

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Assignment”) is entered into on June 1, 2024 by and between Baker Tilly US, LLP, an Illinois Limited Liability Partnership, located at 205 North Michigan Avenue, Suite 2800, Chicago, IL 60601 (“Assignor”), Baker Tilly Advisory Group, LP, a Delaware Limited Liability Partnership, located at 205 North Michigan Avenue, Chicago, IL 60601 (“Assignee”), and the City of Palo Alto, a California chartered municipal corporation (“City”).

Recitals

WHEREAS, Assignor is a party to the Agreement (as defined below); and

WHEREAS, Assignor desires to transfer the Agreement, and Assignee desires to assume the Agreement, each on the terms and conditions set forth herein; and

WHEREAS, Assignor represents and warrants that Assignee is able to fully perform all obligations that may exist under the Agreement, and

WHEREAS, Assignee represents and warrants that it is able to fully perform all obligations that may exist under the Agreement, and

WHEREAS, it is consistent with the City's interest to recognize the Assignee as the successor party to the Agreement, and

WHEREAS, the City consents to the transfer of the Agreement based on Assignor's warranties stated herein and under the terms below;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained in this Assignment, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor and Assignee agree as follows:

Article 1 Definitions

The following definitions apply to this Assignment:

1.1 “Agreement” means the agreement dated October 20, 2020 between Assignor and City, as amended by the first amendment dated April 18, 2022. The Agreement including any amendments are attached to this Assignment as **Appendix A**, and are hereby fully attached and incorporated herein by reference.

1.2 “Effective Date” means June 1, 2024.

1.3 Other terms used and not defined in this Assignment shall have the meanings assigned to such terms in the Agreement.

Article 2 Transfer of Agreement

2.1 **Transfer.** Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's rights, title, and interest in and to the Agreement and all of Assignor's duties and obligations thereunder that arise on or after the Effective Date.

2.2 **Acceptance.** Assignee hereby accepts the transfer and conveyance set forth in Article 2.1 and agrees to perform all of Assignor's duties and obligations under the Agreement that arise on or after the Effective Date.

2.3 **Rights to Enforce.** Subject to the terms of the Agreement, this Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assignees. Nothing in this Assignment, whether express or implied, shall be construed to give any person or entity (other than City and the parties hereto and their respective successors and Assignees) any legal or equitable right, remedy or claim under or in respect of this Assignment or any covenants, conditions or provisions contained herein.

2.4 **Consent of City.** The City consents to the transfer described in this Article 2 based on the evidence provided below, which indicates that Assignee is able to fully perform all obligations that may and will exist under the Agreement. All the evidence is attached to this Assignment as **Appendix B**, and is hereby fully attached and incorporated herein by reference. Further, each of Assignor and Assignee acknowledges that the written consent of City to this Assignment is required under the terms of the Agreement and that the City is an intended third party beneficiary of this Assignment. City shall have the right to enforce this Assignment.

2.4.1 A certificate from the State of California Office of the Secretary of State dated April 22, 2024.

2.4.2 A statement by the Assignee to confirm that the price and the personnel of the Agreement will remain unchanged.

2.5 **Successor.** The City recognizes the Assignee as the Assignor's successor in interest in and to the Agreement. The Assignee by this Assignment becomes liable for all responsibilities and entitled to all rights, titles, and interests of the Assignor in and to the Agreement that arise on or after the Effective Date. The City will treat the Assignee as if the Assignee were the original party to the Agreement. As of the Effective Date of this Assignment, the term "Contractor," as used in the Agreement, shall refer to the Assignee. The Agreement shall remain in full force and effect, except as modified by this Assignment. The Assignor, Assignee and City have each executed this Assignment, effective as of Effective Date.

2.6 **Further Assurances.** From and after the date of this Assignment, Assignor and Assignee agree to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to complete the conveyance contemplated by this Assignment or as may be required by City.

Article 3 Obligations and Liabilities

3.1 **Transfer, Waiver, and Assumption.** The Assignor confirms the transfer to the Assignee, and waives any claims and rights against the City that it now has or may have in the future in connection with the Agreement. The Assignee agrees to be bound by and to perform the Agreement in accordance with the conditions contained therein. The Assignee also assumes all obligations and liabilities of, and all claims against, the Assignor under the Agreement as if the Assignee were the original party to the Agreement. The Assignee ratifies all previous actions taken by the Assignor with respect to the Agreement, with the same force and effect as if the action has been taken by the Assignee. Except as expressly provided in this Assignment, nothing in it shall be construed as a waiver of any rights of the City against the Assignor.

3.2 **Past Payments.** All payments and reimbursements previously made by City to the Assignor, and all other previous actions taken by City under the Agreement, shall be considered to have discharged those parts of City's obligations thereunder. All payments and reimbursements made by City after the date of this Assignment in the name of or to the Assignor shall have the same force and effect as if made to the Assignee, and shall constitute a complete discharge of City's obligations under the Agreement, to the extent of the amounts paid or reimbursed. The Assignor and the Assignee agree and confirm that City is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer of this Assignment, other than those that City in the absence of this transfer would have been obligated to pay or reimburse under the terms of the Agreement.

3.3 **No Release of Assignor.** Neither this Assignment, nor the consent of City, shall release Assignor in whole or in part from any of its obligations or duties under the Agreement if Assignee fails to perform or observe any such obligation or duty. Assignor has entered into this Assignment and obtained such consent of City based solely upon Assignor's independent investigation of Assignee's financial condition and ability to perform under the Agreement, and Assignor assumes full responsibility for obtaining and sharing with City any further information with respect to Assignee or the conduct of its business after the date of this Assignment. Assignor waives any right to require City to (i) proceed against any person or entity including Assignee, (ii) proceed against or exhaust any security now or hereafter held in connection with the Agreement, or (iii) pursue any other remedy in City's power. Assignor waives any defense arising by reason of any disability or other defense of Assignee or any other person, or by reason of the cessation from any cause whatsoever of the liability of Assignee or any other person. Assignor shall not have and hereby waives any right of subrogation to any of the rights of City against Assignee or any other person and Assignor waives any right to enforce any remedy of Assignor against Assignee or against any other person unless and until all obligations to City under the Agreement and this Assignment have been paid and satisfied in full. Assignor waives any benefit of any right to participate in any collateral or security whatsoever now or hereafter held by City with respect to the obligations under the Agreement.

