

**OVERSIGHT BOARD OF THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

**AGENDA**

**APRIL 8, 2015**

**City of Imperial Beach Council Chambers  
825 Imperial Beach Boulevard  
Imperial Beach, CA 91932**

**REGULAR MEETING – 10:30 a.m.**

The Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at Oversight Board meetings, please contact the City Clerk's/Secretary's Office at (619) 423-8301, as far in advance of the meeting as possible.

**1. CALL TO ORDER**

**2. ROLL CALL BY CITY CLERK/SECRETARY**

- 3. PUBLIC COMMENTS** - Each person wishing to address the Oversight Board regarding items not on the posted agenda may do so at this time. In accordance with State law, the Oversight Board may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the Successor Agency staff or placed on a future agenda.

**4. REPORTS**

**A. APPROVAL OF MINUTES.**

Recommendation: Approve the Oversight Board Special Meeting Minutes of February 11, 2015.

**B. RESOLUTION OB-15-40 APPROVING A FIVE YEAR AGREEMENT WITH LANCE, SOLL & LUNGHARD TO PERFORM THE FINANCIAL AUDIT OF THE IMPERIAL BEACH REDEVELOPMENT SUCCESSOR AGENCY.**

Recommendation: That the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency approve the agreement with Lance, Soll & Lunghard to perform the annual financial audit. The contract is for five years, but can be terminated at any time (10 day notice).

**C.\* UPDATE ON ROPS 15-16A.**

**D.\* UPDATE ON THE DEPARTMENT OF FINANCE'S PROPOSED TRAILER BILL AMENDING THE DISSOLUTION LAWS.**

\* No Staff Report

**5. ADJOURNMENT**

\_\_\_\_\_  
/s/  
Jacqueline M. Hald, MMC  
City Clerk/Secretary

For your convenience, a copy of the Agenda and meeting packet may be viewed in the office of the City Clerk at City Hall or on our website at [www.ImperialBeachCA.gov](http://www.ImperialBeachCA.gov). Go to the Imperial Beach Redevelopment Agency Successor Agency page located under the Government Section.

Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.

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OVERSIGHT BOARD OF THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

MINUTES

FEBRUARY 11, 2015

City of Imperial Beach Council Chambers  
825 Imperial Beach Boulevard  
Imperial Beach, CA 91932

REGULAR MEETING – 10:30 a.m.

**1. CALL TO ORDER**

Chairperson Winter called the Regular Meeting to order at 10:33 a.m.

**2. ROLL CALL BY CITY CLERK/SECRETARY**

Board Members present: Yanda (arrived at 10:35 a.m.), Saadat, King, Kaminsky, Foltz

Board Members absent: Hentschke

Chair present: Winter

Staff present: Deputy Executive Director Wade, Special Counsel Levan, City Clerk/Secretary Hald

**3. PUBLIC COMMENTS**

None.

**4. REPORTS**

**A. APPROVAL OF MINUTES.**

**MOTION BY WINTER, SECOND BY FOLTZ, TO APPROVE THE OVERSIGHT BOARD SPECIAL MEETING MINUTES OF SEPTEMBER 10, 2014. MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: BOARD MEMBERS: SAADAT, KING, KAMINSKY, FOLTZ, WINTER**

**NOES: BOARD MEMBERS: NONE**

**ABSENT: BOARD MEMBERS: YANDA, HENTSCHE**

Board Member Yanda arrived at 10:35 a.m.

**B. ADOPTION OF RESOLUTION NO. OB-15-37 OF THE OVERSIGHT BOARD TO THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2015 THROUGH DECEMBER 31, 2015 AND RELATED ACTIONS.**

Deputy Executive Director Wade reported on the item.

**MOTION BY KING, SECOND BY SAADAT, TO ADOPT RESOLUTION NO. OB-15-37 OF THE OVERSIGHT BOARD TO THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2015 THROUGH DECEMBER 31, 2015 AND RELATED ACTIONS. MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: BOARD MEMBERS: YANDA, SAADAT, KING, KAMINSKY, FOLTZ, WINTER**

**NOES: BOARD MEMBERS: NONE**

**ABSENT: BOARD MEMBERS: HENTSCHE**

**C. ADOPTION OF RESOLUTION NO. OB-15-38 OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING AND ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2015 THROUGH DECEMBER 31, 2015 (ROPS 15-16A) AND ADOPTION OF RESOLUTION NO. OB-15-39 APPROVING AND RECOMMENDING TO THE OVERSIGHT BOARD THE REALLOCATION OF \$24,861 OF REDEVELOPMENT PROPERTY TAX TRUST FUNDS (RPTTF).**

Deputy Executive Director Wade reported on the item. He announced copies of Successor Agency Comments for Item Nos. 18 and 22 (located in Column T of the ROPS) were distributed to the Board Members for review and he recommended inclusion of the comments into the ROPS.

Special Counsel Levan gave a status update on the affordable housing litigation and reported on the legislative proposals in the Governor's next budget.

Board Member Kaminsky requested that the Board be kept informed on the proposed legislation.

Deputy Executive Director Wade reported on the method for calculating the City loan repayment. He also reported that last June, we were one of the only agencies to receive \$75,000 in Administrative Costs for the Successor Housing Entity Administrative Cost Allowance. He requested payment of Administrative Costs on this ROPS, however, he believed it will be denied by the DOF due to their interpretation of legislation.

Staff responded to questions regarding housing administrative costs and the ROPS.

