



CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Chairman Mark D. Radecki
Vice Chair Cory C. Moss
Board Member Abraham N. Cruz
Board Member Roy Haber, III
Board Member Newell W. Ruggles

REGULAR MEETING AGENDA
OCTOBER 8, 2015 AT 9:00 A.M.*
(Immediately following the conclusion of the City Council Meeting)

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the Authority:

- ▶ **Agenda Items:** *Members of the public may address the Authority on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Authority.*
- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Authority on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Authority from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the Authority.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

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1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments

5. **BOARD MATTERS**

5.1 Consideration of the minutes of the June 11, 2015 regular meeting.

RECOMMENDED ACTION: Approve as submitted.

5.2 Consideration of a Professional Services Agreement between the Industry Public Facilities Authority and The Pun Group, LLP, to provide auditing services for Fiscal Year 2015-2016.

RECOMMENDED ACTION: Approve the Agreement.

6. Adjournment.

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.1

INDUSTRY PUBLIC FACILITIES AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JUNE 11, 2015
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CALL TO ORDER

The Regular Meeting of the Industry Public Facilities Authority of the City of Industry, California, was called to order by Chairman Mark D. Radecki at 9:31 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Chairman Mark D. Radecki.

ROLL CALL

PRESENT: Mark D. Radecki, Chairman
Cory C. Moss, Vice Chair
Jeff Parriott, Board Member
Newell Ruggles, Board Member

ABSENT: Roy Haber, Board Member

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY VICE CHAIR MOSS TO GRANT BOARD MEMBER HABER AN EXCUSED ABSENCE. MOTION CARRIED 4-0, WITH BOARD MEMBER HABER ABSENT.

STAFF PRESENT: Kevin Radecki, Executive Director; James Casso, General Counsel; and Cecelia Dunlap, Assistant Secretary.

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION OF THE MINUTES OF THE MAY 14, 2015 REGULAR MEETING

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY BOARD MEMBER RUGGLES TO APPROVE THE MINUTES AS SUBMITTED. MOTION CARRIED 4-0, WITH BOARD MEMBER HABER ABSENT.

CONSIDERATION OF A PROPOSAL SUBMITTED BY EADIE AND PAYNE, LLP TO PROVIDE AUDITING SERVICES FOR THE INDUSTRY FACILITIES AUTHORITY FOR THE FISCAL YEAR 2015-2016

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER RUGGLES TO

INDUSTRY PUBLIC FACILITIES AUTHORITY
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APPROVE THE PROPOSAL. MOTION CARRIED 4-0, WITH BOARD MEMBER HABER ABSENT.

ADJOURNMENT

There being no further business, the Industry Public Facilities Authority adjourned.

MARK D. RADECKI
CHAIRMAN

CECELIA DUNLAP
ASSISTANT SECRETARY

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.2



INDUSTRY PUBLIC FACILITIES AUTHORITY

P.O. BOX 3366 • CITY OF INDUSTRY • CALIFORNIA 91744
(626) 333-2211 • Fax (626) 961-6795 • www.cityofindustry.org

Mark D. Radecki, Chairman
Cory C. Moss, Vice Chairman
Roy M. Haber, Board Member
Jeff L. Parriott, Board Member
Newell W. Ruggles, Board Member

Paul J. Philips, Executive Director
James M. Casso, General Counsel
Phyllis Tucker, Treasurer
Cecelia Dunlap, Assistant Secretary

MEMORANDUM

TO: Board Members of the Industry Public Facilities Authority
FROM: Paul J. Philips, Executive Director *Paul J. Philips*
DATE: October 1, 2015
SUBJECT: Approval of the Attached Professional Services Agreement
Auditing Services, Fiscal Year 2015-2016, The Pun Group

At a previous City Council meeting, the City Council acted to accept the bid from The Pun Group to provide annual auditing services for the City and the various City agencies. Attached please find the required Agreement for final IPFA Board approval.

IT IS RECOMMENDED that the Board approve the attached Agreement, together with Exhibits A, B, and C, and permit the Executive Director to enter into the Agreement.

INDUSTRY PUBLIC FACILITIES AUTHORITY
PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as of October ____, 2015 ("Effective Date"), between the Industry Public Facilities Authority, a public body, corporate and politic, ("IPFA"), and The Pun Group, LLP, a California Limited Liability Partnership ("Consultant"). IPFA and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, IPFA desires to engage Consultant to perform the services described herein, and Consultant desires to perform such services in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, IPFA and Consultant agree as follows:

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than March 31, 2016, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

(a) Consultant shall perform the tasks ("Services") described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. ("Scope of Services"). Tasks other than those specifically described in the Scope of Services shall not be performed without prior written approval of the IPFA. The Services shall be performed by Consultant, unless prior written approval is first obtained from the IPFA. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit A, the terms of this Agreement shall prevail.