Article 4 Insurance and Indemnification

4.1 **Insurance Certificates.** For this Assignment to be effective, Assignee shall provide to City insurance certificates and endorsements for the identical type and amount of coverage currently required under the Agreement.

4.2 **City.** Assignor and Assignee shall, to the fullest extent permitted by law, indemnify, defend and protect City, and hold City harmless from and against any and all liabilities, losses, damages, claims, costs or expenses (including attorneys' fees) arising out of Assignor and/or Assignee's failure to comply with any term or obligation of this Assignment or the Agreement. Defense obligations under this Section 4.2 shall be provided immediately following a tender of defense.

4.3 **Assignor.** Assignor shall indemnify, defend and protect Assignee, and hold Assignee harmless from and against, any and all liabilities, losses, damages, claims, costs or expenses (including attorneys' fees) arising out of (i) any failure of Assignor to convey its interest pursuant to Article 2, free and clear of all third-party liens, claims or encumbrances or (ii) any breach by Assignor of the Agreement or any other failure to perform or observe any of

the duties or obligations of Assignor thereunder, to the extent such breach or failure arises prior to the Effective Date.

4.4 **Assignee.** Assignee shall indemnify, defend and protect Assignor, and hold Assignor harmless from and against, any and all liabilities, losses, damages, claims, costs or expenses (including attorneys' fees) arising out of any breach by Assignee of the Agreement or any other failure to perform or observe any of the duties or obligations thereunder assumed by Assignee pursuant to this Assignment.

Article 5 General Provisions

5.1 **Governing Law.** This Assignment shall be governed by the laws of the State of California, without regard to its conflict of laws principles.

5.2 **Headings.** All section headings and captions contained in this Assignment are for reference only and shall not be considered in construing this Assignment.

5.3 **Notices.** All notices, consents, directions, approvals, instructions, requests and other communications regarding this Assignment or the Agreement shall be in writing, shall be addressed to the person and address set forth below and shall be (i) deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, (ii) hand delivered or (iii) sent via email with a return receipt. All communications sent in accordance with this Section shall become effective on the date of receipt. From time to time Assignor, Assignee or City may designate a new address for purposes of this Section by notice to the other signatories to this Assignment.

If to Assignor:

Baker Tilly US, LLP
205 North Michigan Avenue, Suite 2800
Chicago, IL 60601
Chris Kalafatis
Managing Director, Internal Audit
Chris.Kalafatis@bakertilly.com

If to Assignee:

Baker Tilly Advisory Group, LP
205 North Michigan Avenue, Suite 2800
Chicago, IL 60601
Chris Kalafatis
Managing Director, Internal Audit
Chris.Kalafatis@bakertilly.com

If to City:

City Manager's Office
250 Hamilton Avenue
Palo Alto, CA 94301
Attn: Chantal Gaines
Deputy City Manager
Chantal.gaines@cityofpaloalto.org

With a copy to:

Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

5.4 **Incorporation of Recitals.** The recitals set forth above are terms of this Assignment and are hereby fully incorporated herein by this reference.

5.5 **Entire Agreement.** This Assignment sets forth the entire agreement between Assignor and Assignee relating to the Agreement and supersedes all other oral or written provisions.

5.6 **Severability.** Should the application of any word, phrase, clause, sentence, paragraph and/or provision of this Assignment to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (i) the validity of other words, phrases, clauses, sentences, paragraphs and/or provisions of this Assignment shall not be affected or impaired thereby and (ii) such words, phrases, clauses, sentences, paragraphs and/or provisions shall be enforced to the maximum extent possible so as to effect the intent of Assignor, Assignee and City.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)

IN WITNESS WHEREOF, Assignor and Assignee have each duly executed this Assignment, effective as of the Effective Date.

**BAKER TILLY US, LLP
(ASSIGNOR)**

**BAKER TILLY ADVISORY GROUP, LP
(ASSIGNEE)**

By _____

By _____

Name Chris Kalafatis

Name Chris Kalafatis

Title Managing Director, Internal Audit

Title Managing Director, Internal Audit

City hereby consents to the assignment and assumption described in Article 2 of this Assignment.

**CITY OF PALO ALTO
(CITY)**

By _____

Name Ed Shikada

Title City Manager

Approved as to Form:

By _____

Name Caio Arellano

Title Chief Assistant City Attorney

Attachments:

Appendix A: Agreement

Appendix B: Documentation of Transfer

APPENDIX A - AGREEMENT

The Agreement dated October 1, 2020 between Contractor and City, as amended by:

Amendment No. 1, dated April 18, 2022

is attached on the following pages as Appendix A.

CITY OF PALO ALTO CONTRACT NO. C21179340

**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
THE CITY OF PALO ALTO AND BAKER TILLY US, LLP**

This Agreement for Professional Services (this “Agreement”) is entered into as of the 1st day of October, 2020, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and **BAKER TILLY US, LLP**, an Illinois Limited Liability Partnership, located at 205 Michigan Avenue, Suite 2800, Chicago, IL 60601 (“CONSULTANT”).

RECITALS

The following recitals are a substantive portion of this Agreement.

- A. CITY issued request for proposals (RFP) F21-001 (Re-issue) for internal auditor services in accordance with City Charter and Municipal Code requirement (“Project”) and desires to engage a consultant to provide such internal auditor services in connection with the Project (“Services”).
- B. CONSULTANT has represented that it has the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.
- C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Section 1 (Scope of Services) and Exhibit “A”, attached to and made a part of this Agreement.
- D. On September 28, 2020, the Palo Alto City Council approved this Agreement and a resolution appointing Kyle O’Rourke as designated City Auditor.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, in this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described at Exhibit “A” (which includes without limitation the As Required Services detailed below in this Section 1) in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

CONSULTANT shall provide As Required Services associated with the scope of services described in Exhibit A, to be authorized by CITY in writing as detailed in herein. CITY may elect to, but is not required to, authorize As Required Services up to the maximum compensation amount set forth in Section 4. As Required Services, if any, shall be authorized by the CITY with a Task Order (as below) assigned and authorized by CITY’s Project Manager, as identified in Section 13 (Project Management), except as otherwise provided in the last paragraph of this Section 1, below. Each Task Order shall be in substantially the same form as the attached Exhibit A-1, entitled “PROFESSIONAL SERVICES TASK ORDER”. Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the

provisions of this Agreement, and shall be drafted and proposed by CONSULTANT if so requested by CITY. Task Orders may be assigned at the task level as described in Exhibit A or associated sub-task level. Compensation for As Required Services shall be based on the compensation structure set forth in Section 4 and Exhibit B, including any authorized expenses, based on the hourly rates set forth in Exhibit B-1, or a negotiated lump sum, to be set forth in the Task Order.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to the CITY's Project Manager within the time specified by the CITY's Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY's Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Services, and all Task Orders authorized under this Agreement, shall not exceed the amount of compensation set forth in Section 4. CONSULTANT shall only be compensated for As Required Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth in Section 4. Performance of and payment for any As Required Services are subject to all requirements and restrictions in this Agreement.