Board Member Foltz noted a correction to the amount listed in the title of Resolution No. OB-15-39. It should be \$24,861, not \$24,913.

**MOTION BY WINTER, SECOND BY YANDA, TO ADOPT RESOLUTION NO. OB-15-39 APPROVING THE SUCCESSOR AGENCY'S REALLOCATION OF FUNDS RECEIVED IN THE RPTTF FOR ROPS 14-15A ENFORCEABLE OBLIGATIONS IN THE AMOUNT OF \$24,861 TO BE USED AND EXPENDED ON OTHER ENFORCEABLE OBLIGATIONS APPROVED ON THE ROPS 14-15A, WITH THE CORRECTION TO REFLECT THE \$24,861 IN THE TITLE AND INCLUDING THE COMMENTS ON ITEMS 18 AND 22. MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: BOARD MEMBERS: YANDA, SAADAT, KING, KAMINSKY, FOLTZ, WINTER**

**NOES: BOARD MEMBERS: NONE**

**ABSENT: BOARD MEMBERS: HENTSCHE**

**MOTION BY WINTER, SECOND BY SAADAT, TO ADOPT RESOLUTION NO. OB-15-38 APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2015 THROUGH DECEMBER 31, 2015 (REFERRED TO AS THE "ROPS 15-16A") WITH THE ADDITION OF THE NOTES ADDED TO THE ROPS. MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: BOARD MEMBERS: YANDA, SAADAT, KING, KAMINSKY, FOLTZ, WINTER**

**NOES: BOARD MEMBERS: NONE**

**ABSENT: BOARD MEMBERS: HENTSCHKE**

**5. ADJOURNMENT**

The meeting was adjourned at 11:21 a.m.

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**MAYDA C. WINTER  
CHAIRPERSON**

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**JACQUELINE M. HALD, MMC  
CITY CLERK/SECRETARY**

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STAFF REPORT  
OVERSIGHT BOARD  
TO THE

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR  
AGENCY

FROM: ANDY HALL, CITY MANAGER/EXECUTIVE DIRECTOR *AH*

MEETING DATE: APRIL 8, 2015

ORIGINATING DEPT.: SUCCESSOR AGENCY STAFF *DSB*  
DOUG BRADLEY, TREASURER

SUBJECT: RESOLUTION OB-15-40 APPROVING A FIVE YEAR  
AGREEMENT WITH LANCE, SOLL & LUNGHARD TO  
PERFORM THE FINANCIAL AUDIT OF THE IMPERIAL BEACH  
REDEVELOPMENT SUCCESSOR AGENCY

**EXECUTIVE SUMMARY:**

The primary benefit of an annual audit is the confidence it gives the governing body and the citizens that the financial house is in order. The audit verifies the numbers, ensures accuracy, and assesses procedures. A comprehensive audit also identifies internal controls that should be implemented to improve the integrity of our financial systems. Furthermore, the audit gives closure to the treasurer and sets a starting point for the new year's activity. An audit is also the primary tool for uncovering financial mismanagement. An annual audit is required and an audit firm must be selected.

**RECOMMENDATION:**

Staff recommends that the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency approve the agreement with Lance, Soll & Lunghard to perform the annual financial audit. The contract is for five years, but can be terminated at any time (10 day notice).

**RATIONALE:**

There has been much improvement in the financial governance of the Successor Agency over the past 18 months. The relationship between Lance, Soll & Lunghard and the Successor Agency is better now than at any time in the past. The advantages of continuing this relationship, at this point in time, outweigh any advantages of selecting a different audit firm.

**OPTIONS:**

- Adopt Resolution OB-15-40 approving the agreement with Lance Soll & Lunghard to provide audit services.
- Adopt Resolution OB-15-40 with changes to the contract.
- Provide direction to Staff (i.e. Select a different audit firm.)

**BACKGROUND:**

The City of Imperial Beach has contracted for audit services from Lance, Soll and Lunghard (LSL) since 2003 and the Successor Agency has since inception. Though the City and SA have utilized LSL for several years, the relationship between the current Finance Director and LSL is relatively new. The advantages of continuing with LSL far outweigh the risk associated with utilizing the same firm.

**ANALYSIS:**

The proposed contract is for a term of five years. The Successor Agency may terminate this agreement at any time. This gives the SA flexibility to change audit firms if deemed necessary. There is much discussion about rotating audit firms and there is even a new law enacted in California. Below is a summary of a few Pros and Cons to audit firm rotation. Given the recent stability in the Finance Department, and improved relationship with LSL, it appears the Cons far outweigh the Pros to seeking a new audit firm. This will be reviewed annually.

Pros to Rotate Audit Firms	Cons to Rotate Audit Firms
<ul style="list-style-type: none"> <li>• Eliminates 'chumminess' that may exist between audit firms and clients.</li> <li>• Enhanced auditor independence.</li> <li>• Increased questions of long-standing practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased audit failures (missed items).</li> <li>• Increased start-up costs.</li> <li>• Increased difficulty in timely reporting.</li> <li>• Loss of "institutional knowledge".</li> <li>• Reduced incentives to improve efficiency and audit quality.</li> </ul>

There is California law which addresses audit firm rotation. However, the law states that the lead audit partner must rotate, not necessarily the firm. It is standard practice at LSL to rotate the lead audit partner to remain in compliance with AB1345.

AB Section 1345 Section 12410.6 (b) states "Commencing with the 2013–14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years."