(b) IPFA shall have the right to request, in writing, changes to the Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

(c) Consultant shall perform all Services in a manner reasonably satisfactory to the IPFA and in a first-class manner in conformance with the standards of quality normally observed by an entity providing professional auditing services, serving a public agency.

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working on the Effective Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute or law; and (ii) IPFA has not consented in writing to Consultant's performance of such work. No officer or employee of IPFA shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.* Consultant

hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of IPFA. If Consultant was an employee, agent, appointee, or official of IPFA in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et. seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for Services performed pursuant to this Agreement, and Consultant will be required to reimburse IPFA for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

(e) Consultant represents that it has, or will secure at its own expense, all licensed personnel required to perform the Services. All Services shall be performed by Consultant or under its supervision, and all personnel engaged in the Services shall be qualified and licensed to perform such services.

3. MANAGEMENT

IPFA's Finance Director shall represent the IPFA in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but shall have no authority to modify the Services or the compensation due to Consultant.

4. PAYMENT

(a) IPFA agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed Six Thousand Dollars (\$6,000.00) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by IPFA. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by IPFA and Consultant at the time IPFA's written authorization is given to Consultant for the performance of said services.

(c) Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If IPFA disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within 45 days of receipt of an invoice therefore.

(d) In the event IPFA is required to undergo a single audit in accordance with the Federal Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, the Contractor shall charge an additional fee of Three Thousand Dollars (\$3,000.00) for each major program audit. The number of programs determined to be a major program will be based on the determination required by OMB Circular A-133 and will be discussed with IPFA prior to commencement of any audit work. Any work performed under this Section shall be provided only upon the prior written approval of IPFA.

5. SUSPENSION OR TERMINATION OF AGREEMENT

(a) IPFA may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If IPFA suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, IPFA shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to IPFA. Upon termination of the Agreement pursuant to this Section, the Consultant shall submit an invoice to IPFA pursuant to Section 5 of this Agreement.

6. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by IPFA that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of IPFA or its designees at reasonable times to review such books and records; shall give IPFA the right to examine and audit said books and records; shall permit IPFA to make transcripts or copies therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of IPFA and may be used, reused, or otherwise disposed of by IPFA without the permission of the Consultant. With respect to computer files, Consultant shall make available to IPFA, at the Consultant's office, and upon reasonable written request by IPFA, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying and/or printing computer files. Consultant hereby grants to IPFA all right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of IPFA.

7. INDEMNIFICATION

(a) Indemnity for professional liability

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless IPFA and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees

or Subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

(b) DUTY TO DEFEND. In the event IPFA, its officers, employees, agents and/or volunteers are made a party to any action, claim, lawsuit, or other adversarial proceeding arising from the performance of the services encompassed by this Agreement, and upon demand by IPFA, Consultant shall have an immediate duty to defend IPFA at Consultant's cost or at IPFA's option, to reimburse IPFA for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters.

Payment by IPFA is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Consultant and IPFA, as to whether liability arises from the sole negligence of the IPFA or its officers, employees, or agents, Consultant will be obligated to pay for IPFA's defense until such time as a final judgment has been entered adjudicating IPFA as solely negligent. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

8. INSURANCE

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit C attached hereto and incorporated herein by reference.

9. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to IPFA a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultants exclusive direction and control. Neither IPFA nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of IPFA. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against IPFA, or bind IPFA in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, IPFA shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for IPFA. IPFA shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. IPFA, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

11. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of IPFA in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial

inducement. No officer or employee of IPFA has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling IPFA to any and all remedies at law or in equity.

12. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of IPFA, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

13. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without IPFA's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from IPFA, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any IPFA project or property located within IPFA's jurisdiction, unless otherwise required by law or court order.

(b) Consultant shall promptly notify IPFA should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any IPFA project or property located within IPFA's jurisdiction, unless Consultant is prohibited by law from informing IPFA of such Discovery, court order or subpoena. IPFA retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless IPFA is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with IPFA and to provide the opportunity to review any response to discovery requests provided by Consultant. However, IPFA's right to review any such response does not imply or mean the right by IPFA to control, direct, or rewrite said response.

14. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To IPFA:

Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
City of Industry, CA 91744
Attention: Executive Director

With a Copy To: James M. Casso, General Counsel
P.O. Box 4131
West Covina, CA 91791

To Consultant: Kenneth H. Pun
The Pun Group, LLP
200 E. Sandpointe Avenue, Suite 600
Santa Ana, CA 92707

15. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of IPFA.