The Task Orders for Tasks 1, 2, 3, and 5 for Fiscal Year 2020-21 are attached and hereby approved. Any changes to herein-approved Task Orders for Tasks 1, 2, 3, and 5 may be made by subsequent review and approval by the CITY's Project Manager via amended Task Order, utilizing the Task Order approval process detailed herein.

SECTION 2. TERM. The term of this Agreement shall be from October 1, 2020 through June 30, 2022, coinciding with partial Fiscal Year 2020-21 (October 1, 2020 through June 30, 2021) and full Fiscal Year 2021-22 (July 1, 2021 through June 30, 2022), unless terminated earlier pursuant to Section 19 of this Agreement. The term of this Agreement may be extended by written instrument, in accordance with Section 27.4 of this Agreement, for any period or periods not to exceed three (3) additional years.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the Scope of Services set forth in Exhibit A and/or the timeline set forth in the relevant Task Order, as applicable. Any Services for which times for performance are not specified in this Agreement or in the relevant Task Order shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The total compensation to be paid to CONSULTANT for performance of the Services, including As Required Services (per Section 1) and any reimbursable expenses, shall not exceed five hundred and fifty thousand dollars (\$550,000) in partial Fiscal Year 2020-21, and seven hundred and fifty thousand dollars (\$750,000) in Fiscal Year 2021-22, for a total contract amount not to exceed one million three hundred thousand dollars (\$1,300,000), as detailed in Exhibit B (Compensation).

CONSULTANT agrees to complete all Services, including As Required Services and any reimbursable expenses, within this amount. The applicable rate schedule is set out at Exhibit "B-1", entitled "SCHEDULE OF RATES," which is attached to and made a part of this Agreement.

Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices describing the Services performed and the applicable charges (including, if applicable, an identification of personnel who performed the Services, hours worked, hourly rates, and reimbursable expenses), based upon Exhibit B, the CONSULTANT's schedule of rates (set forth in Exhibit B-1), and/or the relevant Task Order, as applicable. If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT's invoices shall be subject to verification by CITY. CONSULTANT shall send all invoices to the CITY's Project Manager at the address specified in Section 13 below (Project Management), with a copy to CITY's Accounts Payable Division, with payment subject to approval of the CITY's Project Manager. The CITY will generally process and pay invoices within thirty (30) days of receipt.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants, if permitted, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the Services to be furnished by CONSULTANT under this Agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT is solely responsible for costs, including, but not limited to, increases in the cost of Services, arising from or caused by CONSULTANT's errors and omissions, including, but not limited to, the costs of corrections such errors and omissions, any change order markup costs, or costs arising from delay caused by the errors and omissions or unreasonable delay in correcting the errors and omissions.

SECTION 9. COST ESTIMATES. If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of design submittal. If the total estimated construction cost at any submittal exceeds the CITY's stated construction budget by ten percent (10%) or more, CONSULTANT shall make recommendations to CITY for aligning the PROJECT design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

SECTION 10. INDEPENDENT CONTRACTOR. CONSULTANT acknowledges and agrees that CONSULTANT and any agent or employee of CONSULTANT will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which CONSULTANT performs the Services requested by CITY under this Agreement. CONSULTANT and any agent or employee of CONSULTANT will not have employee status with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. CONSULTANT will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers' compensation, unemployment compensation, insurance, and other similar responsibilities related to CONSULTANT's performance of the Services, or any agent or employee of CONSULTANT providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and CONSULTANT or any agent or employee of CONSULTANT. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of CONSULTANT's provision of the Services only, and not as to the means by which such a result is obtained. CONSULTANT agrees to maintain and make available to CITY, upon request and during regular business hours, accurate books and accounting records demonstrating CONSULTANT's compliance with this Section.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT's obligations hereunder without the prior written consent of the City Council. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 12. SUBCONTRACTING.

CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the CITY.

Upon prior written authorization by CITY via Task Order, CONSULTANT shall be responsible for directing the work of any subconsultants and for any compensation due to subconsultants. CITY assumes no responsibility whatsoever concerning compensation. CONSULTANT shall be fully responsible to CITY for all acts and omissions of a subconsultant. CONSULTANT shall change or add subconsultants only with the prior approval of the CITY via Task Order.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Jodi Dobson as the Project Manager to have supervisory responsibility for the performance, progress, and execution of the Services and Kyle O'Rourke as the designated City Auditor to represent CONSULTANT during the day-to-day work on the Project. If circumstances cause the substitution of the Project Manager, designated City Auditor, or any other key personnel for any reason, the appointment of a substitute beyond a period of 90 days will be subject to the prior written approval of the CITY's Project Manager. Further, the City Council will interview and approve by resolution the appointment of any substitute City Auditor as specified here and in Exhibit A (Scope of Services). CONSULTANT, at CITY's request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the

adequate or timely completion of the Project or a threat to the safety of persons or property.

CITY's Project Manager is the Chair of the City Council's Policy and Services Committee, or other City Council designee as identified to CONSULTANT in writing. The CITY's Project Manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services under this Agreement. City Council may designate an alternate CITY Project Manager upon approval of the Annual Audit Plan described in Exhibit A (Scope of Services), approval of City Council appointments, or at any other time it is so acted upon by City Council.