An informal Local Government Audit Survey (attached) was conducted. Approximately 75% of the entities surveyed don't have a policy for auditor rotation. Of those that do have a policy, some specify the audit partner rotating, not necessarily the firm.

Health and Safety Code ("H&SC") Section 34177(n) of the Dissolution Laws requires the Successor Agency to cause a post audit of its financial transactions and records at least annually by a certified public accountant. As such, payment of this Successor Agency obligation is required by state law at H&C Section 34177(n) and therefore constitutes an enforceable obligation of the Successor Agency pursuant to H&SC Section 34171(d)(1)(C) as a payment required by state law. Further, these audit costs may be paid from funds held in the Redevelopment Property Tax Trust Fund ("RPTTF") maintained by the County Auditor-Controller for the Successor Agency, and do not constitute administrative costs of the Successor Agency. As required by the Dissolution Laws, the Successor Agency will include such audit cost on applicable Recognized Obligation Payment Schedules ("ROPS") for approval by the oversight Board and the Department of Finance for expenditure using funds held in the RPTTF.

**ENVIRONMENTAL DETERMINATION:**

Not a project as defined by CEQA.

**FISCAL IMPACT:**

The City Council approved the fiscal year 2014/15 budget which includes the estimated audit cost. The future amounts will be placed in upcoming budgets.

Attachments:

1. Resolution OB-15-40
2. Local Government Audit Firm Survey
3. Agreements for audit services by Lance, Soll & Lunghard

**RESOLUTION NO. OB-15-40****A RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING A FIVE-YEAR AGREEMENT BETWEEN THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY AND LANCE SOLL & LUNGHARD FOR AUDIT SERVICES FOR THE SUCCESSOR AGENCY AND AUTHORIZING RELATED ACTIONS**

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, Assembly Bill No. X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("H&S Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and

**WHEREAS**, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency on February 1, 2012 under AB 26 ("Successor Agency"); and

**WHEREAS**, on February 1, 2012, the Redevelopment Agency was dissolved by operation of law and the Successor Agency was established pursuant to AB 26; and

**WHEREAS**, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

**WHEREAS**, AB 26 has since been amended by various assembly and senate bills signed by the Governor. AB 26 as amended is hereinafter referred to as the "Dissolution Act"; and

**WHEREAS**, H&S Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency with fiduciary responsibilities to holders of enforceable obligations and taxing entities that benefit from distributions of property taxes, and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to H&S Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in H&S Code Sections 34179 through 34181 of the Dissolution Act; and

**WHEREAS**, pursuant to H&S Code Section 34177.3(b) of the Dissolution Act, the Successor Agency may create enforceable obligations to conduct the work of winding down the Redevelopment Agency, including, without limitation, hiring staff and acquiring necessary professional administrative services; and

**WHEREAS**, H&S Code Section 34177(n) of the Dissolution Act requires the Successor Agency to cause a post audit of its financial transactions and records at least annually by a certified public accountant; and

**WHEREAS**, as required and authorized by state law, the Successor Agency proposes to enter into an Agreement for Professional Services ("Agreement") with Lance Soll & Lunghard ("Consultant") for specified audit services to be conducted for the benefit of the Successor Agency. The proposed term of the Agreement is for a five (5) year period unless the Agreement is earlier terminated; and

**WHEREAS**, as provided in the Agreement, the Successor Agency proposes to compensate Consultant for work completed, not to exceed a total amount of \$6,200 for the fiscal year 2014/15, \$6,200 for fiscal year 2015/16, \$6,200 for fiscal year 2016/17, \$6,350 for fiscal year 2017/18 and \$6,350 for fiscal year 2018/19 audits of the Successor Agency's financial statements for basic services rendered under the Agreement, as more particularly described in the Agreement and Exhibits "A" and "B" attached thereto; and

**WHEREAS**, the Board of the Directors of the Successor Agency approved the proposed Agreement at its meeting conducted on March 18, 2015, by Resolution No. SA-15-48; and

**WHEREAS**, since the Successor Agency is obligated by state law to retain the services of a certified public accountant to perform an annual post audit of its financial transactions and records, the costs incurred by the Successor Agency as a result of entering into the Agreement and causing Consultant to prepare such audits constitute an enforceable obligation of the Successor Agency pursuant to H&S Code Section 34171(d)(1)(C) of the Dissolution Act as a payment required by state law. As such, these audit costs may be paid from funds held in the Redevelopment Property Tax Trust Fund ("RPTTF") maintained by the San Diego County Auditor-Controller for the Successor Agency, and do not constitute administrative costs of the Successor Agency; and

**WHEREAS**, as required by the Dissolution Act, the Successor Agency will include its audit costs on applicable Recognized Obligation Payment Schedules ("ROPS") to be submitted by the Successor Agency for approval by the Oversight Board and the California Department of Finance ("Department of Finance") for expenditure and payment using funds held in the RPTTF; and

**WHEREAS**, in connection with the recently submitted and approved ROPS for the 6-month period from July 1, 2015 through December 31, 2015 ("ROPS 15-16A"), audit costs in the amount of \$6,007 were included as Item No. 25 on the ROPS 15-16A for funding from RPTTF. Similarly, audit costs that are incurred by the Successor Agency under the proposed Agreement and payable to Consultant during the 5-year term of the Agreement will be included on each successive ROPS to be submitted by the Successor Agency for approval by the Oversight Board and the Department of Finance for expenditure and payment using funds held in the RPTTF; and

**WHEREAS**, as required by H&S Code Section 34179(f) of the Dissolution Act, all notices required by law for proposed actions of the Oversight Board will be posted on the Successor Agency's internet website or the Oversight Board's internet website; and

