

5.2.2 In lieu of termination, the AUTHORITY has the right to withhold payment to the CONTRACTOR when, in the opinion of the AUTHORITY expressed in writing to the CONTRACTOR,

5.2.2.1 The CONTRACTOR'S performance, in whole or in part, either has not been carried out or is insufficiently documented;

5.2.2.2 The CONTRACTOR has neglected, failed, or refused to furnish information or to cooperate with any inspection, review, or audit of its program, work, or records; or

5.2.2.3 The CONTRACTOR has failed to sufficiently itemize or document its demand(s) for payment.

5.3 Cessation of Funding. Notwithstanding Paragraph 5.1 above, in the event that Federal, State, or other non-AUTHORITY funding for this Contract ceases, this Contract may be terminated immediately by AUTHORITY upon written notice.

6. Entire Agreement. This Contract contains all the terms and conditions agreed upon by the parties. Except as expressly provided herein, no other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

7. Further Specifications for Operating Procedures. Detailed specifications of operating procedures and budgets required by this Contract, including but not limited to, monitoring, auditing, billing, or regulatory changes, may be developed and set forth in written Information Agreements between the CONTRACTOR and the AUTHORITY. Such Information Agreements shall be designated as such and shall not be amendments to this Contract except to the extent that they further detail or clarify that which is already required hereunder. Such Information Agreements may not enlarge in any manner the scope of this Contract, including any sums of money to be paid the CONTRACTOR as provided herein.

8. Modifications and Amendments.

8.1 General Amendments. This Contract may be modified or amended by a written document executed by this CONTRACTOR and the AUTHORITY'S Board of Commissioners or, after Board approval, by its designee, subject to any required State or Federal approval.

- 8.2 Administrative Amendments. Subject to the Payment Limit, the Payment Provisions and the Service Plan may be amended by a written administrative amendment executed by the CONTRACTOR and AUTHORITY's Executive Director subject to any required State or Federal approval, provided that such administrative amendments may not materially change the Payment Provisions or the Service Plan.
9. Disputes. Disagreements between the AUTHORITY and CONTRACTOR concerning the meaning, requirements, or performance of this Contract shall be subject to final determination, in writing, in accordance with the applicable procedures (if any) required by the State or Federal Government.
10. Choice of Law and Jurisdiction.
- 10.1 This Contract is made in Contra Costa County and shall be governed and construed in accordance with laws of the State of California.
- 10.2 Any action relating to this Contract shall be instituted and prosecuted in the courts of Contra Costa County, State of California.
11. Conformation with Federal and State Regulations. Should Federal or State regulations touching upon the subject of this Contract be adopted or revised during the term hereof, this Contract may be amended to assure conformance with such Federal or State requirements.
12. No Waiver by Authority. Subject to Paragraph 9 (Disputes) of these General Conditions, inspections or approvals, or statements by any officer, agent or employee of the AUTHORITY relating to the CONTRACTOR's performance, or payments therefor, or any combination of these acts, shall not relieve the CONTRACTOR'S obligation to fulfill this Contract as prescribed; nor shall the AUTHORITY be thereby stopped from bringing any action for damages or enforcement arising from any failure to comply with any of the terms and conditions of this Contract.
13. Subcontract and Assignment. This Contract binds the heirs, successors, assigns and representatives of CONTRACTOR. The CONTRACTOR shall not enter into subcontracts for any work contemplated under this Contract and shall not assign this Contract, nor any portion hereof or monies due or to become due, without the prior written consent of the AUTHORITY's Board of Commissioners or its designee, subject to any required State or Federal approval.
14. Independent Contract Status. This Contract is by and between two independent CONTRACTORS and is not intended to and shall not be construed to create the

relationship of agent, servant, employee, partnership, joint venture or association.

15. Conflicts of Interest. CONTRACTOR promises and attests that the CONTRACTOR and any members of its governing body shall avoid any actual or potential conflicts of interest. If CONTRACTOR is a corporation, CONTRACTOR agrees to furnish to the AUTHORITY upon demand a valid copy of its most recently adopted bylaws and also a complete and accurate list of its governing body (Board of Directors or Trustees) and to timely update said bylaws or the list of its governing body as changes in such governance occur.

16. Confidentiality.

16.1 CONTRACTOR agrees to comply with, and to require its employees, agents and partners to comply with, all applicable State or Federal statutes or regulations respecting confidentially, including but not limited to, the identity of persons served under this Contract, their records, or services provided them, and assures that:

16.1.1 All applications and records concerning any individual made or kept by CONTRACTOR or any public officer or agency in connection with the administration of or relating to services provided under this Contract will be confidential, and will not be open to examination for any purposes not directly connected with the administration of such service.

16.1.2 No person will publish or disclose or permit or cause to be published or disclosed, any list of persons receiving services, except as may be required in the administration of such service.

16.2 CONTRACTOR agrees to inform all employees, agents and partners of the above provisions, and that any person knowingly and intentionally disclosing such information other than as authorized by law may be guilty of a misdemeanor.

17. Nondiscrimination - CONTRACTOR. CONTRACTOR agrees to observe the provisions of Section 2.28.030 of the Municipal Code of the City of Richmond, obligating every CONTRACTOR under a Contract with the CITY for public work or for goods or for services to refrain from discriminatory employment or subcontracting practices on the basis of race, color, sex, sexual orientation, religious creed, national origin or ancestry of any employees, any applicant for employment for any potential subcontractor. Said Section 2.28.030 is, by this reference, made a part of this Contract.

18. Indemnification. The CONTRACTOR shall defend, save harmless and indemnify the AUTHORITY and its officers, agents and employees from any and all claims, costs and

liability for any damages, sickness, death or injury to persons or property arising from, or connected with, the operations or services of the CONTRACTOR or its agents, servants, employees or subcontractors hereunder, save and except claims or litigation arising from the sole negligence or willful misconduct of the AUTHORITY or its officers or employees. CONTRACTOR shall reimburse the AUTHORITY for any expenditures, including reasonable attorney's fees, incurred by the AUTHORITY in pursuit or defense of matters that are the subject of this indemnification. If requested by the AUTHORITY, the CONTRACTOR shall defend any claims or litigation to which this indemnification provision applies at the sole cost and expense of the CONTRACTOR.

19. Notices. All notices provided for by this Contract shall be in writing and may be delivered by deposit in the United States mail, postage prepaid. Notices to the AUTHORITY shall be addressed to the AUTHORITY's Executive Director. Notices to the CONTRACTOR shall be addressed to the CONTRACTOR's address designated herein. The effective date of notice to the CONTRACTOR shall be the date of receipt by CONTRACTOR. The effective date of notice to the AUTHORITY shall be the date of receipt by the AUTHORITY's Executive Director.
20. Primacy of General Conditions. Except for Special Conditions which expressly supersede General Conditions, the Special Conditions (if any) and Service Plan do not limit any term of the General Conditions.
21. Nonrenewal. CONTRACTOR understands and agrees that there is no representation, implication, or understanding that the services provided by CONTRACTOR under this Contract will be purchased or renewed by the AUTHORITY under a new contract following expiration or termination of this Contract, and waives all rights or claims to notice or hearing respecting any failure by AUTHORITY to continue the purchase of all or any failure to continue purchase of all or any such services from CONTRACTOR.
22. Possessory Interest. If this Contract results in the CONTRACTOR having possession of, claim to or right to the possession of land or improvements, but does not vest ownership of the land or improvements in the same person, or if this Contract results in the placement of taxable improvements on tax exempt land (Revenue and Taxation Code 107), such interest or improvements may represent a possessory interest subject to property tax, and CONTRACTOR may be subject to the payment of property taxes levied on such interest.
23. No Third-Party Beneficiaries. Notwithstanding mutual recognition that services under this Contract may provide some aid or assistance to members of the AUTHORITY's population, it is not the intention of either the AUTHORITY or CONTRACTOR that such individuals occupy the position of intended third-party beneficiaries of the obligations assumed by either party to this Contract.

24. Copyrights and Rights in Data. CONTRACTOR shall not publish or transfer any materials produced or resulting from activities supported by this Contract without the express prior written consent of the AUTHORITY's Executive Director. If any material is subject to copyright, the AUTHORITY reserves the right to copyright such, and the CONTRACTOR agrees not to copyright such material. If the material is copyrighted by CONTRACTOR, the AUTHORITY reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such materials, in whole or in part, and to authorize others to do so.

25. Changes and Extra Work.

25.1 When Changes in the Services Plan are required by AUTHORITY or requested by CONTRACTOR, CONTRACTOR shall promptly estimate their effect on the cost of the services, and on its time schedule, and so notify AUTHORITY in writing.

25.2 No Change shall be implemented by CONTRACTOR unless it is approved by AUTHORITY in writing. Unless otherwise agreed to in writing, all provisions of this Contract shall apply to all Changes in the Service Plan.

25.3 If AUTHORITY determines that a Change materially affects the total value or time of performance of this Contract, CONTRACTOR and AUTHORITY will mutually agree in writing to an equitable adjustment.

25.4 Within the limits of the Contract Payment Limit of this Contract, AUTHORITY may request Extra Work to be performed by CONTRACTOR. Extra Work is defined as work which was not authorized in the original Contract, and is, subsequent to the execution of this Contract by all parties hereto, determined by the AUTHORITY to be necessary for the Project. Upon receipt of an Extra Work authorization from AUTHORITY's Authorized Representative, CONTRACTOR shall continue performance of the services as revised by the authorization.