SECTION 14. OWNERSHIP OF MATERIALS. CITY shall retain all title to CITY's documents, data and other materials that are provided to CONSULTANT, including all copies thereof, and all rights to patents, copyrights, trademarks, trade secrets and other intellectual property rights inherent in such CITY materials. CITY hereby grants to CONSULTANT a limited, non-exclusive, non-transferable license to use such CITY materials in the performance of this Agreement and for CONSULTANT's internal quality assurance purposes to meet its professional standards per the American Institute of Certified Public Accountants (AICPA), Consulting Standards and for no other purpose. Pursuant to this Agreement, CONSULTANT will provide CITY with the deliverables ("Deliverables") detailed in Exhibit A (Scope of Services) and/or any approved Task Order, as applicable. Deliverables provided by the CONSULTANT shall become the property of the City. City hereby grants to CONSULTANT a limited, non-exclusive, non-transferable license to use such Deliverables for CONSULTANT's internal quality assurance purposes to meet its professional standards per the AICPA, Consulting Standards, and for no other purpose without the prior written consent of the City Manager. All programs, working papers, files, and other materials used or made by the CONSULTANT pursuant to this Agreement in researching and preparing any Deliverable to be provided to the CITY hereunder shall remain the property of the CONSULTANT (except as otherwise provided for in this Section). The City will have access to such materials upon request. The CONSULTANT shall comply with the confidentiality provisions of this Agreement and shall not disclose to any third party the contents of such programs, working papers, files, or any other materials or Deliverables without prior written approval of the City Manager.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY.

16.1. To the fullest extent permitted by law, CONSULTANT shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all third-party demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorney's fees, experts fees, court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to the negligence, recklessness, or willful misconduct of CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an

Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from Claims arising from the active negligence, sole negligence or willful misconduct of an Indemnified Party.

16.3. The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 16.A. LIMITATION OF LIABILITY.

16.A.1. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CONSULTANT BE LIABLE TO CITY, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES OR FOR ANY LOSS OF PROFIT OR LOSS OF BUSINESS BY CITY, EVEN IF CONSULTANT HAS BEEN ADVISED OF THE POSSIBILITY OF ANY SUCH POTENTIAL CLAIM, LOSS OR DAMAGE. EXCEPT AS PROVIDED IN THE IMMEDIATELY FOLLOWING SENTENCE, IN NO EVENT SHALL THE TOTAL AGGREGATE LIABILITY UNDER THIS AGREEMENT OF CONSULTANT TO CITY EXCEED THE DOLLAR AMOUNT PROVIDED FOR IN SECTION 4 ("NOT TO EXCEED COMPENSATION") OF THIS AGREEMENT. CONSULTANT'S LIABILITY LIMIT SET FORTH HEREIN SHALL NOT APPLY TO (1) DAMAGES CAUSED BY CONSULTANT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, (2) CONSULTANT'S OBLIGATIONS TO INDEMNIFY AND DEFEND CITY PURSUANT TO SECTION 16 ("INDEMNIFICATION") OF THIS AGREEMENT, (3) LIMIT CLAIMS OR GENERAL DAMAGES THAT FALL WITHIN THE INSURANCE COVERAGE OF THIS AGREEMENT, (4) STATUTORY DAMAGES, AND (5) WRONGFUL DEATH CAUSED BY CONSULTANT.

16.A.2. CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 4 ("NOT TO EXCEED COMPENSATION") OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "D". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best's Key Rating Guide ratings of A-:VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage. CONSULTANT shall provide the Purchasing Manager with thirty (30) days' prior written notice of any cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification promptly following the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss in accordance with the terms of Sections 16 and 16.A of this Agreement.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The CITY may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

19.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving thirty (30) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

19.3. In the event of such suspension or termination, CONSULTANT will deliver to the CITY's Project Manager on or before the effective date in the notice of suspension or termination, any and all Deliverables, as detailed in Section 14 (Ownership of Materials), whether or not completed, prepared by CONSULTANT or its contractors, if any, in the performance of this Agreement. Such Deliverables are the property of CITY, as detailed in Section 14 (Ownership of Materials).

19.4. Upon such suspension or termination by CITY, CONSULTANT will be

paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date in the notice of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 16.A, 19.4, 20, 25 and 27.

19.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
 City of Palo Alto
 Post Office Box 10250
 Palo Alto, CA 94303

With a copy to the Purchasing Manager and Project Manager

To CONSULTANT: Attention of the project director
 at the address of CONSULTANT recited above

SECTION 21. CONFLICT OF INTEREST.

21.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

21.3. If the Project Manager determines that CONSULTANT is a "Consultant" as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 22. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person due to that person's race, skin color, gender, gender

identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS.

CONSULTANT shall comply with the CITY's Environmentally Preferred Purchasing policies which are available at CITY's Purchasing Department, incorporated by reference and may be amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of CITY's Zero Waste Program. Zero Waste best practices include first minimizing and reducing waste; second, reusing waste and third, recycling or composting waste. In particular, CONSULTANT shall comply with the following zero waste requirements:

- (a) All printed materials provided by CONSULTANT to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY's Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable based inks.
- (b) Goods purchased by CONSULTANT on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Division's office.
- (c) Reusable/returnable pallets shall be taken back by CONSULTANT, at no additional cost to CITY, for reuse or recycling. CONSULTANT shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

SECTION 24. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE.

CONSULTANT shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as it may be amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the City, CONSULTANT shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code section 4.62.030 for each hour worked within the geographic boundaries of the City of Palo Alto. In addition, CONSULTANT shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code section 4.62.060.

SECTION 25. NON-APPROPRIATION

25.1. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This section shall

take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS

26.1 **This Project is not subject to prevailing wages.** CONSULTANT is not required to pay prevailing wages in the performance and implementation of the Project in accordance with SB 7 if the contract is not a public works contract, if the contract does not include a public works construction project of more than \$25,000, or the contract does not include a public works alteration, demolition, repair, or maintenance (collectively, ‘improvement’) project of more than \$15,000.

SECTION 27. MISCELLANEOUS PROVISIONS.

27.1. This Agreement will be governed by the laws of the State of California without regard to conflict of law provisions.

27.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

27.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.

27.4. This Agreement represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This Agreement may be amended only by a written instrument, which is signed by the parties and approved as required under the Palo Alto Municipal Code.

27.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and consultants of the parties.

27.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement is void or unenforceable, the unaffected provisions of this Agreement will remain in full force and effect.

27.7. All exhibits, addenda, appendices, attachments, and schedules to this Agreement (collectively, “exhibits”) which are referred to herein are by such reference incorporated in this Agreement and deemed part of this Agreement.

27.8 In the event of a conflict between the terms of this Agreement and the exhibits hereto or CONSULTANT’s proposal (if any), the Agreement shall control. In the case of any conflict between the exhibits hereto and CONSULTANT’s proposal, the exhibits shall control.

27.9 If, pursuant to this contract with CONSULTANT, CITY shares with CONSULTANT personal information as defined in California Civil Code section 1798.81.5(d) about a California resident (“Personal Information”), CONSULTANT shall maintain reasonable and appropriate security procedures to protect that Personal Information, and shall inform City promptly following discovery that there has been a breach in the security of the system impacting or potentially impacting Personal Information, or in the security of the Personal Information, in CONSULTANT’S custody or control. CONSULTANT shall not use Personal Information for direct marketing purposes without City’s express written consent.