**WHEREAS**, pursuant to H&S Code Section 34179(h) of the Dissolution Act, the Successor Agency is required to provide written notice and information about all actions taken by the Oversight Board to the Department of Finance by electronic means and in the manner of the Department of Finance's choosing; and

**WHEREAS**, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity proposed by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The Oversight Board determines that the foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The Oversight Board approves the Agreement for Professional Services ("Agreement") by and between the Successor Agency and Lance Soll & Lunghard ("Consultant") for specified audit services to be conducted for the benefit of the Successor Agency, at the proposed compensation payable to Consultant as set forth therein and with the proposed term of five (5) years unless the Agreement is earlier terminated, and authorizes the Executive Director or the Successor Agency to execute the Agreement in the form approved by the Successor Agency and its legal counsel.
- Section 3.** The Oversight Board determines that, for purposes of the Dissolution Act, the costs incurred by the Successor Agency as a result of entering into the Agreement and causing Consultant to prepare audits constitute an enforceable obligation and recognized obligation of the Successor Agency pursuant to H&S Code Section 34171(d)(1)(C) of the Dissolution Act as a payment required by state law. The Oversight Board further determines that these audit costs may be paid from funds held in the Redevelopment Property Tax Trust Fund ("RPTTF") maintained by the San Diego County Auditor-Controller for the Successor Agency, and do not constitute administrative costs of the Successor Agency.
- Section 4.** The Oversight Board authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) include the audit costs during the term of the Agreement on a ROPS as necessary for the Successor Agency to be authorized to pay such costs from funds from the RPTTF; (ii) submit this Resolution and the Agreement, as approved by the Oversight Board, and written notice of the Oversight Board's approval of the Agreement, to the Department of Finance electronically pursuant to H&S Code Section

34179(h) of the Dissolution Act; (iii) post a copy of this Resolution on the Successor Agency's internet website; and (iv) take such other actions and execute such other documents as are necessary and appropriate to effectuate the intent of this Resolution on behalf of the Oversight Board.

**Section 5.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**Section 6.** The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**Section 7.** This Resolution shall take effect upon the date of its adoption and is subject to review by the Department of Finance in accordance with H&S Code Section 34179(h) of the Dissolution Act.

**PASSED, APPROVED, AND ADOPTED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 8<sup>th</sup> day of April 2015, by the following vote:

<b>AYES:</b>	<b>BOARD MEMBERS:</b>
<b>NOES:</b>	<b>BOARD MEMBERS:</b>
<b>ABSENT:</b>	<b>BOARD MEMBERS:</b>

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**CHAIRPERSON**

**ATTEST:**

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**JACQUELINE M. HALD, MMC**  
**SUCCESSOR AGENCY SECRETARY**

## Attachment 2: Local Government Audit Firm Survey

Entity:	Current Auditor	Initial Contract (in Years)						Renewal Option (in Years)						Policy for Auditor Rotation		Maximum auditor retention per policy (in Years)											Other Notes		
		1	2	3	4	5	6 more	0	1	2	3	4 more	YES	NO	1	2	3	4	5	6	7	8	more	NA					
Camrosa Water District				1						1			No												1	5 year max			
Central Contra Costa Sanitary Dist	Maze & Associates				1					1			No													1			
Children & Families Commission	Vavrine, Trine, Day & Co.			1								1	No													1	No formal policy but rotate after 5 years		
City of Agoura Hills	Vavrine, Trine, Day & Co.	1										1	Yes											1		10 year max retention with partner/manager change at 5 year mark			
City of Brea	Lance Soll Lunghard			1								1	No																
City of Clovis	Pun & McGeady					1						1	No														1		
City of Corona	Lance Soll Lunghard					1							1	No													1	5 year renewal period	
City of Coronado	Lance Soll Lunghard			1								1	Yes											1			5 year minimum and 10 year max		
City of Huntington Beach	Vavrine, Trine, Day & Co.			1								1	No														1		
City of Irvine	Lance Soll Lunghard									1			No														1	two 1 year options	
City of La Mesa	Rogers, Anderson, Malody & Scott			1								1	No														1		
City of Laguna Hills	Moss, Levy & Hartzheim			1									1	Yes												1			
City of Lakewood	Punn McGeady			1								1	Yes													1			
City of Poway	Rogers, Anderson, Malody & Scott			1								1	No														1	two 1 year options	
City of San Juan Capistrano	Rogers, Anderson, Malody & Scott			1								1	No														1		
City of San Rafael	Maze & Associates				1							1	No														1		
City of Seaside	Gallina LLP			1								1	No														1		
City of Shafter	Teaman Ramirez & Smith			1								1	Yes												1			Per City Charter no firm may do the audit for more than 3 consecutive years	
City of Tehachapi	Van Lant & Fankhanel				1							1	No														1		
City of Tracy	Moss, Levy & Hartzheim					1							1	No															
City of Turlock	Maze & Associates	1										1	No															1	1 year extensions up to five years total
City of Ventura	White Nelson Deihl Evans				1								1	No														1	
City of Villa Park	Mayer Hoffman McCann				1								1	No														1	
City of Yuba City	Moss, Levy & Hartzheim				1								1	No														1	10 year max by practice/preference
Crescent City	Badawi & Assoc			1								1	No															1	
Fresno Irrigation District	Brown Armstrong					1						1	No															1	
Menlo Fire	Maze & Associates			1									1	No														1	
Monterey Peninsula Airport Distri	Macias Gini & O'Connell			1									1	No														1	RFP every five years
Olivenhain Municipal Water Distri	White Nelson Deihl Evans			1									1	No														1	Best practice 5 years unless special circumstances
Orange County Water District	Lance Soll Lunghard				1								1	Yes												1			
Otay Water District	Teaman Ramirez & Smith	1												No														1	
Padre Dam Municipal Water Distri	White Nelson Deihl Evans				1									1	No													1	
Palmdale Water District	Charles Fedak & Co.			1										1	No													1	
Rancho Palos Verdes	Vavrine, Trine, Day & Co.			1										1	Yes												1		
Regional Government Services AL	James Marta & Assoc			1										1	Yes												1		two 1 year options
Rincon del Diablo Water District	Charles Fedak & Co.			1										1	No													1	two 1 year options
San Diego County Water Authority	Macias Gini & O'Connell					1								1	No													1	Follow GFOA best practice of keeping auditor for minimum of 5 years
San Joaquin County Mosquito & V	Croce & Co.			1										1	Yes													1	No maximum on auditor retention
Santa Fe Irrigation District	White Nelson Deihl Evans				1									1	No													1	two 1 year options
Three Valleys Municipal Water Di	Lance Soll Lunghard				1									1	No													1	Renewed contract for additional 5 years
Upper San Gabriel Valley Municip	Vasquez & Co LLP			1										1	No													1	
Vallecitos Water District	White Nelson Deihl Evans				1									1	No													1	
Valley Sanitary	The Pun Group				1									1	No													1	
Vista Irrigation District	Rogers, Anderson, Malody & Scott				1									1	No													1	two 1 year options
Western Municipal Water District	Rogers, Anderson, Malody & Scott				1									1	No													1	