25.5 If AUTHORITY determines that revisions to the Contract Payment Limit, Service Plan, Payment Provisions, or other parts of the Contract are necessary, the revisions shall be mutually agreed upon and incorporated herein through the execution of written amendments to this Contract.

26. Survival.

The rights and obligations of the parties which by their nature survive termination or completion of the services covered by this Contract, shall remain in full force and effect after termination or completion.

Performance and Final Acceptance.

27.1 CONTRACTOR represents that it is experienced, qualified, registered, licensed, equipped, organized and financed to perform the services under this Contract.

27.2 CONTRACTOR shall perform the services under this Contract with that degree of skill and judgment normally exercised by professional firms performing services of a similar nature in the State of California, and shall be responsible for the professional quality, technical accuracy and coordination of the services it performs under this Contract. In addition to the other rights and remedies which AUTHORITY may have, CONTRACTOR shall, at its own expense, correct any services which fail to meet the above standard.

27.3 AUTHORITY shall provide CONTRACTOR an opportunity to cure errors and omission which may be disclosed during the review of submittals, with no increase in the authorized Contract Payment Limit. Should CONTRACTOR fail to make necessary corrections in a timely manner, such corrections shall be made by the AUTHORITY and the cost thereof shall be charged to CONTRACTOR.

27.4 If warranted, AUTHORITY shall determine, and CONTRACTOR may request such determination, that CONTRACTOR has satisfactorily completed performance of this Contract. Upon such determination, AUTHORITY shall issue to CONTRACTOR a written Notice of Final Acceptance, after which CONTRACTOR shall not incur further costs under this Contract. CONTRACTOR shall respond to such Notice of Final Acceptance by executing and submitting to AUTHORITY a Release and Certificate of Final Payment.

28. Force Majeure.

Neither party hereto shall be considered in default in the performance of its obligations hereunder to the extent that the performance of such an obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of such party.

29. Severability.

In the event that any of the provisions or portions or applications thereof of this Contract are held to be unenforceable or invalid by any court of competent jurisdiction, AUTHORITY and CONTRACTOR shall negotiate an equitable adjustment in the provisions of the Contract with a view toward effecting the purpose of this Contract, and the validity and enforceability of the remaining provisions or portions or applications

thereof, shall not be affected thereby.

30. Authorized Representatives and Notices.

30.1 AUTHORITY and CONTRACTOR shall each designate, below, an Authorized Representative who has authority to act on its behalf in the administration of this Contract.

30.2 Written notification to the other party shall be provided, in advance, of changes in name or address of such Authorized Representatives.

30.3 Notices provided for under this Contract shall be in writing, and shall be served on the Authorized Representative of the receiving party, either personally or at the party's offices, or by registered or certified mail to its office address.

30.4 AUTHORITY hereby designates as its Authorized Representative the Project Manager whose name and address are as follows:

30.5 CONTRACTOR hereby designates as its Authorized Representative the Project Manager whose name and address are as follows:

31. Pursuant to Richmond Municipal Code Section 7.04.030, the Contractor must have, or must obtain, a City of Richmond business license before any provision of this Contract will be deemed to take effect.

SPECIAL CONDITIONS

1. Contractor shall provide the services set forth in the document entitled "Scope of Work" and Maze & Associates Engagement Letters Attachment 1 to 4, which are attached hereto and incorporated herein by this reference.
2. In addition to the General Conditions set forth herein, Contractor shall comply with the terms and conditions set forth in the documents entitled "General Conditions for Non-Construction Contracts Section II" (HUD-5370-C), "Certifications and Representations of Offerors" (HUD-5369-C), "Certification Regarding Debarment and Suspension" (HUD-2992), and "Equal Employment Opportunity Certification" (HUD-9201 0) which is attached hereto and incorporated herein by this reference. If there are any conflicts between the terms and conditions set forth in the General Conditions set forth herein and the terms and conditions set forth in the attached document, the terms and conditions set forth in the attached document shall take precedence and shall prevail.
3. Contractor shall provide the insurance coverage set forth in the document entitled "City of Richmond- Insurance Requirements- Type 1: "Consultants and Contractors" which is attached hereto and incorporated herein by this reference. Contractor shall maintain said coverage during the entire term of this contract. However, wherever the document refers to the "City of Richmond" or the "CITY", the Contractor shall substitute the words "Housing Authority of the City of Richmond" or "Authority".

SCOPE OF WORK

Contractor shall conduct the annual audits for the fiscal years ended June 30, 2017, June 30, 2018, and June 30, 2019 of the City of Richmond's (including Successor Agency footnotes) and Richmond Housing Authority's (including RHA Properties and its affiliated entities) financial statements and agreed upon procedures report to comply with HUD Real Estate Assessment Center (REAC). If required, Maze & Associates shall also perform compliance audits of the City's Transportation Development Act Grants.

Contractor will convert the engagement letters for fiscal years ended June 30, 2017, 2018, and 2019 to "time and materials" engagements as outlined in the following Attachments.

See Attachment 1, Maze & Associates engagement letters amendment dated December 9, 2020; Attachment 2, Maze & Associates engagement letter for June 30, 2017 dated July 19, 2017; Attachment 3, Maze & Associates engagement letter for June 30, 2018 dated August 13, 2018; and Attachment 4, Maze & Associates engagement letter for June 30, 2019 dated August 22, 2019.

All work by Maze & Associates is to be performed in accordance with auditing standards generally accepted in the United States of America and the standards set forth for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996; and the provision of the OMB Uniform Guidance.



December 9, 2020

Belinda Brown
Director of Finance
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Dear Belinda:

In our engagement letters to the City of Richmond dated July 19, 2017, August 13, 2018 and August 22, 2019 we detailed the services we are to provide for the City for the years ended June 30, 2017, 2018 and 2019, respectively. In the letters, we stated that our fees for the services are based on anticipated cooperation from City personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachments to each of the letters.

For fiscal years 2017 and 2018, however, the scope of the audits related to the Richmond Housing Authority (Authority) work has increased significantly, due to the follow factors:

1. Unforeseen personnel turnover in the Authority.
2. Unforeseen difficulties encountered by the Authority staff to close the books.
3. Authority accounting activities were recorded in a system independent of the City's financial system. This independent system (YARDI) was not included in the original scope of our audits.
4. Delayed completion of Authority schedules and data requested on our Checklists.
5. Monitoring activities from the grantor (HUD) of the Authority.
6. Unexpected special emphasis projects performed by other consultants which may have an effect on our audits and the need to perform additional substantive procedures due to the results of those projects.
7. Multiple general ledger trial balance reports provided for audit with numerous revisions required re-uploading the data into the financial statement worksheets multiple times and re-analysis of the data provided.

As a result, additional audit procedures were and will be required to address the increase in our audit scope for each fiscal year. Due to the audit delays and timing, combined with the need to perform additional substantive procedures, we also had to assign more experienced staff to the projects. And, starting April 29, 2020, we are required by HUD to provide weekly audit status updates.

In addition, although we have just started on the 2019 audit, we anticipate that the scope increase will again significantly affect our costs to be incurred on the audit.

Therefore, we propose to convert the engagement letters for 2017, 2018 and 2019 to "time and materials" engagements.

To date (through September 30, 2020), we have expended \$160,879 on the fiscal year 2017 and 2018 audits, but the combined fees in the engagement letters for those years total only \$106,554. While we do want to factor in that there were expected audit start-up costs not included in the engagement letter for the first fiscal year (2017), as you can see, the costs incurred to date far exceed the fees. And, as you know, we're not done.

Therefore, the fees for these additional procedures and the engagement letter amendment are estimated to be \$124,445 as detailed below.

Costs incurred to date on 2017 and 2018 audits through September 30, 2020	\$160,879.30
Amounts billed to date on 2017 and 2018 audits through September 30, 2020	<u>(103,197.70)</u>
Cost overruns on 2017 and 2018 audits through September 30, 2020	57,681.60
Less estimate for first year audit startup costs (10% of fee)	<u>(5,249.00)</u>
Total Cost Overruns	52,432.60
Less cost overruns to write off	<u>(19,891.30)</u>
Net Cost Overruns to Recover	32,541.30
Plus estimate for additional work related to completion of 2017 and 2018 audits (we will bill actual costs)	50,000.00
Plus estimate for additional work related to completion of 2019 audit (we will bill actual costs)	<u>10,000.00</u>
Subtotal - Total Amendments to 2017, 2018 and 2019 Audit Fees	92,541.30
Plus remaining unbilled contract amount for 2017 and 2018 audits	3,356.00
Plus remaining unbilled contract amount for 2019 audit	<u>28,548.00</u>
Revised Remaining Contract	<u><u>\$124,445.30</u></u>

We will bill our work monthly in accordance with the terms of our audit contract; all terms of that contract that apply are incorporated herein by reference. The monthly bills will be based on our actual hours spent on the work for that period, billed at our normal hourly rates.

The Revised Remaining Contract total above is our best estimate of the time needed to complete the audits and is therefore a "not to exceed" total. If we encounter significant changes to this revised scope of work, we will meet with you to assess the impact and arrive at a new fee before we begin the next phase of our work.