27.10 In the performance of the services, CONSULTANT may have access to CITY’s proprietary or confidential information, the disclosure of which to third parties may damage the CITY, its employees, customers or residents and/or may violate state and/or federal law. CONSULTANT will hold such information in confidence and use it only to perform this Agreement and for no other purpose. CONSULTANT shall exercise the same standard of care to protect such information as CONSULTANT uses to protect its own proprietary and/or confidential information and in no case less than a reasonable standard of care.

27.11 The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

27.12 This Agreement may be signed in multiple counterparts, which, when executed by the parties, shall together constitute a single binding agreement.

CONTRACT No. C21179340 SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

DocuSigned by:
Ed Shikada Ed Shikada
F2BGA19GGG8D4F9...

City Manager (Required on contracts over \$85,000)
Purchasing Manager (Required on contracts over \$50,000)
Contracts Administrator (Required on contracts under \$50,000)

APPROVED AS TO FORM:

DocuSigned by:
Molly Stump Molly Stump
39A1738653E7449

City Attorney or designee
(Required on Contracts over \$25,000)

BAKER TILLY US, LLP

Officer 1

DocuSigned by:
Jodi Dobson
1A5679C7AA2F4AD...
By: Jodi Dobson
Name: Jodi Dobson
Title: Partner

Officer 2 (Required for Corp. or LLC)

DocuSigned by:
Heather Acker
5D6C205628D4424
By: Heather Acker
Name: Heather Acker
Title: Partner

Attachments:

- EXHIBIT "A": SCOPE OF SERVICES
- EXHIBIT "A-1" PROFESSIONAL SERVICES TASK ORDER
- EXHIBIT "B": COMPENSATION
- EXHIBIT "B-1": SCHEDULE OF RATES
- EXHIBIT "C": INSURANCE REQUIREMENTS
- FISCAL YEAR 2020/21 TASK ORDERS 1, 2, 3 AND 5

EXHIBIT “A” SCOPE OF SERVICES

Background

In accordance with City Charter and Municipal Code requirements, the Palo Alto City Council must appoint a City Auditor who serves at the will of the Council, and who executes annual Council-approved internal audit plans through the Office of the City Auditor.

Mission of the Office of the City Auditor

The mission of the office of the city auditor is to promote honest, efficient, effective, economical, and fully accountable and transparent city government. This mission is fulfilled by conducting annual performance audits and financial/operational analyses of city departments, programs, services or activities.

These audits are intended to ensure that city management is using its financial, physical, and informational resources effectively, efficiently, economically, ethically, and equitably, and in compliance with laws, regulations, contract and grant requirements, and city policies and procedures.

Internal Auditor Scope of Services

This section contains the scope of internal audit services to be performed by CONSULTANT as required by the City Charter and Municipal Code, including the required duties of, and audit tasks performed by, the CONSULTANT’S City Auditor.

Service Requirements of the City Auditor

The City Auditor shall:

- Ensure that city departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards.
- Perform internal audits of all the fiscal transactions and operations of the City, in accordance with annual audit plans approved and directed by the City Council, that include:
 - Conducting performance audits of city departments, programs, services or activities,
 - Examination and analysis of fiscal procedures and expenditures,
 - Provision of other analyses of financial and operational data, and
 - Periodic unscheduled audits.

As Required Internal Audit Tasks

The following 6 tasks represent the core services to be provided by CONSULTANT. These As Required Services must be authorized by CITY’s representative through the approval of Task Orders prepared by CONSULTANT, in further accordance with Section 4 of this Agreement (Not To Exceed Compensation) and Exhibit A-1 thereto (Professional Services Task Order).

Task 1. Citywide Risk Assessment:

Beginning with year 1 and continuing at a minimum every other year thereafter, prepare a *citywide* risk assessment following the same review and approval requirements described in Task 2. The risk assessment process will be the primary determinant of subsequent audit activity.

Task 2. Preparation of Annual Audit Plan:

Prepare an annual audit plan for review by the City Manager and appropriate City Council committee(s), and approval by the City Council, that identifies preliminary objectives of each audit to be performed, the schedule for each audit, and the estimated not to exceed resources and costs for each audit. The City Auditor shall consult with the City Attorney as necessary when developing audit plans. The annual audit plan will be largely based on the risk assessment required in Task 1.

Task 3. Selection of External Financial Auditor and Annual Audit Coordination:

Coordinate the annual external financial audit in each year of the contract term.

Pursuant to the City Charter, the City Auditor shall oversee the selection process for the annual external financial auditor. The City anticipates conducting a Request for Proposals for this purpose in early 2021.

Task 4. Execute Annual Audit Plan:

Conduct a minimum number of internal audits in accordance with each approved annual audit plan based on the risk assessments. Each internal audit will commence only upon the City's approval of a Task Order (which may be at the task or sub-task level) as required by this Agreement. Each internal audit requires the preparation of a written report for review by the City Manager, City Attorney and appropriate Council committee, and review/approval by the City Council as required.

Task 5. Preparation of Quarterly Reports, Annual Status Report, Provision of City Hotline, and Other Ongoing Office Administrative Functions:

Prepare and issue quarterly reports describing the status and progress toward audit completion, to be provided as information reports to the City Council and reviewed by the appropriate committee, unless other reporting methods are directed by Council.

Prepare and issue an annual report in the first quarter of each fiscal year on the status of recommendations made in completed audits, to be provided as an information report to the City Council and reviewed by the appropriate committee, unless other reporting methods are directed by Council.

Maintain and respond to the City's employee "hotline" function provided through voicemail, email or written submissions. Coordinate referrals as appropriate to other City offices, departments or divisions and incorporate relevant referrals into future risk assessments, audit plans or audit activity as appropriate.

Task 6. Evaluation and Benchmarking

Undergo a peer evaluation following the guidelines of the Association of Local Government Auditors every two years (i.e., at the end of the initial contract term, then every other year thereafter throughout the contract term), or as required by the City Council, so that performance of the internal audit function can be objectively assessed.

Prepare a cost per audit analysis following the first completed fiscal year, to be submitted at the beginning of the second fiscal year and every year thereafter throughout the contract term, that includes benchmark agencies determined by the CITY, and obtain independent third-party certification of data accuracy.