2 2 33 3 5 0 0 7 8 20 6 1 3 No = 35  
 4% 4% 73% 7% 11% 0% 0% 16% 18% 44% 13% 2% 7% Yes = 9



Imperial Beach  
Redevelopment Agency Successor Agency  
**AGREEMENT FOR PROFESSIONAL SERVICES**

**FOR AUDIT SERVICES OF THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

This Agreement, entered into this \_\_\_\_ day of \_\_\_\_\_, 2015, by and between the IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY (hereinafter referred to as "AGENCY") and Lance Soll & Lunghard (hereinafter referred to as "CONSULTANT") (collectively "PARTIES").

**RECITALS**

WHEREAS, AGENCY desires to obtain the services of qualified certified public accountants for the purpose of conducting annual audits of the Imperial Beach Redevelopment Agency Successor Agency; and

WHEREAS, CONSULTANT is a certified public accounting firm and has represented that CONSULTANT possesses the necessary qualifications to provide such services; and

WHEREAS, AGENCY has authorized the preparation of an Agreement to retain the services of CONSULTANT as hereinafter set forth;

NOW, THEREFORE, IT IS MUTUALLY AGREED THAT AGENCY DOES HEREBY RETAIN CONSULTANT ON THE FOLLOWING TERMS AND CONDITIONS:

**Section 1. EMPLOYMENT OF CONSULTANT.**

AGENCY hereby agrees to engage CONSULTANT and CONSULTANT hereby agrees to perform the services hereinafter set forth, in accordance with all terms and conditions contained herein. CONSULTANT represents that all professional services required hereunder will be performed directly by CONSULTANT, or under direct supervision of CONSULTANT.

**Section 2. SCOPE OF SERVICES AND COMPENSATION.**

- A. CONSULTANT shall provide services as described in Exhibit "A" entitled Scope of Services, attached hereto and made a part hereof.
- B. As additional consideration, CONSULTANT and AGENCY agree to abide by the terms and conditions contained in this Agreement.
- C. CONSULTANT will, in a professional manner, furnish all labor and all personnel; all supplies, materials, equipment, printing, vehicles, transportation, office space, and facilities; all testing, analyses, and calculations; and all other means, except as otherwise expressly specified to be furnished by AGENCY, that are necessary or proper to complete the work and provide the required professional services. CONSULTANT shall be compensated for work completed, not to exceed a total of \$6,200 for the fiscal year 2014/15, \$6,200 for the fiscal year 2015/16, \$6,200 for fiscal year 2016/17, \$6,350 for fiscal year 2017/18 and \$6,350 for fiscal year 2018/19 audits of the AGENCY's financial statements **for** basic services rendered under this Section 2, as more

particularly described in Exhibit B entitled Quote for Audit Services attached hereto and made a part hereof.

- D. CONSULTANT shall be compensated for additional services only upon prior written approval of AGENCY.
- E. CONSULTANT shall submit monthly statements for basic and additional services rendered in accordance with this Agreement. Payments to CONSULTANT will be made by AGENCY within thirty (30) days of receipt of invoice. AGENCY agrees that the CONSULTANT's billings are correct unless AGENCY, within ten (10) days from the date of receipt of such billing, notifies CONSULTANT in writing of alleged inaccuracies, discrepancies, or errors in billing. In the event AGENCY disputes part or all of an invoice, AGENCY shall pay the undisputed portion of the invoice within the above mentioned thirty days.

### **Section 3. PROJECT COORDINATION AND SUPERVISION.**

The Administrative Services Director is hereby designated as the PROJECT COORDINATOR for AGENCY and will monitor the progress and execution of this Agreement.

### **Section 4. LENGTH OF CONTRACT.**

The contract between CONSULTANT and AGENCY will be terminated upon completion of the work as set forth in Section 2 above or in accordance with Section 16 below.