If you agree with the terms of this additional work and related fees, please sign and return a copy of this letter to us.

Yours Very Truly,



Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the City.

By: _____

Title: _____

Date: _____



July 19, 2017

Belinda Warner
Director of Finance
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Dear Belinda:

We are pleased to confirm our understanding of the services we are to provide for the City of Richmond as of and for the year ended June 30, 2017. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

- 1) Audit of the basic financial statements, preparation of memorandum on internal controls, review of appropriations limit report and assistance with the preparation of the Comprehensive Annual Financial Report.
- 2) Audit of the Successor Agency to the Redevelopment Agency footnote disclosures included in the City's basic financial statements.
- 3) Audit of the component unit financial statements for the Joint Powers Financing Authority and issuance of our report thereon.
- 4) Testing for the City's compliance with the Single Audit Act and applicable laws and regulations and issuance of our report thereon, six programs.
- 5) Testing of compliance for the Transportation Development Act Programs and preparation of required reports (one project).
- 6) Preparation of the City's Annual Report of Financial Transactions (Controller's Report) and issuance of a compilation report. (See **Compilation Attachment** for Our Responsibilities and Your Responsibilities related to the compilation report)
- 7) Preparation of Web-ready PDF of the CAFR.
- 8) Audit of the Richmond Housing Authority's basic financial statements, including RHA Properties and the Housing Authority's affiliated Entities component unit financial statements.
- 9) Perform procedures and issue agreed upon procedures report to comply with Department of Housing and Urban Development Real Estate Assessment Center (REAC) on-line submission requirements.
- 10) Testing for the Housing Authority's compliance with the Single Audit Act and applicable laws and regulations and issuance of our report thereon, two programs.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W mazeassociates.com

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the City's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and will provide an opinion on it in relation to the financial statements as a whole.

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with generally accepted auditing standards in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provision of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon the completion of our Single Audit. We will make reference to the auditor of the [NAME OF COMPONENT if group audit] in our report on your financial statements. Our reports will be addressed to the Council of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with City management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the City for responding to this inquiry. At the conclusion of our audit we will also require certain written representations from management about management's responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and the Council internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and the applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Agreed-Upon Procedures

Our services to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the report either for the purpose for which the report had been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement. Because agreed-upon procedures do not constitute an examination, we will not express an opinion. In addition, we have no obligation to perform any procedures beyond those agreed to.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and related notes in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and the related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management's responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements; access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; additional information that we may request for the purpose of the audit; and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the City will provide us with the Closing Checklist information required for our audit and that the City is responsible for the accuracy and completeness of that information.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings must be made available for our review.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that: you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; that you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: management is responsible for presentation of supplementary information in accordance with GAAP; that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report to you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request in a timely manner to a federal agency providing oversight of direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We expect to begin our audit in July 2017 and to issue our reports no later than December 31, 2017. Amy L. Meyer is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services are billed based on our contract with the City. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the City's account becomes thirty days or more overdue and may not be resumed until the City's account is paid in full.

These fees are based on anticipated cooperation from City personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with City management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

Government Auditing Standards require that we provide the City with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return the entire copy to us.

Maze & Associates

Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the City.

By: *Debra W.*

Title: *Finance Director/Treasurer*

Date: *7/25/17*

**City of Richmond Engagement Letter
Fees Attachment
June 30, 2017**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

<u>Basic Reports to be Issued</u>	<u>2017</u>
1 City Audit, including CAFR	\$203,215
1a Proposition 111 (Gann Limit) Agreed Upon Procedures	incl above
1b Management Letter	incl above
2 Audit of Successor Agency Footnote Disclosures (in City CAFR)	10,095
3 Joint Powers Financing Authority Financial Statements	14,440
4 Single Audit Act Report (6 programs) (a)	53,460
5 Transportation Development Act Programs (1 program) (b)	5,360
6 Annual Report of City Financial Transactions to State Controller	11,250
7 Web-ready PDF of CAFR	(c)
8 Housing Authority, RHA Properties and its affiliated Entities	37,910
9 Agreed Upon Procedures for REAC	incl above
10 Housing Authority Single Audit (2 programs) (d)	<u>14,580</u>
Total All Inclusive Maximum Price	<u><u>\$350,310</u></u>

Notes:

- (a) Additional major programs will cost \$10,200 each in fiscal 2017.
- (b) Additional major programs will cost \$8,500 each in fiscal 2017.
- (c) Included at no extra cost.
- (d) Additional major programs will cost \$7,000 each in fiscal 2017.

2017 Fees – Our recurring fees are based on our Proposal dated May 16, 2017.

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the City require assistance beyond audit services we will provide a cost estimate before proceeding.

Report Finalization - Our fee is based on our understanding that all information and materials necessary to finalize all our reports will be provided to us before we complete our year-end fieldwork in your offices. In the case of CAFRs, this includes all the materials and information required to print the CAFR. As in the past, we will provide final drafts of all our reports before we leave your offices. We will schedule a Final Changes Meeting with you for a date no more than two weeks after we complete our fieldwork. At that meeting, we will finalize all reports for printing. After that date, report changes you make and changes required because information was not received timely will be billed at our normal hourly rates.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year's adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year's audit, we will bill for this service at our normal hourly rates.

CAFR Printing - As a convenience, we can send your CAFR to a printer we use locally. We do not charge for delivering camera-ready print masters to any printer of your choice and delivering the CAFRs or BFS to you. However, we will bill you for any additional time spent on the CAFR printing at our normal hourly rates. This includes changes after the report goes to the printer, obtaining, reviewing and / or delivering printer's proofs, etc.

We can also help with CAFR design, including covers, tabs, dividers, color choices, bindings, organization charts, maps, etc. We will estimate these costs for you before proceeding.

Single Audit Act - Additional programs will each cost \$10,200 for the City and \$7,000 for the Housing Authority in 2017, unless there are other factors which add to that program's cost; in that case, we will provide a cost estimate before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in City Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.

City of Richmond Engagement Letter
Compilation Attachment
June 30, 2017

The services we have been engaged to provide are outlined below.

- Prepare and Electronically File the following report for the City:
 - Annual Report of Financial Transactions for the City

We will prepare and electronically file the Annual Financial Transactions Report(s) for the year ended June 30, 2017 in accordance with the requirements of Government Code Section 53891 and the California State Controller's Office's Cities Financial Transactions Report Instructions dated 07/15 and perform a compilation engagement with respect to the Financial Transactions Report. City staff will provide us with a detailed trial balance and any supporting general ledger reports or schedules required to prepare the Report(s).

The supplementary information accompanying the Report(s), including the U.S. Bureau of the Census Survey and any others required by the California State Controller's Office, will be presented for purposes of additional analysis. We will not compile the supplementary information. We will not express an opinion, a conclusion, or provide any assurance on such supplementary information.

Our Responsibilities

The objective of our engagement is to-

1. prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office based on information provided by you and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America, and
2. apply accounting and financial reporting expertise to assist you in the presentation of the Report(s) without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Report(s) in order for them to be in accordance with the format prescribed by the California State Controller's Office.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the preparation and electronic filing of the Report(s), and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the Report(s).

Our engagement cannot be relied upon to identify or disclose any Report misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office and assist you in the presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of the format prescribed by the California State Controller's Office as the financial reporting framework to be applied in the preparation of the Report(s).
2. The preparation and fair presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report(s).
4. The prevention and detection of fraud.
5. To ensure that the City complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with-
 - a. access to all information of which you are aware that is relevant to the fair presentation of the Report(s), such as records, documentation, and other matters.
 - b. additional information that we may request from you for the purpose of the compilation engagement.
 - c. unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation and electronic filing of your Report(s). You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the Report(s) and that, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it(them). If, for any reason, we are unable to complete the compilation of your Report(s), we will not issue a report on such Report(s) as a result of this engagement.

Our report will disclose that the Report(s) are presented in a prescribed form in accordance with the requirements of the California State Controller's Office and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing the Report(s) that indicates we have performed a compilation engagement on such Report(s) and, prior to inclusion of the report, to ask our permission to do so.

Timothy J. Krisch is the engagement partner and is responsible for supervising the compilation portion of the engagement and signing the report or authorizing another individual to sign it.



POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

SYSTEM REVIEW REPORT

To the Shareholders of
Maze & Associates Accountancy Corporation
and the Peer Review Committee of the CalCPA Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

August 27, 2014



August 13, 2018

Belinda Warner
Director of Finance
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Dear Belinda:

We are pleased to confirm our understanding of the services we are to provide for the City of Richmond for the year ended June 30, 2018. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

- 1) Audit of the City's basic financial statements, preparation of memorandum on internal controls, review of appropriations limit report and assistance with the preparation of the Comprehensive Annual Financial Report.
- 2) Audit of the Successor Agency to the Redevelopment Agency footnote disclosures included in the City's basic financial statements.
- 3) Audit of the component unit financial statements for the Joint Powers Financing Authority and issuance of our report thereon.
- 4) Testing for the City's compliance with the Single Audit Act and applicable laws and regulations and issuance of our report thereon, six programs.
- 5) Testing of compliance for the Transportation Development Act Programs and preparation of required reports (one project).
- 6) Preparation of the City's Annual Report of Financial Transactions (Controller's Report) and issuance of a compilation report. (See **Compilation Attachment** for Our Responsibilities and Your Responsibilities related to the compilation report)
- 7) Preparation of Web-ready PDF of the CAFR.
- 8) Audit of the Richmond Housing Authority's basic financial statements, including RHA Properties and the Housing Authority's affiliated Entities component unit financial statements.
- 9) Perform procedures and issue agreed-upon procedures report to comply with Department of Housing and Urban Development Real Estate Assessment Center (REAC) on-line submission requirements.
- 10) Testing of the Housing Authority's compliance with the Single Audit Act and applicable laws and regulations and issuance of our report thereon, two programs.
- 11) Develop and deliver training to City staff (class training timing and topics to be selected by City staff).