The cost per audit analysis will be used to evaluate the cost effectiveness of services provided by the CONSULTANT. This evaluation will be incorporated into ongoing performance assessments as required and will help ensure that fees for service provision throughout the duration of the Agreement are objectively determined and mutually agreed upon.

Last, the City Council will perform periodic Closed Session performance evaluations with the designated City Auditor as allowed by law and performed with the other City Council appointees (the City Manager, City Attorney and City Clerk). The appointed City Auditor will have a 6-month evaluation, and then annually thereafter throughout the initial contract term and any extensions granted by the City Council.

Internal Auditor Services – Designation of City Auditor, Minimum Experience Requirements and Auditing Standards

Consistent with City Charter and Municipal Code provisions, the City Council must appoint a City Auditor who serves at the will of the Council, and who executes annual Council-approved internal audit plans through the Office of the City auditor.

Designation of City Auditor

The CONSULTANT has designated Kyle O'Rourke to fulfil the role of City Auditor, whose designation received City Council approval and appointment, and whose appointment is subject to at-will modification by the Council.

In accepting this appointment and its associated responsibilities and requirements, the CONSULTANT agrees to the following stipulations and reserved rights of the CITY in the event the City Auditor vacates the appointment for whatever reason:

- CONSULTANT must designate a temporary replacement not to exceed 3 months if the City Auditor vacates the appointment without enough time for Council to appoint a replacement.
- Any subsequent appointment of a City Auditor be conducted in the manner specified by the City Council, subject to applicable laws.
- Continued appointment of the City Auditor is based on and subject to acceptable performance.

During the term of this Agreement, CONSULTANT may propose an alternative City Auditor for Council consideration should it become necessary to do so.

Minimum Experience Requirements

The CONSULTANT and City Auditor must have at least 5 years of experience performing internal audit services to local, state, federal or quasi-public entities, with a focus on performance auditing.

Auditing Standards

The appointed City Auditor must be a Certified Public Accountant (CPA) or Certified Internal Auditor (CIA) in good standing and must maintain such certification at all time during the term of the Agreement.

All staff members of CONSULTANT assigned to internal auditor services under this Agreement must be able to conduct or assist in conducting internal audits in accordance with Government Accounting Standards, as established by the Comptroller General of the United States, Governmental Accountability Office.

Maintenance of Independent Contractor Status

Proposers must maintain independent contractor status at all times during the Agreement term.

Best Value Service Provision

The City Council has awarded this contract to the CONSULTANT based on its ability to deliver cost effective and efficient internal auditor services that represent the best possible value in exchange for public funds. Continued service provision is dependent on a number of evaluative factors to help determine that the CITY receives the best possible value for internal audit services during the term of this Agreement. These include, but are not limited to, acceptable pricing; cost effective and service provision provided by the City Auditor and CONSULTANT; and favorable City Auditor performance evaluations.

Additionally, budget constraints and economic conditions are factors that shall be considered in determining acceptable pricing and funding.

EXHIBIT "A-1"
PROFESSIONAL SERVICES TASK ORDER

Consultant shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO.

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
- 1B. TASK ORDER NO.:
- 2. CONSULTANT NAME:
- 3. PERIOD OF PERFORMANCE: START: _____ COMPLETION: _____
- 4. TOTAL TASK ORDER PRICE: \$ _____
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$ _____
- 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
- 6. CITY PROJECT MANAGER'S NAME & DEPARTMENT: _____
- 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with "not to exceed" amount)
- 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): _____

I hereby authorize the performance of the work described in this Task Order.

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:
CITY OF PALO ALTO

APPROVED:
COMPANY NAME: _____

BY: _____
Name _____
Title _____
Date _____

BY: _____
Name _____
Title _____
Date _____

EXHIBIT “B” COMPENSATION

The CITY agrees to compensate the CONSULTANT for the Services (including As Required Services) performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the hourly rate schedule attached as Exhibit B-1 up to the not to exceed budget amount for each task set forth below.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. The CITY’s Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Services, including As Required Services and any reimbursable expenses do not exceed the amounts set forth in Section 4 of this Agreement.

Budget Schedule	FY 2020-21	FY 2021-22	Totals
Task 1: Citywide Risk Assessment	\$65,000.00	\$25,000.00	\$90,000.00
Task 2: Preparation of Annual Audit Plan	\$15,000.00	\$15,000.00	\$30,000.00
Task 3: Selection of External Financial Auditor and Annual Audit Coordination	\$30,000.00	\$20,000.00	\$50,000.00
Task 4: Execute Annual Audit Plan	\$390,000.00	\$600,000.00	\$990,000.00
Task 5: Preparation of Quarterly Reports, Annual Status Report, Provision of City Hotline, and Other Ongoing Office Administrative Functions	\$50,000.00	\$50,000.00	\$100,000.00
Task 6: Evaluation and Benchmarking	\$0.00	\$40,000.00	\$40,000.00
Totals	\$550,000.00	\$750,000.00	\$1,300,000.00

REIMBURSABLE EXPENSES

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, computing, telecommunications, insurance and other ordinary business expenses are included within the scope of payment for Services and are not reimbursable expenses. CITY shall reimburse CONSULTANT for the following reimbursable expenses at cost:

Travel to or from the San Francisco Bay area, including transportation and meals, will be reimbursed at actual cost. Any and all such reimbursable expenses shall be identified by CONSULTANT as separate line items on the applicable Task Order. Consultant travel and meal expenses are not subject to the City's Travel Policy. CONSULTANT shall identify a fixed "not to exceed" figure for anticipated reimbursable expenses, subject to the City of Palo Alto's approval of such Task Order.

Should CONSULTANT'S actual incurred expenses exceed the "not to exceed" figure, CONSULTANT and the CITY shall meet in good faith to determine the extent to which CONSULTANT shall be reimbursed by the CITY for the excess.

All requests for payment of expenses exceeding \$25.00 shall be accompanied by appropriate backup documentation and information, including without limitation prior City approval as part of the associated Task Order.

EXHIBIT "B-1"
SCHEDULE OF RATES

Compensation for services rendered under this Agreement shall be calculated based on the following hourly rate schedule, which shall remain fixed during the term of the Agreement.

Hourly rates for any subsequent renewal term or terms shall be negotiated to the mutual agreement of the parties.