Before retaining or contracting with any subconsultant for any services under this Agreement, Consultant shall provide IPFA with the identity of the proposed subconsultant, a copy of the proposed written contract between Consultant and such subconsultant which shall include and indemnity provision similar to the one provided herein and identifying IPFA as an indemnified party, or an incorporation of the indemnity provision provided herein, and proof that such proposed subconsultant carries insurance at least equal to that required by this Agreement or obtain a written waiver from IPFA for such insurance.

Notwithstanding Consultant's use of any subconsultant, Consultant shall be responsible to IPFA for the performance of its subconsultant as it would be if Consultant had performed the Services itself. Nothing in this Agreement shall be deemed or construed to create a contractual relationship between IPFA and any subconsultant employed by Consultant. Consultant shall be solely responsible for payments to any subconsultants. Consultant shall indemnify, defend and hold harmless the Indemnified Parties for any claims arising from, or related to, the services performed by a subconsultant under this Agreement.

16. GOVERNING LAW/ATTORNEYS' FEES

IPFA and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court in Los Angeles County, California. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the Services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the

representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

18. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and shall have no significance in the interpretation of this Agreement.

21. WAIVER

The waiver by IPFA or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by IPFA or Consultant unless in writing.

22. REMEDIES

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies.

23. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date.

“IPFA”
Industry Public Facilities Authority

“CONSULTANT”
The Pun Group, LLP

By: _____
Paul Philips, Executive Director

By: _____
Kenneth H. Pun, Managing Partner

Attest:

By: _____
Cecelia Dunlap, Secretary

Approved as to form:

By: _____
James M. Casso, General Counsel

- | | | |
|--------------|-----------|------------------------|
| Attachments: | Exhibit A | Scope of Services |
| | Exhibit B | Rate Schedule |
| | Exhibit C | Insurance Requirements |

EXHIBIT A

SCOPE OF SERVICES

Consultant shall audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of IPFA as of and for the year ended June 30, 2015.

Accounting standards generally accepted in the United States of America provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the IPFA'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. Consultant shall apply certain limited procedures to the IPFA'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 Consultant's inquiries, the basic financial statements, and other knowledge Consultant obtained during our audit of the basic financial statements. Consultant shall not express an opinion or provide any assurance on the information because the limited procedures do not provide Consultant with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis

Consultant shall report on Supplementary Information other than RSI that accompanies the IPFA's financial statements. Consultant will subject the following Supplementary Information to the auditing procedures applied in Consultant's 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:

1) Schedule of Long-Term Debt

Audit Objectives

The objective of the audit is the expression of opinions as to whether IPFA's 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 supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Consultant's audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the IPFA and other procedures we consider necessary to enable Consultant to express such opinions. Consultant shall issue a written report upon completion of its audit of the IPFA's financial statements. Consultant's report will be addressed

to the IPFA Board. Consultant cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for Consultant to modify its opinions or add emphasis-of-matter or other-matter paragraphs. If Consultant's opinions on the financial statements are other than unmodified, Consultant will discuss the reasons with IPFA in advance. If, for any reason, Consultant is unable to complete the audit or are unable to form or have not formed opinions, Consultant may decline to express opinions or issue reports, or may withdraw from this engagement.

Consultant shall provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that 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 the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during Consultant's audit Consultant becomes aware that IPFA is subject to an audit requirement that is not encompassed in the terms of this engagement, Consultant shall communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, Consultant's 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. Consultant 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 (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government 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 Consultant will not perform a detailed examination of all transactions, there is a risk that material misstatements 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. However, Consultant will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. Consultant 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. Consultant's responsibility

as auditors is limited to the period covered by Consultant's audit and does not extend to later periods for which Consultant is not engaged as auditor.

Consultant's procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. Consultant will request written representations from your attorneys as part of the engagement, and they may bill IPFA for responding to this inquiry. At the conclusion of Consultant's audit, Consultant will require certain written representations from IPFA about IPFA's responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Consultant's audit will include obtaining an understanding of the government 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 Consultant considers 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. Consultant's 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*.

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

Audit Procedures—Compliance

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

Other Nonaudit Services

Consultant may also assist in preparing the financial statements and related notes of IPFA in conformity with U.S. generally accepted accounting principles based on information provided by IPFA. 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*.

IPFA's Responsibilities

IPFA is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. IPFA is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. IPFA is also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

IPFA is also responsible for making all financial records and related information available to Consultant and for the accuracy and completeness of that information. IPFA is also responsible for providing Consultant with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that Consultant may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom Consultant determines it necessary to obtain audit evidence.

IPFA's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to Consultant in the written representation letter that the effects of any uncorrected misstatements aggregated by Consultant 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.

IPFA is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing Consultant about all known or suspected fraud affecting the government 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. IPFA's responsibilities include informing Consultant of its knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, Consultant is responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that Consultant reports.