Should CONSULTANT begin work on any phase in advance of receiving written authorization to proceed, any professional services performed by CONSULTANT in advance of the said date of authorization shall be considered as having been done at CONSULTANT'S own risk and as a volunteer unless said professional services are so authorized.

Any delay occasioned by causes beyond the control of CONSULTANT may be reason for the granting of extension of time for the completion of the aforesaid services. When such delay occurs, CONSULTANT shall immediately notify the PROJECT COORDINATOR in writing of the cause and the extent of the delay, whereupon the PROJECT COORDINATOR shall ascertain the facts and the extent of the delay and determine whether an extension of time for the completion of the professional services is justified by the circumstances.

### **Section 5. CHANGES.**

If changes in the work seem merited by AGENCY or CONSULTANT, and informal consultations with the other party indicate that a change is warranted, it shall be processed by AGENCY in the following manner: a letter outlining the changes shall be forwarded to AGENCY by CONSULTANT with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by AGENCY and executed by both parties before performance of such services or AGENCY will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

### **Section 6. OWNERSHIP OF DOCUMENTS.**

All documents, data, studies, drawings, maps, models, photographs and reports prepared by CONSULTANT under this Agreement shall be considered the property of AGENCY. CONSULTANT may retain such copies of said documents and materials as desired, but shall deliver all original materials to AGENCY, excluding auditor work papers for testing.

## **Section 7. AUDIT OF RECORDS.**

7.1. At any time during normal business hours and as often as may be deemed necessary the CONSULTANT shall make available to a representative of AGENCY for examination all of its records with respect to all matters covered by this Agreement and shall permit AGENCY to audit, examine and/or reproduce such records. CONSULTANT shall retain such financial and program service records for at least four (4) years after termination or final payment under this Agreement.

7.2. The CONSULTANT shall include the AGENCY's right under this section in any and all of their subcontracts, and shall ensure that these sections are binding upon all subcontractors.

## **Section 8. PUBLICATION OF DOCUMENTS.**

Except as necessary for performance of service under this Agreement, no copies, sketches, or graphs of materials, including graphic art work, prepared pursuant to this Agreement shall be released by CONSULTANT to any other person or agency without AGENCY's prior written approval. All press releases, including graphic display information to be published in newspapers or magazines, shall be approved and distributed solely by AGENCY, unless otherwise provided by written agreement between the parties. After project completion, CONSULTANT may list the project and the general details in its promotional materials.

## **Section 9. COVENANT AGAINST CONTINGENT FEES.**

CONSULTANT declares that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of the Agreement. For breach of violation of this warranty, AGENCY shall have the right to annul this Agreement without liability, or, at its sole discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

## **Section 10. NO ASSIGNMENTS.**

Neither any part nor all of this Agreement may be assigned or subcontracted, except as otherwise specifically provided herein, or to which AGENCY, in its sole discretion, consents to in advance thereof in writing. Any assignment or subcontracting in violation of this provision shall be void.

## **Section 11. INDEPENDENT CONTRACTOR.**

At all times during the term of this Agreement, CONSULTANT and any subcontractors employed by CONSULTANT shall be an independent contractor and shall not be an employee of the AGENCY. AGENCY shall have the right to control CONSULTANT only insofar as the results of CONSULTANT'S services rendered pursuant to this Agreement; however, AGENCY shall not have the right to control the means by which CONSULTANT accomplishes its services. Any provision in this Agreement that may appear to give AGENCY the right to direct CONSULTANT or sub consultant as to the details of doing the work or to exercise a measure of control over the work means that CONSULTANT shall follow the direction of the CITY as to end results of the work only.

Neither CONSULTANT nor CONSULTANT's employees shall in any event be entitled to any benefits to which AGENCY employees are entitled, including, but not limited to, overtime, any retirement benefits, workers' compensation benefits, any injury leave or other leave benefits,

CONSULTANT being solely responsible for all such matters, as well as compliance with social security and income tax withholding and all other regulations and laws governing such matters.

#### **Section 12. LICENSES, PERMITS, ETC.**

CONSULTANT represents and declares to AGENCY that it has all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession. CONSULTANT represents and warrants to AGENCY that CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for CONSULTANT to practice its profession.

#### **Section 13. INSURANCE.**

CONSULTANT shall maintain, during the term of this Agreement, Workers' Compensation and Employer's Liability Insurance as prescribed by applicable law. Upon request, AGENCY shall be provided with satisfactory evidence that premiums have been paid and shall deliver to AGENCY certificates of insurance and endorsements as to each policy. Each certificate of insurance shall provide that the policy will not be materially altered or cancelled without first giving 10 days written notice to the AGENCY by certified mail. Coverage shall include appropriate waivers of subrogation as to the AGENCY. CONSULTANT agrees to this requirement irrespective of any other similar obligation imposed on others and CONSULTANT agrees to do so in conformity with the requirements set forth herein including those requirements set forth for certificates of insurance.

CONSULTANT shall assume liability for the wrongful or negligent acts, errors and omissions of its officers, agents and employees and sub Contractors in regard to any functions or activity carried out by them on behalf of AGENCY pursuant to the terms of this Agreement.

#### **Section 14. CONSULTANT NOT AN AGENT.**

Except as AGENCY may specify in writing, CONSULTANT shall have no authority, expressed or implied, to act on behalf of AGENCY in any capacity whatsoever as an agent. CONSULTANT shall have no authority, expressed or implied, pursuant to this Agreement to bind AGENCY to any obligation whatsoever.