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the City's and Housing Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's and Housing Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the City's, Housing Authority's or Joint Powers Financing Authority's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and will provide an opinion on it in relation to the financial statements as a whole.

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's reports will not provide an opinion or any assurance on that information.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with generally accepted auditing standards in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provision of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon the completion of our Single Audit. Our reports will be addressed to the City Council/Authority Board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with City/Authority management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the City/Housing Authority/Joint Powers Financing Authority or to acts by management or employees acting on behalf of the City/Housing Authority/Joint Powers Financing Authority. Because the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the City/Housing Authority for responding to this inquiry. At the conclusion of our audit we will also require certain written representations from management about management's responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the City/Housing Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and the Council internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's/Housing Authority's/Joint Powers Financing Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City/Housing Authority has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and the applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. The purpose of these procedures will be to express an opinion on the City's/Housing Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Agreed-Upon Procedures

Our services to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the report either for the purpose for which the report had been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement. Because agreed-upon procedures do not constitute an examination, we will not express an opinion. In addition, we have no obligation to perform any procedures beyond those agreed to.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and related notes and Data Collection Form in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and the related notes and Data Collection Form services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management's responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements; access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; additional information that we may request for the purpose of the audit; and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the City/Housing Authority will provide us with the Closing Checklist information required for our audit and that the City/Housing Authority is responsible for the accuracy and completeness of that information.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City/ Housing Authority/Joint Powers Financing Authority involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the City/Housing Authority/Joint Powers Financing Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings must be made available for our review.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that: you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; that you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: management is responsible for presentation of supplementary information in accordance with GAAP; that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report to you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request in a timely manner to a federal agency providing oversight of direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We expect to begin our audit in July 2018 and to issue our reports for the City and Joint Powers Financing Authority no later than December 31, 2018. We expect to issue our reports for the Housing Authority no later than March 31, 2019. Amy Meyer is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services are billed based on our contract with the City. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the City's account becomes thirty days or more overdue and may not be resumed until the City's account is paid in full.

These fees are based on anticipated cooperation from City/Housing Authority personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with City/Housing Authority management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

Government Auditing Standards require that we provide the City with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return the entire copy to us.



Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the City/Housing Authority/Joint Powers Financing Authority

By: _____

Title: _____

Date: _____

**City of Richmond Engagement Letter
Fees Attachment
For the Year Ended June 30, 2018**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

<u>Services and Reports to be Issued</u>	<u>2018</u>
1 City Audit, including CAFR/Prop 111/Management Letter	\$209,311
2 Audit of Successor Agency Footnote Disclosures (in City CAFR)	10,398
3 Joint Powers Financing Authority Financial Statements	14,873
4 Single Audit Act Report (6 programs) (a)	55,064
5 Transportation Development Act Programs (1 program) (b)	5,521
6 Annual Report of City Financial Transactions to State Controller	11,588
7 Web-ready PDF of CAFR	(c)
8 Housing Authority, RHA Properties and its affiliated Entities Audit	39,047
9 Housing Authority Agreed Upon Procedures for REAC	incl above
10 Housing Authority Single Audit (2 programs) (d)	15,017
11 City staff training (class training topics to be selected by City staff)	<u>20,000</u>
Total Fees	<u><u>\$380,819</u></u>

Notes:

- (a) Additional major programs will cost \$8,500 each in fiscal 2018.
- (b) Additional major programs will cost \$5,500 each in fiscal 2018.
- (c) Included at no extra cost.
- (d) Additional major programs will cost \$7,500 each in fiscal 2018.

2018 Fees – Our fees have been based on our Proposal with the City dated May 16, 2017, except for the addition of City staff training as requested by the City.

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the City require assistance beyond audit services we will provide a cost estimate before proceeding.

Report Finalization - Our fee is based on our understanding that all information and materials necessary to finalize all our reports will be provided to us before we complete our year-end fieldwork in your offices. In the case of CAFRs, this includes all the materials and information required to print the CAFR. As in the past, we will provide final drafts of all our reports before we leave your offices. We will schedule a Final Changes Meeting with you for a date no more than two weeks after we complete our fieldwork. At that meeting, we will finalize all reports for printing. After that date, report changes you make and changes required because information was not received timely will be billed at our normal hourly rates.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year's adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year's audit, we will bill for this service at our normal hourly rates.

CAFR Printing - As a convenience, we can send your CAFR to a printer we use locally. We do not charge for delivering camera-ready print masters to any printer of your choice and delivering the CAFRs or BFS to you. However, we will bill you for any additional time spent on the CAFR printing at our normal hourly rates. This includes changes after the report goes to the printer, obtaining, reviewing and / or delivering printer's proofs, etc.

We can also help with CAFR design, including covers, tabs, dividers, color choices, bindings, organization charts, maps, etc. We will estimate these costs for you before proceeding.

Single Audit Act - Additional programs will each cost \$8,500 for the City and \$7,500 for the Housing Authority in 2018, unless there are other factors which add to that program's cost; in that case, we will provide a cost estimate before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in City Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.

**City of Richmond Engagement Letter
Compilation Attachment
June 30, 2018**

The services we have been engaged to provide are outlined below.

- Prepare and Electronically File the following report for the City:
 - Annual Report of Financial Transactions for the City

We will prepare and electronically file the Annual Financial Transactions Report(s) for the year ended June 30, 2018 in accordance with the requirements of Government Code Section 53891 and the California State Controller's Office's Cities Financial Transactions Report Instructions dated 10/2017 and perform a compilation engagement with respect to the Financial Transactions Report. City staff will provide us with a detailed trial balance and any supporting general ledger reports or schedules required to prepare the Report(s).

The supplementary information accompanying the Report(s), including the U.S. Bureau of the Census Survey and any others required by the California State Controller's Office, will be presented for purposes of additional analysis. We will not compile the supplementary information. We will not express an opinion, a conclusion, or provide any assurance on such supplementary information.

Our Responsibilities

The objective of our engagement is to-

1. prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office based on information provided by you and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America, and
2. apply accounting and financial reporting expertise to assist you in the presentation of the Report(s) without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Report(s) in order for them to be in accordance with the format prescribed by the California State Controller's Office.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the preparation and electronic filing of the Report(s), and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the Report(s).

Our engagement cannot be relied upon to identify or disclose any Report misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office and assist you in the presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of the format prescribed by the California State Controller's Office as the financial reporting framework to be applied in the preparation of the Report(s).
2. The preparation and fair presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report(s).
4. The prevention and detection of fraud.
5. To ensure that the City complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with-
 - a. access to all information of which you are aware that is relevant to the fair presentation of the Report(s), such as records, documentation, and other matters.
 - b. additional information that we may request from you for the purpose of the compilation engagement.
 - c. unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation and electronic filing of your Report(s). You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the Report(s) and that, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it(them). If, for any reason, we are unable to complete the compilation of your Report(s), we will not issue a report on such Report(s) as a result of this engagement.

Our report will disclose that the Report(s) are presented in a prescribed form in accordance with the requirements of the California State Controller's Office and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing the Report(s) that indicates we have performed a compilation engagement on such Report(s) and, prior to inclusion of the report, to ask our permission to do so.

Timothy J. Krisch is the engagement partner and is responsible for supervising the compilation portion of the engagement and signing the report or authorizing another individual to sign it.



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

January 31, 2018

To Maze & Associates Accountancy Corporation and the
Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.



August 22, 2019

Belinda Warner
Director of Finance
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Dear Belinda:

We are pleased to confirm our understanding of the services we are to provide for the City of Richmond as of and for the year ended June 30, 2019. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

- 1) Audit of the City's basic financial statements, preparation of memorandum on internal controls, review of the appropriations limit calculation and assistance with the preparation of the Comprehensive Annual Financial Report.
- 2) Audit of the Successor Agency to the Redevelopment Agency footnote disclosures included in the City's basic financial statements.
- 3) Audit of the component unit financial statements for the Joint Powers Financing Authority and issuance of our report thereon.
- 4) Testing for the City's compliance with the Single Audit Act and applicable laws and regulations and issuance of our report thereon, six programs.
- 5) Testing of compliance for the Transportation Development Act Programs and preparation of required reports (one project).
- 6) Audit of the Richmond Housing Authority's basic financial statements, including RHA Properties and the Housing Authority's affiliated entities component unit financial statements.
- 7) Perform procedures and issue a report to comply with Department of Housing and Urban Development Real Estate Assessment Center (REAC) on-line submission requirements.
- 8) Testing of the Housing Authority's compliance with the Single Audit Act and applicable laws and regulations and issuance of our report thereon, two programs.