Staff level	Hourly rate
Partner/Director	\$345
City Auditor/Senior Manager	\$245
Manager	\$210
Senior Consultant	\$185
Consultant	\$130

EXHIBIT “C” INSURANCE REQUIREMENTS

CONTRACTORS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST’S KEY RATING OF A-:VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY’S INSURANCE REQUIREMENTS, AS SPECIFIED, BELOW:

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER’S COMPENSATION EMPLOYER’S LIABILITY	STATUTORY STATUTORY		
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE			
		ALL DAMAGES		\$1,000,000
YES	THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.			

I. INSURANCE COVERAGE MUST INCLUDE:

A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR’S AGREEMENT TO INDEMNIFY CITY.

II. CONTACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING URL: <https://www.planetbids.com/portal/portal.cfm?CompanyID=25569>.

III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO “ADDITIONAL INSUREDS”

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF

THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

**VENDORS ARE REQUIRED TO FILE THEIR EVIDENCE OF INSURANCE
AND ANY OTHER RELATED NOTICES WITH THE CITY OF PALO ALTO
AT THE FOLLOWING URL:**

<HTTPS://WWW.PLANETBIDS.COM/PORTAL/PORTAL.CFM?COMPANYID=25569>

OR

HTTP://WWW.CITYOFPALOALTO.ORG/GOV/DEPTS/ASD/PLANET_BIDS_HOW_TO.ASP

PROFESSIONAL SERVICES TASK ORDER

TASK ORDER 1 – FY21

Consultant shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
- 1B. TASK ORDER NO.: FY21-001
- 2. CONSULTANT NAME: Baker Tilly US, LLP
- 3. PERIOD OF PERFORMANCE: START: October 1, 2020 COMPLETION: January 15, 2021
- 4. TOTAL TASK ORDER PRICE: \$65,000
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$1,235,000
- 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
- 6. CITY PROJECT MANAGER’S NAME & DEPARTMENT:
Alison Cormack, Chair of the City Council’s Policy and Services Committee
- 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with “not to exceed” amount)
- 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): N/A

I hereby authorize the performance of the work described in this Task Order.

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:

CITY OF PALO ALTO

DocuSigned by:
 BY: Alison Cormack
 Name Alison Cormack
 Title Chair, Policy and Services
 Date 10/8/2020

APPROVED:

COMPANY NAME: Baker Tilly US, LLP

DocuSigned by:
 BY: Jodi Dobson
 Name Jodi Dobson
 Title Partner
 Date 10/1/2020

Attachment A DESCRIPTION OF SCOPE OF SERVICES

Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- Services and Deliverables To Be Provided
- Schedule of Performance
- Maximum Compensation Amount and Rate Schedule (*As Applicable*)
- Reimbursable Expenses, if any (With “Not To Exceed” Amount)

Services & Deliverables

Baker Tilly’s approach to conducting the Citywide Risk Assessment involves four (4) primary steps:

- Step 1: Project Planning & Management
- Step 2: Information Gathering
- Step 3: Analysis
- Step 4: Reporting

Step 1 – Project Planning & Management

This step includes those tasks necessary to solidify mutual understanding of the risk assessment scope, objectives, deliverables, and timing as well as ensuring that appropriate client and consultant resources are available and well-coordinated. Tasks include:

- Finalize project design – The first project activities will be to:
 - Identify communication channels and reporting relationships and responsibilities of project staff
 - Review and confirm project timelines
 - Review and confirm deliverables
- Arrange logistics/administrative support – Matters to be addressed include schedules for interviews and data collection, contact persons in the departments, any other logistical matters, etc.
- Conduct kick-off meeting with key project stakeholders

Step 2 – Information Gathering

This step involves gathering information, through various means, that will enable the project team to understand the various risks facing the City. Tasks include:

- Request and review background information – the project team will develop an information request(s) in order to obtain various background information from the City. The request will include, but not be limited to:

- Strategic plan(s)
- Financial reports, including the most recent City Budget and Comprehensive Annual Financial Report (CAFR)
- Operational policies and procedures
- Municipal code
- Consulting reports
- Other relevant information and reports
- Conduct interviews with City Council and management
 - Risk assessment interviews, aimed at understanding City functions and identifying risks, will be conducted with City Council members as well as department and division
- Conduct research into key risks in order to identify relevant information to assess risks

Overall, the project team will consider the following risk types:

- Strategic
- Financial
- Operational
- Technology
- Compliance
- Reputational
- Political

Step 3 – Risk Analysis

In Step 3, the project team will develop a risk matrix consisting of auditable areas (also referred to as an audit or risk universe). The risk matrix will include the following risk categories:

- Environment, Strategy, and Governance – risks that have an organization wide impact and are not subject to a specific department or function (e.g., ethics)
- Significant Projects and Initiatives – risks associated with large projects (e.g., capital projects, technology implementation) or City initiatives (e.g., employee engagement initiative).
- Function Specific Risks – risks associated with a specific department or function (e.g., procurement policy compliance)

After assembling a risk matrix, the project team will assess the likelihood and impact of potential adverse events in order to quantitatively score each auditable area for purposes of prioritizing audit activities.

Step 4 – Reporting

In Step 4, the project team will finalize the draft Risk Matrix and prepare a draft Risk Assessment Report. The project team will ask for input (general completeness, risk scoring) on the Risk Matrix from key project stakeholders. Upon finalization of the Risk Matrix, the project team will finalize the Risk Assessment Report.

Deliverables:

The following deliverables will be prepared as part of this engagement:

- Risk Matrix
- Risk Assessment Report
- Presentation of Results to City Council (note that this may be combined with presentation of the Task 2 Annual Audit Plan)

Schedule of Performance

Anticipated Start Date: October 1, 2020

Anticipated End Date: January 15, 2021

Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$65,000. The not-to-exceed budget is based on an estimate of 320 total project hours, of which 80 are estimated to be completed by the City Auditor.

Reimbursable Expenses

If circumstances allow, Baker Tilly anticipates planning one on-site fieldwork week. Given this possibility, Baker Tilly could incur reimbursable expenses for this Task.

The not-to-exceed maximum for reimbursable expenses for this Task is \$1,800.

The following summarizes anticipated reimbursable expenses:

- Round-trip Airfare – \$400
- Rental Car - \$400
- Hotel accommodation - \$700 (3 nights)
- Food and incidentals – \$300

Note that, if current restrictions associated with COVID-19 continue, an on-site visit may not be possible. The project team will work with the City to consider circumstances at the time.