#### **Section 15. INDEMNITY.**

To the fullest extent permitted by law, CONSULTANT shall indemnify, defend, and hold harmless the AGENCY and the City of Imperial Beach, and its officers, officials, agents and employees from any and all claims, demands, costs or liability that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its employees, agents, and subcontractors in the performance of services under this AGREEMENT. CONSULTANT's duty to indemnify under this section shall not include liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the active or sole negligence or willful misconduct by the AGENCY or City of Imperial Beach or its elected officials, officers, agents, and employees. CONSULTANT's indemnification obligations shall not be limited by the insurance provisions of this AGREEMENT. The PARTIES expressly agree that any payment, attorney's fees, costs or expense AGENCY or City of Imperial Beach incurs or makes to or on behalf of an injured employee under the City of Imperial Beach's self-administered workers' compensation is included as a loss, expense, or cost for the purposes of this section, and that this section will survive the expiration or early termination of this AGREEMENT.

## **Section 16. TERMINATION.**

AGENCY or CONSULTANT may terminate this Agreement at any time by giving ten (10) days' written notice to CONSULTANT or AGENCY of such termination and specifying the effective date thereof at least ten (10) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, reports and other materials prepared by CONSULTANT shall, at the option of AGENCY, become the property of AGENCY. If this Agreement is terminated by AGENCY as provided herein, CONSULTANT will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of CONSULTANT covered by this Agreement, less payments of compensation previously made.

Should CONSULTANT be in default of any covenant or condition hereof, AGENCY may immediately terminate this AGREEMENT for cause if CONSULTANT fails to cure the default within ten (10) calendar days of receiving written notice of the default.

## **Section 17. NON-DISCRIMINATION.**

CONSULTANT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin, nor shall CONSULTANT discriminate against any qualified individual with a disability. CONSULTANT will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex or national origin and shall make reasonable accommodation to qualified individuals with disabilities. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by AGENCY setting forth the provisions of this non-discrimination clause.

## **Section 18. GENERAL CONDITIONS.**

CONSULTANT shall provide no services for any private client within the corporate boundaries of the City of Imperial Beach during the period that this Agreement is in effect, nor shall CONSULTANT, without, previous written permission from the PROJECT COORDINATOR, review any plan, map or other work which to the best of CONSULTANTS knowledge has been submitted by a private client for which the CONSULTANT has performed work within the previous 12 months or anticipates performing work in the succeeding 12 months. CONSULTANT shall immediately notify the PROJECT COORDINATOR in writing whenever CONSULTANT has reason to believe that aforementioned circumstance exists. CONSULTANT knows of no interests where it holds nor of any relationship it has or may have that would constitute a conflict of CONSULTANT performing the duties set forth in this Agreement solely in the best interest of AGENCY.

## **Section 19. OFFICE SPACE AND CLERICAL SUPPORT.**

Consultant shall provide its own office space and clerical support at its sole cost and expense.

## **Section 20. SUBCONTRACTORS.**

20.1. The CONSULTANT's hiring or retaining of third parties (i.e. subcontractors) to perform services related to this Agreement is subject to prior approval by the AGENCY.

20.2. All contracts entered into between the CONSULTANT and its subcontractor shall also provide that each subcontractor shall obtain insurance policies which shall be kept in full force and effect during any and all work related to this Agreement and for the duration of this Agreement. The CONSULTANT shall require the subcontractor to obtain all policies described in Section 13 above in the amounts required by the AGENCY, which shall not be greater than the amounts required of the CONSULTANT.

20.3. In any dispute between the CONSULTANT and its subcontractor, the AGENCY shall not be made a party to any judicial or administrative proceeding to resolve the dispute. The CONSULTANT agrees to defend and indemnify the AGENCY and the City of Imperial Beach as described in Section 15 of this Agreement should the AGENCY or the City of Imperial Beach be made a party to any judicial or administrative proceeding to resolve any such dispute.

**Section 21. CONFIDENTIAL RELATIONSHIP.**

AGENCY may from time to time communicate to CONSULTANT certain information to enable Consultant to effectively perform the services. CONSULTANT shall treat all such information as confidential, whether or not so identified, and shall not disclose any part thereof without the prior written consent of AGENCY. CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services. The foregoing obligation of this Section 21, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information (ii) is, through no fault of CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is now in the possession of CONSULTANT without any obligation of confidentiality; or (iv) has been or is hereafter rightfully disclosed to CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this contract without the prior written consent of AGENCY. In its performance hereunder, CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

**Section 22. MEDIATION.**

In the event of a dispute between AGENCY and CONSULTANT concerning the terms of this Agreement or its performance, the parties may, but are not required to, agree to submit such dispute to mediation. If both Parties agree to mediation, AGENCY and CONSULTANT agree to cooperate in good faith to promptly select a mediator, to schedule a mediation session, and to attempt to settle the claim or dispute through mediation.

**Section 23. NOTICES.**

All communications to either party by the other party shall be deemed made when received by such party at its respective name and address, as follows:

Administrative Services Director  
City of Imperial Beach  
825 Imperial Beach Blvd  
Imperial Beach CA 91932

Lance, Soll & Lunghard, LLP  
c/o: Richard Kikuchi  
203 North Brea Blvd., Ste. 203  
Brea, CA 92821

Any such written communications by mail shall be conclusively deemed to have been received by the addressee five days after the deposit thereof in the United States Mail, postage prepaid and properly addressed as noted above.