9) Preparation of the Annual Report of Financial Transactions (Controller's Report) and issuance of a compilation report for the following:

- a. City
- b. Municipal Sewer
- c. Joint Powers Financing Authority
- d. Police and Firemen's Pension Plan
- e. Garfield Pension Plan
- f. General Pension Plan

(See **Compilation Attachment** for Our Responsibilities and Your Responsibilities related to the compilation report)

10) Preparation of Web-ready PDF of the CAFR.

11) Develop and deliver training to City staff (class training timing and topics to be selected by City staff).

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the City's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and will provide an opinion on it in relation to the financial statements as a whole.

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Council of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with City management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the City for responding to this inquiry. At the conclusion of our audit we will also require certain written representations from management about management's responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and the Council internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and the applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Agreed-Upon Procedures

Our services to apply agreed-upon procedures that were specified and agreed to by the City related to the Appropriations Limit Worksheet (Worksheet) for the year ended June 30, 2019, as suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed or to be performed is solely the responsibility of those parties specified in the report and we will require an acknowledgement in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in the report either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

We reviewed the scope of services in conjunction with the *Government Auditing Standards* and believe that they do not impinge upon our independence. Because the procedures requested do not constitute an examination or review, we will not express an opinion or conclusion on the Worksheet. In addition, we have no obligation to perform any procedures beyond those agreed to.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the City. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. You understand that the report is intended solely for the information and use of the City, and should not be used by anyone other than these specified parties. Our report will contain a paragraph stating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the Worksheet that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the Worksheet, we will disclose those matters in our report.

You are responsible for the Worksheet and that it is in accordance with Article XIII B of the California Constitution; and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. You are responsible for, and agree to provide us with, a written assertion about the Worksheet. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the Worksheet in accordance with Article XIII B of the California Constitution.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and related notes in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and the related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management's responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the City will provide us with the Closing Checklist information required for our audit and that the City is responsible for the accuracy and completeness of that information.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings must be made available for our review.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Maze & Associates, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent will be a separate engagement. With regard to an exempt offering document with which Maze & Associates is not involved, you agree to clearly indicate in the exempt offering document that Maze & Associates is not involved with the contents of such offering document.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report to you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for this engagement for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in July 2019 and to issue our reports no later than December 31, 2019. Amy Meyer is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

To ensure that Maze & Associates' independence is not impaired under the *AICPA Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are billed based on our contract with the City. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the City's account becomes thirty days or more overdue and may not be resumed until the City's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are based on anticipated cooperation from City personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act major programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with City management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, or services will continue to be governed by the terms of this engagement letter.

Government Auditing Standards require that we provide the City with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return the entire copy to us.



Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the City.

By:

Title:

Date:



Belinda Warner

08/26/2019

**City of Richmond Engagement Letter
Fees Attachment
June 30, 2019**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

Services and Reports to be Issued

1	City Audit, including CAFR/Prop 111/Management Letter	\$215,591
2	Audit of Successor Agency Footnote Disclosures (in City CAFR)	10,710
3	Joint Powers Financing Authority Financial Statements	15,319
4	Single Audit Act Report (6 programs) (a)	56,716
5	Transportation Development Act Programs (1 project) (b)	5,686
6	Housing Authority, RHA Properties and its affiliated Entries Audit	40,219
7	Housing Authority Report for REAC Filing	included
8	Housing Authority Single Audit (2 programs) (c)	15,468
9	Annual Report of Financial Transactions to State Controller for:	
	City	11,935
	Muni Sewer	3,865
	JPFA	3,555
	Police and Firemen's Pension Plan	3,970
	Garfield Pension Plan	3,970
	General Pension Plan	3,970
10	Web ready PDF of CAFR (d)	included
11	City staff training (class training topics to be selected by City staff)	<u>20,000</u>
	Total Fees	<u>\$410,974</u>

Notes:

- (a) Additional major programs will cost \$9,000 each in fiscal 2019
- (b) Additional major programs will cost \$5,600 each in fiscal 2019
- (c) Additional major programs will cost \$7,500 each in fiscal 2019
- (d) Included at no extra cost

2019 Fees – Our fees have been based on our Proposal with the City dated May 16, 2017, except for the addition of City staff training and the five additional State Controller's Reports as requested by the City. The fees related to the five additional State Controller's Reports have been adjusted only for the change in the services component of the Bay Area Cost of Living Index for the San Francisco Bay Area of 4.5%.

PDF Copies of Reports – scanned copies of the above reports are available upon request at no charge. These scanned copies (300 dpi) are not high quality and the file sizes may be large, depending on the length of the report. **If you intend to post the CAFR to your website, we do not recommend using the scanned copies to do so.** If you would like a higher quality PDF file, we have listed three options below. Please contact us for more information on the specifics of these options. **Please contact us if you would like us to prepare one of the following three options** for your CAFR, or if you'd like a quote for the preparation of a file for another type of report. In addition, should you decide on one of the following options, please let us know at least a week in advance.

- 1. INDIVIDUAL PDF CAFR PAGES - \$210
- 2. WEB PDF CAFR - \$785
- 3. CAMERA READY PDF CAFR - \$1,100

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the City require assistance beyond audit services we will provide a cost estimate before proceeding.

Report Finalization - Our fee is based on our understanding that all information and materials necessary to finalize all our reports will be provided to us before we complete our year-end fieldwork in your offices. In the case of CAFRs, this includes all the materials and information required to print the CAFR. As in the past, we will provide final drafts of all our reports before we leave your offices. We will schedule a Final Changes Meeting with you for a date no more than two weeks after we complete our fieldwork. At that meeting, we will finalize all reports for printing. After that date, report changes you make and changes required because information was not received timely will be billed at our normal hourly rates.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year's adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year's audit, we will bill for this service at our normal hourly rates.

CAFR Printing - As a convenience, we can send your CAFR to a printer we use locally. We do not charge for delivering camera-ready print masters to any printer of your choice and delivering the CAFRs or BFS to you. However, we will bill you for any additional time spent on the CAFR printing at our normal hourly rates. This includes changes after the report goes to the printer, obtaining, reviewing and / or delivering printer's proofs, etc.

We can also help with CAFR design, including covers, tabs, dividers, color choices, bindings, organization charts, maps, etc. We will estimate these costs for you before proceeding.

Single Audit Act - Additional programs will each cost \$9,000 for the City and \$7,500 for the Housing Authority in 2019, unless there are other factors which add to that program's cost; in that case, we will provide a cost estimate before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in City Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.

City of Richmond Engagement Letter
Compilation Attachment
June 30, 2019

The services we have been engaged to provide are outlined below.

- Prepare and Electronically File the following Reports for the City:
 - Annual Report of Financial Transactions for the:
 - City
 - Municipal Sewer
 - Joint Powers Financing Authority
 - Police and Firemen's Pension Plan
 - Garfield Pension Plan
 - General Pension Plan

We will prepare and electronically file the Annual Financial Transactions Report(s) for the year ended June 30, 2019 in accordance with the requirements of Government Code Section 53891 and the California State Controller's Office's Cities or Special Districts, as applicable, Financial Transactions Report Instructions dated 11/18 and perform a compilation engagement with respect to the Financial Transactions Report. City staff will provide us with a detailed trial balance and any supporting general ledger reports or schedules required to prepare the Report(s).

The supplementary information accompanying the Report(s), including the U.S. Bureau of the Census Survey and any others required by the California State Controller's Office, will be presented for purposes of additional analysis. Such supplementary information is the responsibility of management and will not be subject to our compilation engagement.

Our Responsibilities

The objective of our engagement is to-

1. prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office based on information provided by you and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America, and
2. apply accounting and financial reporting expertise to assist you in the presentation of the Report(s) without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Report(s) in order for them to be in accordance with the format prescribed by the California State Controller's Office.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the preparation and electronic filing of the Report(s), and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the Report(s).

Our engagement cannot be relied upon to identify or disclose any Report misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office and assist you in the presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of the format prescribed by the California State Controller's Office as the financial reporting framework to be applied in the preparation of the Report(s).
2. The preparation and fair presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report(s) that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the City complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with-
 - a. access to all information of which you are aware that is relevant to the fair presentation of the Report(s), such as records, documentation, and other matters.
 - b. additional information that we may request from you for the purpose of the compilation engagement.
 - c. unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation and electronic filing of your Report(s). You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the Report(s) and that, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it(them). There may be circumstances in which the Report(s) differ from the expected form and content. If, for any reason, we are unable to complete the compilation of your Report(s), we will not issue a report on such Report(s) as a result of this engagement.

Our report will disclose that the Report(s) are presented in a prescribed form in accordance with the requirements of the California State Controller's Office and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing the Report(s) that indicates we have performed a compilation engagement on such Report(s) and, prior to inclusion of the report, to obtain our permission to do so.

Grace Zhang is the engagement partner and is responsible for supervising the compilation portion of the engagement and signing the report or authorizing another individual to sign it.



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

January 31, 2018

To Maze & Associates Accountancy Corporation and the
Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

General Conditions for Non-Construction Contracts

Section I – (With or without Maintenance Work)

U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Office of Labor Relations

OMB Approval No. 2577-0157 (exp. 1/31/2017)

Public Reporting Burden for this collection of information is estimated to average 0.08 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600; and to the Office of Management and Budget, Paperwork Reduction Project (2577-0157), Washington, D.C. 20503. Do not send this completed form to either of these addressees.