Consultant is responsible for the preparation of the supplementary information, which it has been engaged to report on, in conformity with U.S. generally accepted accounting principles. IPFA agrees to include Consultant's report on the supplementary information in any document that contains and indicates that Consultant has reported on the supplementary information. IPFA also agrees to include the audited financial statements with any presentation of the supplementary information that includes Consultant's report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with Consultant's report thereon. IPFA's responsibilities include acknowledging to Consultant in the written representation letter that (1) IPFA is responsible for presentation of the supplementary information in accordance with GAAP; (2) IPFA 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) IPFA has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

IPFA is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. IPFA 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 Objectives section of this letter. This responsibility includes relaying to Consultant corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. IPFA is also responsible for providing management's views on Consultant's current findings, conclusions, and recommendations, as well as IPFA's planned corrective actions, for the report, and for the timing and format for providing that information.

IPFA agrees to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services Consultant provides. IPFA will be required to acknowledge in the management representation letter Consultant's assistance with preparation of the financial statements and related notes and that IPFA has reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, IPFA 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 those services; and accept responsibility for them.

Third-Party Service Providers

Consultant may from time to time, and depending on the circumstances, use third-party service providers in serving IPFA's account, upon receiving prior written consent from IPFA, in accordance with Section 15 of the Agreement. Consultant may share confidential information about IPFA with these service providers, but remain committed to maintaining the confidentiality and security of the IPFA's information. Accordingly, Consultant maintains internal policies, procedures, and safeguards to protect the confidentiality of IPFA's personal information. In addition, Consultant will secure confidentiality agreements with all service providers to maintain the confidentiality of IPFA's information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of IPFA's confidential information to others. In the event that Consultant is 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, Consultant will remain responsible for the work provided by any such third-party service providers, in accordance with the provisions of Section 15 of the Agreement.

Assistance By IPFA Personnel

Consultant will ask that IPFA's personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to Consultant's staff. This assistance by IPFA's personnel will serve to facilitate the progress of Consultant's work and minimize Consultant's time requirements.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any of The Pun Group, LLP's professionals assigned to the audit, during the one year period prior to the commencement of the year-end audit. Should such an offer of employment be made, or employment commences during the indicated time period, Consultant will consider this an indication that Consultant's independence has been compromised. As such, Consultant may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at Consultant's standard hourly rates, as set forth in Exhibit B.

Report Distribution

Consultant will provide copies of our reports to IPFA; 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.

Access to Working Papers

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the Oversight Agency for Audit or Pass-through Entity. If Consultant is aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, Consultant will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Consultant is required to undergo a "peer review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work Consultant performed for you may be selected. IPFA signing this letter represents IPFA's acknowledgement and permission to allow such access should IPFA's engagement be selected for review. As a result of Consultant's prior or future services to IPFA, Consultant may be required or requested to provide information or documents to IPFA or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which Consultant is not a party. If this occurs, Consultant's efforts in complying with such request or demands will be deemed a part of this engagement and Consultant shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand, unless Consultant is the defendant, subject, or target of the legal or administrative proceeding. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of Consultant's profession.

EXHIBIT B
RATE SCHEDULE

<u>Total by Class</u>		<u>Rate</u>
Partners		\$ 225.00
Managers		\$ 200.00
Supervisory		\$ 175.00
Senior Accountants		\$ 150.00
Staff Accountants		\$ 125.00
Clerical		\$ 100.00

EXHIBIT C

INSURANCE REQUIREMENTS

Without limiting Consultant's indemnification of IPFA, and prior to commencement of the Services, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to Agency.

General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

Workers' compensation insurance. Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

Consultant shall submit to IPFA, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of Agency, its officers, agents, employees and volunteers.

Proof of insurance. Consultant shall provide certificates of insurance to IPFA as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by IPFA's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with IPFA at all times during the term of this contract. IPFA reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by IPFA shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of IPFA before the IPFA's own insurance or self-insurance shall be called upon to protect it as a named insured.

IPFA's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, IPFA has the right but not the duty to obtain the insurance it deems necessary and any premium paid by IPFA will be promptly reimbursed by Consultant, or IPFA will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, IPFA may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the IPFA's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against IPFA, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against IPFA, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of IPFA to inform Consultant of non-compliance with any requirement imposes no additional obligations on the Agency nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, IPFA requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to IPFA.

Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to IPFA with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that IPFA and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to IPFA and approved of in writing.

Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass Through Clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to IPFA for review.

IPFA's right to revise specifications. IPFA reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, IPFA and Consultant may renegotiate Consultant's compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by IPFA. IPFA reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by IPFA.

Timely notice of claims. Consultant shall give IPFA prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.