**Section 24. CALIFORNIA LAW; VENUE.**

This Agreement and its performance shall be governed, interpreted, construed, and regulated by the laws of the State of California. Any action brought to enforce or interpret any portion of this Agreement shall be brought in the county of San Diego, California. CONSULTANT hereby waives any and all rights it might have pursuant to California Code of Civil Procedure § 394.

**Section 25. ENTIRE AGREEMENT.**

This Agreement, and its Attachments and Exhibits, set forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written.

**Section 26. SEVERABILITY.**

If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion shall be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement shall continue in full force and effect.

**Section 27. TIME IS OF ESSENCE.**

Time is of the essence for each and every provision of this agreement that states a time for performance and for every deadline imposed by the PROJECT COORDINATOR.

**Section 28. COMPLIANCE WITH LAW.**

CONSULTANT shall comply with applicable laws in effect at the time the services are performed hereunder which, to the best of its knowledge, information and belief, apply to its obligations under this Agreement.

**Section 29. STATEMENT OF EXPERIENCE.**

By executing this Agreement, CONSULTANT represents that it has demonstrated trustworthiness and possesses the quality, fitness, and capacity to perform the Agreement in a manner satisfactory to AGENCY. CONSULTANT represents that its financial resources, surety and insurance experience, service experience, completion ability, personnel, current workload, experience in dealing with private owners, and experience in dealing with public agencies all suggest that CONSULTANT is capable of performing the proposed contract and has a demonstrated capacity to deal fairly and effectively with and to satisfy a public agency.

**Section 30. CONFLICTS OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.**

During the term of this Agreement CONSULTANT shall not act as consultant or perform services of any kind for any person or entity whose interests conflict in any way with those of the AGENCY. CONSULTANT shall at all times comply with the terms of the Political Reform Act and the local conflict of interest ordinance. CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the AGENCY in which the CONSULTANT has a financial interest as defined in Government Code Section 87103.

CONSULTANT represents that it has no knowledge of any financial interests which would require it to disqualify itself from any matter on which it might perform services for the Agency.

CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and local ordinance. Specifically, CONSULTANT shall file Statements of Economic Interest with the City Clerk of the AGENCY in a timely manner on forms which CONSULTANT shall obtain from the City Clerk.

**Section 31. RESPONSIBILITY FOR EQUIPMENT.**

AGENCY shall not be responsible nor held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by CONSULTANT or any of CONSULTANT's employees or subcontractors, even if such equipment has been furnished, rented, or loaned to CONSULTANT by AGENCY. The acceptance or use of any such equipment by CONSULTANT, CONSULTANT's employees, or subcontractors shall be construed to mean that CONSULTANT accepts full responsibility for and agrees to exonerate, indemnify and hold harmless CITY from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment.

**Section 32. NO WAIVER.**

No failure of either the AGENCY or the CONSULTANT to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement shall constitute a waiver of any such breach of such covenant, term or condition.

**Section 33. DRAFTING AMBIGUITIES.**

The PARTIES agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

**Section 34. CONFLICTS BETWEEN TERMS.**

If an apparent conflict or inconsistency exists between the main body of this Agreement and the Exhibits, the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

**Section 35. EXHIBITS INCORPORATED.**

Exhibits "A" and "B" are incorporated into the Agreement by this reference.

**Section 36. SIGNING AUTHORITY.**

The representative for each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture, or entity and agrees to hold the other Party or PARTIES hereto harmless if it is later determined that such authority does not exist.

**\*\*\*SIGNATURES ON FOLLOWING PAGE\*\*\***

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

SUCCESSOR AGENCY:

CONSULTANT:

IMPERIAL BEACH  
REDEVELOPMENT AGENCY  
SUCCESSOR AGENCY,  
a California public entity

LANCE, SOLL & LUNGHARD, LLP,  
a California limited liability partnership

\_\_\_\_\_  
Andy Hall, Executive Director

\_\_\_\_\_  
Richard Kikuchi, Partner

APPROVED AS TO FORM:

\_\_\_\_\_  
Jennifer M. Lyon, General Counsel

APPROVED AS TO CONTENT:

\_\_\_\_\_  
Administrative Services Director

## **Exhibit A**

### **Scope of Services**

Accountants will conduct an examination of the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") for compliance with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB), for each of the fiscal years 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19. The audits will be conducted in accordance with generally accepted auditing standards as established by the American Institute of Certified Public Accountants (AICPA) and will include other auditing procedures that are considered necessary. It is understood by the parties that such audit procedures are not primarily designed to and cannot be relied upon to disclose defalcations or other irregularities. Reliance for the prevention or detection of fraud, defalcations, or other irregularities should be placed principally upon an adequate internal accounting system with appropriate and functioning internal controls. It is the responsibility of each party to establish and maintain such an internal control system; however, Accountants will report on internal control weaknesses.

Accountants will trace expenditures to the approved Recognized Obligation Payment Schedule (ROPS), analyze all outstanding debt balances, and review all transfers to and from other funds. Review the recording of Redevelopment Property Tax Trust Fund (RPTTF) into the Redevelopment Obligation Retirement Fund (RORF). Report the Successor Agency as a Private Purpose Trust Fund in the City's financial statements.

Accountants' audit will include all funds of the Successor Agency.

**Exhibit B**  
**Quote for Audit Services**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Successor Agency Audit	\$ 6,200	\$ 6,200	\$ 6,200	\$ 6,350	\$ 6,350