Applicability. This form HUD-5370-C has 2 Sections. These Sections must be inserted into non-construction contracts as described below:

- 1) **Non-construction contracts** (*without* maintenance) **greater than \$100,000 - use Section I;**
- 2) **Maintenance contracts** (including nonroutine maintenance as defined at 24 CFR 968.105) **greater than \$2,000 but not more than \$100,000 - use Section II;** and
- 3) **Maintenance contracts** (including nonroutine maintenance), **greater than \$100,000 – use Sections I and II.**

Section I - Clauses for All Non-Construction Contracts greater than \$100,000

1. Definitions

The following definitions are applicable to this contract:

- (a) "Authority or Housing Authority (HA)" means the Housing Authority.
- (b) "Contract" means the contract entered into between the Authority and the Contractor. It includes the contract form, the Certifications and Representations, these contract clauses, and the scope of work. It includes all formal changes to any of those documents by addendum, Change Order, or other modification.
- (c) "Contractor" means the person or other entity entering into the contract with the Authority to perform all of the work required under the contract.
- (d) "Day" means calendar days, unless otherwise stated.
- (e) "HUD" means the Secretary of Housing and Urban development, his delegates, successors, and assigns, and the officers and employees of the United States Department of Housing and Urban Development acting for and on behalf of the Secretary.

2. Changes

- (a) The HA may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in the services to be performed or supplies to be delivered.
- (b) If any such change causes an increase or decrease in the hourly rate, the not-to-exceed amount of the contract, or the time required for performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects the conditions of this contract, the HA shall make an equitable adjustment in the not-to-exceed amount, the hourly rate, the delivery schedule, or other affected terms, and shall modify the contract accordingly.
- (c) The Contractor must assert its right to an equitable adjustment under this clause within 30 days from the date of receipt of the written order. However, if the HA decides that the facts justify it, the HA may receive and act upon a

- (d) proposal submitted before final payment of the contract.
- (d) Failure to agree to any adjustment shall be a dispute under clause Disputes, herein. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.
- (e) No services for which an additional cost or fee will be charged by the Contractor shall be furnished without the prior written consent of the HA.

3. Termination for Convenience and Default

- (a) The HA may terminate this contract in whole, or from time to time in part, for the HA's convenience or the failure of the Contractor to fulfill the contract obligations (default). The HA shall terminate by delivering to the Contractor a written Notice of Termination specifying the nature, extent, and effective date of the termination. Upon receipt of the notice, the Contractor shall: (i) immediately discontinue all services affected (unless the notice directs otherwise); and (ii) deliver to the HA all information, reports, papers, and other materials accumulated or generated in performing this contract, whether completed or in process.
- (b) If the termination is for the convenience of the HA, the HA shall be liable only for payment for services rendered before the effective date of the termination.
- (c) If the termination is due to the failure of the Contractor to fulfill its obligations under the contract (default), the HA may (i) require the Contractor to deliver to it, in the manner and to the extent directed by the HA, any work as described in subparagraph (a)(ii) above, and compensation be determined in accordance with the Changes clause, paragraph 2, above; (ii) take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable for any additional cost incurred by the HA; (iii) withhold any payments to the Contractor, for the purpose of off-set or partial payment, as the case may be, of amounts owed to the HA by the Contractor.
- (d) If, after termination for failure to fulfill contract obligations (default), it is determined that the Contractor had not failed, the termination shall be deemed to have been effected for the convenience of the HA, and the Contractor shall be entitled to payment as described in paragraph (b) above.
- (e) Any disputes with regard to this clause are expressly made subject to the terms of clause titled Disputes herein.

4. Examination and Retention of Contractor's Records

- (a) The HA, HUD, or Comptroller General of the United States, or any of their duly authorized representatives shall, until 3 years after final payment under this contract, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract for the purpose of making audit, examination, excerpts, and transcriptions.

-
- (b) The Contractor agrees to include in first-tier subcontracts under this contract a clause substantially the same as paragraph (a) above. "Subcontract," as used in this clause, excludes purchase orders not exceeding \$10,000.
- (c) The periods of access and examination in paragraphs (a) and (b) above for records relating to:
- (i) appeals under the clause titled Disputes;
 - (ii) litigation or settlement of claims arising from the performance of this contract; or,
 - (iii) costs and expenses of this contract to which the HA, HUD, or Comptroller General or any of their duly authorized representatives has taken exception shall continue until disposition of such appeals, litigation, claims, or exceptions.

5. Rights in Data (Ownership and Proprietary Interest)

The HA shall have exclusive ownership of, all proprietary interest in, and the right to full and exclusive possession of all information, materials and documents discovered or produced by Contractor pursuant to the terms of this Contract, including but not limited to reports, memoranda or letters concerning the research and reporting tasks of this Contract.

6. Energy Efficiency

The contractor shall comply with all mandatory standards and policies relating to energy efficiency which are contained in the energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub.L. 94-163) for the State in which the work under this contract is performed.

7. Disputes

- (a) All disputes arising under or relating to this contract, except for disputes arising under clauses contained in Section III, Labor Standards Provisions, including any claims for damages for the alleged breach there of which are not disposed of by agreement, shall be resolved under this clause.
- (b) All claims by the Contractor shall be made in writing and submitted to the HA. A claim by the HA against the Contractor shall be subject to a written decision by the HA.
- (c) The HA shall, with reasonable promptness, but in no event in no more than 60 days, render a decision concerning any claim hereunder. Unless the Contractor, within 30 days after receipt of the HA's decision, shall notify the HA in writing that it takes exception to such decision, the decision shall be final and conclusive.
- (d) Provided the Contractor has (i) given the notice within the time stated in paragraph (c) above, and (ii) excepted its claim relating to such decision from the final release, and (iii) brought suit against the HA not later than one year after receipt of final payment, or if final payment has not been made, not later than one year after the Contractor has had a reasonable time to respond to a written request by the HA that it submit a final voucher and release, whichever is earlier, then the HA's decision shall not be final or conclusive, but the dispute shall be determined on the merits by a court of competent jurisdiction.
- (e) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the HA.

8. Contract Termination; Debarment

A breach of these Contract clauses may be grounds for termination of the Contract and for debarment or denial of participation in HUD programs as a Contractor and a subcontractor as provided in 24 CFR Part 24.

9. Assignment of Contract

The Contractor shall not assign or transfer any interest in this contract; except that claims for monies due or to become due from the HA under the contract may be assigned to a bank, trust company, or other financial institution. If the Contractor is a partnership, this contract shall inure to the benefit of the surviving or remaining member(s) of such partnership approved by the HA.

10. Certificate and Release

Prior to final payment under this contract, or prior to settlement upon termination of this contract, and as a condition precedent thereto, the Contractor shall execute and deliver to the HA a certificate and release, in a form acceptable to the HA, of all claims against the HA by the Contractor under and by virtue of this contract, other than such claims, if any, as may be specifically excepted by the Contractor in stated amounts set forth therein.

11. Organizational Conflicts of Interest

- (a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under this contract and a contractor's organizational, financial, contractual or other interests are such that:
 - (i) Award of the contract may result in an unfair competitive advantage; or
 - (ii) The Contractor's objectivity in performing the contract work may be impaired.
- (b) The Contractor agrees that if after award it discovers an organizational conflict of interest with respect to this contract or any task/delivery order under the contract, he or she shall make an immediate and full disclosure in writing to the Contracting Officer which shall include a description of the action which the Contractor has taken or intends to take to eliminate or neutralize the conflict. The HA may, however, terminate the contract or task/delivery order for the convenience of the HA if it would be in the best interest of the HA.
- (c) In the event the Contractor was aware of an organizational conflict of interest before the award of this contract and intentionally did not disclose the conflict to the Contracting Officer, the HA may terminate the contract for default.
- (d) The terms of this clause shall be included in all subcontracts and consulting agreements wherein the work to be performed is similar to the service provided by the prime Contractor. The Contractor shall include in such subcontracts and consulting agreements any necessary provisions to eliminate or neutralize conflicts of interest.

12. Inspection and Acceptance

- (a) The HA has the right to review, require correction, if necessary, and accept the work products produced by the Contractor. Such review(s) shall be carried out within 30 days so as to not impede the work of the Contractor. Any

product of work shall be deemed accepted as submitted if the HA does not issue written comments and/or required corrections within 30 days from the date of receipt of such product from the Contractor.

- (b) The Contractor shall make any required corrections promptly at no additional charge and return a revised copy of the product to the HA within 7 days of notification or a later date if extended by the HA.
- (c) Failure by the Contractor to proceed with reasonable promptness to make necessary corrections shall be a default. If the Contractor's submission of corrected work remains unacceptable, the HA may terminate this contract (or the task order involved) or reduce the contract price or cost to reflect the reduced value of services received.

13. Interest of Members of Congress

No member of or delegate to the Congress of the United States of America or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit to arise there from, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

14. Interest of Members, Officers, or Employees and Former Members, Officers, or Employees

No member, officer, or employee of the HA, no member of the governing body of the locality in which the project is situated, no member of the governing body in which the HA was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the project, shall, during his or her tenure, or for one year thereafter, have any interest, direct or indirect, in this contract or the proceeds thereof.

15. Limitation on Payments to Influence Certain Federal Transactions

(a) Definitions. As used in this clause:

"Agency", as defined in 5 U.S.C. 552(f), includes Federal executive departments and agencies as well as independent regulatory commissions and Government corporations, as defined in 31 U.S.C. 9101(1).

"Covered Federal Action" means any of the following Federal actions:

- (i) The awarding of any Federal contract;
- (ii) The making of any Federal grant;
- (iii) The making of any Federal loan;
- (iv) The entering into of any cooperative agreement; and,
- (v) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

Covered Federal action does not include receiving from an agency a commitment providing for the United States to insure or guarantee a loan.

"Indian tribe" and "tribal organization" have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450B). Alaskan Natives are included under the definitions of Indian tribes in that Act.

"Influencing or attempting to influence" means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

"Local government" means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

"Officer or employee of an agency" includes the following individuals who are employed by an agency:

- (i) An individual who is appointed to a position in the Government under title 5, U.S.C., including a position under a temporary appointment;
- (ii) A member of the uniformed services as defined in section 202, title 18, U.S.C.;
- (iii) A special Government employee as defined in section 202, title 18, U.S.C.; and,
- (iv) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, appendix 2.

"Person" means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit or not for profit. This term excludes an Indian tribe, tribal organization, or other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Recipient" includes all contractors, subcontractors at any tier, and subgrantees at any tier of the recipient of funds received in connection with a Federal contract, grant, loan, or cooperative agreement. The term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Regularly employed means, with respect to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement, an officer or employee who is employed by such person for at least 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract, grant, loan, or cooperative agreement. An officer or employee who is employed by such person for less than 130 working days within one year immediately preceding the date of submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

"State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and a multi-State, regional, or interstate entity having governmental duties and powers.

(b) Prohibition.

- (i) Section 1352 of title 31, U.S.C. provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(ii) The prohibition does not apply as follows:

(1) Agency and legislative liaison by Own Employees.

(a) The prohibition on the use of appropriated funds, in paragraph (i) of this section, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement, if the payment is for agency and legislative activities not directly related to a covered Federal action.

(b) For purposes of paragraph (b)(i)(1)(a) of this clause, providing any information specifically requested by an agency or Congress is permitted at any time.

(c) The following agency and legislative liaison activities are permitted at any time only where they are not related to a specific solicitation for any covered Federal action:

(1) Discussing with an agency (including individual demonstrations) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities; and,

(2) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(d) The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered Federal action:

(1) Providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

(2) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(3) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Public Law 95-507 and other subsequent amendments.

(e) Only those activities expressly authorized by subdivision (b)(ii)(1)(a) of this clause are permitted under this clause.

(2) Professional and technical services.

(a) The prohibition on the use of appropriated funds, in subparagraph (b)(i) of this clause, does not apply in the case of-

(i) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action.

(ii) Any reasonable payment to a person, other than an officer or employee of a

person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(b) For purposes of subdivision (b)(ii)(2)(a) of clause, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline.

(c) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation, or reasonably expected to be required by law or regulation, and any other requirements in the actual award documents.

(d) Only those services expressly authorized by subdivisions (b)(ii)(2)(a)(i) and (ii) of this section are permitted under this clause.

(iii) Selling activities by independent sales representatives.

(3) The prohibition on the use of appropriated funds, in subparagraph (b)(i) of this clause, does not apply to the following selling activities before an agency by independent sales representatives, provided such activities are prior to formal solicitation by an agency and are specifically limited to the merits of the matter:

(i) Discussing with an agency (including individual demonstration) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities; and

(ii) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(d) Agreement. In accepting any contract, grant, cooperative agreement, or loan resulting from this solicitation, the person submitting the offer agrees not to make any payment prohibited by this clause.

(e) Penalties. Any person who makes an expenditure prohibited under paragraph (b) of this clause shall be subject to civil penalties as provided for by 31 U.S.C. 1352. An imposition of a civil penalty does not prevent the Government from seeking any other remedy that may be applicable.

(f) Cost Allowability. Nothing in this clause is to be interpreted to make allowable or reasonable any costs which would be unallowable or unreasonable in accordance with Part 31 of the Federal Acquisition Regulation (FAR), or OMB Circulars dealing with cost allowability for recipients of assistance agreements. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any of the provisions of FAR Part 31 or the relevant OMB Circulars.

16. Equal Employment Opportunity

During the performance of this contract, the Contractor agrees as follows:

- (a) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- (b) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to (1) employment; (2) upgrading; (3) demotion; (4) transfer; (5) recruitment or recruitment advertising; (6) layoff or termination; (7) rates of pay or other forms of compensation; and (8) selection for training, including apprenticeship.
- (c) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
- (d) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (e) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
- (f) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.
- (g) The Contractor shall furnish all information and reports required by Executive Order 11246, as amended and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto. The Contractor shall permit access to its books, records, and accounts by the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (h) In the event of a determination that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts, or federally assisted construction contracts under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.
- (i) The Contractor shall include the terms and conditions of this clause in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor. The Contractor shall take such action with respect to any subcontractor or purchase order as the Secretary of Housing and Urban Development or the Secretary of Labor may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided that if the

Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

17. Dissemination or Disclosure of Information

No information or material shall be disseminated or disclosed to the general public, the news media, or any person or organization without prior express written approval by the HA.

18. Contractor's Status

It is understood that the Contractor is an independent contractor and is not to be considered an employee of the HA, or assume any right, privilege or duties of an employee, and shall save harmless the HA and its employees from claims suits, actions and costs of every description resulting from the Contractor's activities on behalf of the HA in connection with this Agreement.

19. Other Contractors

HA may undertake or award other contracts for additional work at or near the site(s) of the work under this contract. The contractor shall fully cooperate with the other contractors and with HA and HUD employees and shall carefully adapt scheduling and performing the work under this contract to accommodate the additional work, heeding any direction that may be provided by the Contracting Officer. The contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or HA employee.

20. Liens

The Contractor is prohibited from placing a lien on HA's property. This prohibition shall apply to all subcontractors.

21. Training and Employment Opportunities for Residents in the Project Area (Section 3, HUD Act of 1968; 24 CFR 135)

- (a) The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- (b) The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- (c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of

apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- (d) The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- (e) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- (f) Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

22. Procurement of Recovered Materials

- (a) In accordance with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Contractor shall procure items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The Contractor shall procure items designated in the EPA guidelines that contain the highest percentage of recovered materials practicable unless the Contractor determines that such items: (1) are not reasonably available in a reasonable period of time; (2) fail to meet reasonable performance standards, which shall be determined on the basis of the guidelines of the National Institute of Standards and Technology, if applicable to the item; or (3) are only available at an unreasonable price.
- (b) Paragraph (a) of this clause shall apply to items purchased under this contract where: (1) the Contractor purchases in excess of \$10,000 of the item under this contract; or (2) during the preceding Federal fiscal year, the Contractor: (i) purchased any amount of the items for use under a contract that was funded with Federal appropriations and was with a Federal agency or a State agency or agency of a political subdivision of a State; and (ii) purchased a total of in excess of \$10,000 of the item both under and outside that contract.

Certifications and Representations of Offerors Non-Construction Contract

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No: 2577-0180 (exp. 7/30/96)

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 85.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offerors to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

1. Contingent Fee Representation and Agreement

(a) The bidder/offeror represents and certifies as part of its bid/offer that, except for full-time bona fide employees working solely for the bidder/offeror, the bidder/offeror:

(1) has, has not employed or retained any person or company to solicit or obtain this contract; and

(2) has, has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offeror shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offeror shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

2. Small, Minority, Women-Owned Business Concern Representation

The bidder/offeror represents and certifies as part of its bid/offer that it:

(a) is, is not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(b) is, is not a women-owned small business concern. "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.

(c) is, is not a minority enterprise which, pursuant to Executive Order 11625, is defined as a business which is at least 51 percent owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals.

For the purpose of this definition, minority group members are:

(Check the block applicable to you)

- | | |
|---|---|
| <input type="checkbox"/> Black Americans | <input type="checkbox"/> Asian Pacific Americans |
| <input type="checkbox"/> Hispanic Americans | <input type="checkbox"/> Asian Indian Americans |
| <input type="checkbox"/> Native Americans | <input type="checkbox"/> Hasidic Jewish Americans |

3. Certificate of Independent Price Determination

(a) The bidder/offeror certifies that—

(1) The prices in this bid/offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder/offeror or competitor relating to (i) those prices, (ii) the intention to submit a bid/offer, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offeror, directly or indirectly, to any other bidder/offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the bidder/offeror to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

(1) Is the person in the bidder/offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above (insert full name of person(s) in the bidder/offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offeror's organization);

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above.

(c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

4. Organizational Conflicts of Interest Certification

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

5. Authorized Negotiators (RFPs only)

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

6. Conflict of Interest

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

7. Offeror's Signature

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

Typed or Printed Name:

Title:

Certification Regarding Debarment and Suspension

U.S. Department of Housing
and Urban Development

Certification A: Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

1. The prospective primary participant certifies to the best of its knowledge and belief that its principals;
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency;
 - b. Have not within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Instructions for Certification (A)

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of these regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines this eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

Certification B: Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Instructions for Certification (B)

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of these regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph (5) of these instructions, if a participant in a lower covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies including suspension and/or debarment.

Applicant		Date
Signature of Authorized Certifying Official		Title

City of Richmond - Insurance Requirements - Type 2: Professional Services

In all instances where CONTRACTOR or its representatives will provide professional services (*architects, engineers, construction management, counselors, medical professionals, hospitals, clinics, attorneys, consultants, accountants, etc.*) to the City of Richmond (City), the City requires the following MINIMUM insurance requirements and limits.

CONTRACTOR shall procure and maintain for the duration of the contract, agreement, or other order for work, services or supplies, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the CONTRACTOR, its agents, representatives, employees or subcontractors. **Maintenance of proper insurance coverage is a material element of the contract. Failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract.**

CONTRACTOR agrees that in the event of loss due to any of the perils for which it has agreed to provide Commercial General Liability insurance, CONTRACTOR shall look solely to its insurance for recovery. CONTRACTOR hereby grants to CITY, on behalf of any insurer providing Commercial General Liability insurance to either CONTRACTOR or CITY with respect to the services of CONSULTANT herein, a waiver of any right to subrogation which any such insurer of said CONTRACTOR may acquire against the CITY by virtue of the payment of any loss under such insurance.

Original, signed certificates and original, separate policy endorsements, naming the City as an additional insured for general liability coverage, as well as a waiver of subrogation for Workers' Compensation insurance, shall be received and approved by the City **before any work may begin**. However, failure to do so shall not operate as a waiver of these insurance requirements.

City reserves the right to modify or require additional coverages for specific risk exposures depending on scope of CONTRACTORS work.

Minimum coverage is detailed below. The policy limits of coverage shall be made available to the full limits of the policy. The minimum limits stated herein shall not serve to reduce the policy limits of coverage of CONTRACTOR.

Minimum Scope of Insurance – the following forms shall be provided and coverage shall be at least as broad as the following:

1. Insurance Services Office Commercial General Liability coverage (ISO Occurrence Form CG 0001), and including coverage for bodily and personal injury, property damage, and products and completed operations (if applicable).
2. Insurance Services Office Automobile Liability coverage (ISO Form CA 0001, Code 1, Any Auto).
3. Original and Separate Additional Insured Endorsement for General Liability (ISO Form CG 20 10 11/85 or its equivalent) with primary and non-contributory language.
4. Workers' Compensation Insurance as required by the State of California including Employer's Liability coverage.
5. Original and Separate Waiver of Subrogation for Workers' Compensation insurance.
6. Professional Liability or Errors & Omissions Liability Insurance appropriate to the CONTRACTOR's profession (if required.)

Required Coverage	Minimum Limits
Workers' Compensation and Employers' Liability	Statutory limits as required by the State of California including \$1 million Employers' Liability per accident, per employee for bodily injury or disease. If CONTRACTOR is self-insured, provide a certificate of Permission to Self-Insure, signed by the California Department of Industrial Relations and Self-Insurance. If contractor is a sole proprietor (has no employees) than contractor must sign "Contractor Release of Liability" found at: http://www.ci.richmond.ca.us/index.aspx?nid=61 .
General Liability <i>(primary and excess limits combined)</i>	\$2,000,000 per occurrence for bodily injury, personal injury and property damage. If the policy includes a general aggregate, either the general aggregate shall apply separately to this project, service or location or the minimum required aggregate limit shall be twice the per occurrence limit (\$4 million aggregate limit) . Policy shall be endorsed to name the City of Richmond as an additional insured per the conditions detailed below.

**City of Richmond - Insurance Requirements - Type 2:
Professional Services**

Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage.	
Professional Liability or Errors & Omissions Liability – <i>Required for all professionals including architects, engineers, consultants, construction management, counselors, medical professionals, hospitals, clinics, attorneys and accountants, & other consultants as may be required by the City.</i>	PROJECT COST	REQUIRED LIMIT
	\$0 - \$1 million	\$1 million p/o
	\$1 million - \$5 million	\$2 million p/o
	Over \$5 million	\$5 million p/o

Required Policy Conditions	
Additional Insured Endorsement	<p>Applicable to General Liability coverage.</p> <p>The City of Richmond, its officers, officials, employees, agents and volunteers are to be named as additional insureds for all liability arising out of the operations by or on behalf of the named insured including bodily injury, deaths and property damage or destruction arising in any respect directly or indirectly in the performance of this contract.</p> <p>ISO form CG 20 10 (11/85) or its equivalent is required. If the Contractor is supplying their product or providing a service then the endorsement <u>must not</u> exclude products and completed operations coverage. If it does, then CG 20 37 (10/01) is also required. SAMPLE Endorsements can be found at http://www.ci.richmond.ca.us/index.aspx?nid=61.</p>
Primary and Noncontributory	<p>The contractor’s insurance coverage must be primary coverage as it pertains to the City, its officers, officials, employees, agents and volunteers. Any insurance or self insurance maintained by the City is wholly separate from the insurance of the contractor and in no way relieves the contractor from its responsibility to provide insurance.</p>
Waiver of Subrogation Endorsement Form	<p>Contractor’s insurer will provide a Waiver of Subrogation in favor of the City for Workers’ Compensation Insurance during the life of this contract. SAMPLE Endorsements can be found at http://www.ci.richmond.ca.us/index.aspx?nid=61.</p>
Deductibles and Self-Insured Retentions	<p>Any deductible or self-insured retention must be declared to and approved by the City. At the option of the City either the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City or the CONTRACTOR shall procure a financial guarantee in an amount equal to the deductible or self-insured retention guaranteeing payment of losses and related investigations, claims administration and defense expenses.</p> <p>Contractor is responsible for satisfaction of the deductible and/or self-insured retention for each loss.</p>
A. M. Best Rating	<p>A:VII or Better. If the A.M. Best Rating falls below the required rating, CONTRACTOR must replace coverage immediately and provide notice to City.</p>

Umbrella/Excess Liability Policies

If an Umbrella or Excess Liability Policy is used to meet the liability limits, coverage shall be as broad as specified for underlying coverage’s and cover those insured in the underlying policies.

<p style="text-align: center;">City of Richmond - Insurance Requirements - Type 2: Professional Services</p>

Claims-Made Policies

If any insurance policy is written on a claims-made form: 1) the retroactive date must be shown, and must be before the date of the contract or the beginning of contract work. 2) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. 3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of five (5) years after completion of contract work.

Subcontractors

CONTRACTOR shall include all subcontractors as insured under its policies or shall furnish to the City for review and approval, separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

CONTRACTOR agrees to defend and indemnify the City of Richmond for any damage resulting to it from failure of either CONTRACTOR or any subcontractor to take out or maintain the required insurance policies. The fact that insurance is obtained by CONTRACTOR, and/or CONTRACTOR's subcontractors, will not be deemed to release or diminish the liability of CONTRACTOR, including, without limitation, liability under the indemnity provisions of this contract. Damages recoverable by CITY from CONTRACTOR or any third party will not be limited by the amount of the required insurance coverage.

Verification of Coverage

All original certificates and endorsements shall be received and approved by the City **before work may begin.** The City of Richmond reserves the right to require complete, certified copies of all required insurance policies including endorsements affecting the coverage at any time.

Original insurance certificates and required policy endorsements shall be mailed or delivered to the Designated Project Manager for the City of Richmond.

Insurance certificates and endorsements may be faxed to the Designated Project Manger. However, CONTRACTOR must mail the original certificates and endorsements to Designated Project Manager once faxed.

Continuous Coverage

CONTRACTOR shall maintain the required insurance for the life of the contract. Should the CONTRACTOR cease to have insurance as required during this time, all work by the CONTRACTOR pursuant to this agreement shall cease until insurance acceptable to the City is provided. In the event that CONTRACTOR fails to comply with the City's insurance requirements, the City may take such action as it deems necessary to protect the City's interests. Such action may include but is not limited to termination of the contract, withholding of payments, or other actions as the City deems appropriate.

If services or the scope of work extend beyond the expiration dates of the required insurance policies initially approved by the City, CONTRACTOR must provide updated certificates and endorsements indicating that the required coverage, terms and conditions are still in place. **Renewal certificates and updated endorsements shall be mailed to the Designated Project Manager.**

Cancellation

CONTRACTOR shall ensure that coverage shall not be cancelled, reduced or otherwise materially changed except after thirty (30) days' prior written notice has been given to the City.

Reporting Requirements

Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

Consistent with Public Policy

The insuring provisions, insofar as they may be judged to be against public policy shall be void and unenforceable only to the minimum extent necessary so that the remaining terms and provisions herein may be consistent with public policy and thus enforceable.



DRIVE-THRU FOOD GIVE-AWAY

Friday, January 29th
11:00am-2:00pm

Richmond Civic Center
325 Civic Center Plaza
Parking Lot Across from Library

First come, first served while supplies last.

For other distributions visit:
foodbankccs.org/getfood





DISTRIBUCIÓN DE ALIMENTOS A SU COCHE (ESTILO DRIVE-THRU)

**Viernes 29 de enero
De 11:00am a 2:00pm**

**Richmond Civic Center
325 Civic Center Plaza
Estacionamiento frente a la biblioteca**

Servicio sera por orden de llegada,
mientras duren los alimentos.

Para otras distribuciones visite:
foodbankccs.org/getfood