PROFESSIONAL SERVICES TASK ORDER

TASK ORDER 2 – FY21

Consultant shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
- 1B. TASK ORDER NO.: FY21-002
- 2. CONSULTANT NAME: Baker Tilly US, LLP
- 3. PERIOD OF PERFORMANCE: START: October 1, 2020 COMPLETION: January 15, 2021
- 4. TOTAL TASK ORDER PRICE: \$15,000
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$1,220,000
- 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
- 6. CITY PROJECT MANAGER’S NAME & DEPARTMENT:
Alison Cormack, Chair of the City Council’s Policy and Services Committee
- 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with “not to exceed” amount)
- 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): N/A

I hereby authorize the performance of the work described in this Task Order.

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:

CITY OF PALO ALTO

DocuSigned by:
 BY: Alison Cormack
 Name Alison Cormack
 Title Chair, Policy and Services
 Date 10/8/2020

APPROVED:

COMPANY NAME: Baker Tilly US, LLP

DocuSigned by:
 BY: Jodi Dobson
 Name Jodi Dobson
 Title Partner
 Date 10/1/2020

Attachment A DESCRIPTION OF SCOPE OF SERVICES

Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- Services and Deliverables To Be Provided
- Schedule of Performance
- Maximum Compensation Amount and Rate Schedule (*As Applicable*)
- Reimbursable Expenses, if any (With “Not To Exceed” Amount)

Services & Deliverables

Baker Tilly’s approach to preparing the Annual Audit Plan involves two (2) primary steps:

- Step 1: Consultation with City Council and Management
- Step 2: Reporting

Step 1 – Consultation with City Council and Management

The Risk Matrix and Risk Assessment Report will serve as the primary drivers of the Annual Audit Plan. The project team will initiate discussions over Risk Assessment results, potential audit activities, and audit coverage with City Council and Management. The purpose of those conversations will be to understand the priorities of City Council, and to develop a Draft Annual Audit Plan.

The Draft Annual Audit Plan will identify the following components for each audit activity:

- Audit activity type – audit or consulting activity
- Audit objectives and scope
- Anticipated budget – both in terms of hours and budget
- Anticipated timeline

Step 2 – Reporting

The project team will present the Draft Annual Audit Plan to the City Council in order to obtain input on each potential audit activity. Upon refining the plan, the project team will finalize the Annual Audit Plan for presentation to City Council.

Deliverables:

The following deliverable will be prepared as part of this engagement:

- Annual Audit Plan

Schedule of Performance

Anticipated Start Date: October 1, 2020

Anticipated End Date: January 15, 2021

Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$15,000. The not-to-exceed budget is based on an estimate of 60 total project hours, of which 20 are estimated to be completed by the City Auditor.

Reimbursable Expenses

Baker Tilly does not anticipate incurring reimbursable expenses for this Task.

PROFESSIONAL SERVICES TASK ORDER

TASK ORDER 3 – FY21

Consultant shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
- 1B. TASK ORDER NO.: FY21-003
- 2. CONSULTANT NAME: Baker Tilly US, LLP
- 3. PERIOD OF PERFORMANCE: START: October 1, 2020 COMPLETION: June 30, 2021
- 4. TOTAL TASK ORDER PRICE: \$30,000
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$1,190,000
- 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
- 6. CITY PROJECT MANAGER’S NAME & DEPARTMENT:
Alison Cormack, Chair of the City Council’s Policy and Services Committee
- 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with “not to exceed” amount)
- 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): N/A

I hereby authorize the performance of the work described in this Task Order.

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:

CITY OF PALO ALTO

DocuSigned by:
 BY: Alison Cormack
 Name Alison Cormack
 Title Chair, Policy and Services
 Date 10/8/2020

APPROVED:

COMPANY NAME: Baker Tilly US, LLP

DocuSigned by:
 BY: Jodi Dobson
 Name Jodi Dobson
 Title Partner
 Date 10/1/2020

Attachment A DESCRIPTION OF SCOPE OF SERVICES

Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- Services and Deliverables To Be Provided
- Schedule of Performance
- Maximum Compensation Amount and Rate Schedule (*As Applicable*)
- Reimbursable Expenses, if any (With “Not To Exceed” Amount)

Services & Deliverables

Baker Tilly’s approach to preparing the Annual Audit Plan involves one (1) primary step in FY21.

- Step 1: Selection of the Financial Auditor

Step 1 – Selection of the Financial Auditor

In FY20, the project team will assist in the selection of the Financial Auditor. In order to accomplish this task, the project team will:

- Meet with management to understand the nature of the existing agreement with the Financial Auditors
- Work with the Purchasing Department to develop a strategy for selection, including developing the solicitation, formulating the selection committee, evaluating proposals, finalizing selection, and developing a contract document
- Review the prior solicitation materials with the Purchasing Department, Administrative Services Department, and Legal Department to identify necessary updates and other considerations
- Assist the Purchasing Department in finalizing the solicitation materials
- Coordinate activities of the selection committee
- Coordinate contract review between the selected vendor and the Legal Department
- Periodically report on the status of the selection to the City Council
- Assist, as needed and required, in City Council presentations related to the selection

Deliverables:

The final deliverable associated with this Task consists of a final contract with the selected Financial Audit vendor.

Schedule of Performance

Anticipated Start Date: October 1, 2020

Anticipated End Date: June 30, 2021

Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$30,000. The not-to-exceed budget is based on an estimate of 130 total project hours, of which 40 are estimated to be completed by the City Auditor.

Reimbursable Expenses

Baker Tilly anticipates incurring reimbursable expenses for this Task. The expenses will be incurred to attend the City Council meeting for final selection of the Financial Auditor.

The not-to-exceed maximum for reimbursable expenses for this Task is \$1,300.

The following summarizes anticipated reimbursable expenses:

- Round-trip Airfare – \$400
- Rental Car - \$250
- Hotel accommodation - \$450 (2 nights)
- Food and incidentals – \$200

Note that, if current restrictions associated with COVID-19 continue, the final presentation may take place virtually. The project team will work with the City to consider circumstances at the time.

PROFESSIONAL SERVICES TASK ORDER

TASK ORDER 5 – FY21

Consultant shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
- 1B. TASK ORDER NO.: FY21-005
- 2. CONSULTANT NAME: Baker Tilly US, LLP
- 3. PERIOD OF PERFORMANCE: START: October 1, 2020 COMPLETION: June 30, 2021
- 4. TOTAL TASK ORDER PRICE: \$50,000
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$1,140,000
- 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
- 6. CITY PROJECT MANAGER’S NAME & DEPARTMENT:
Alison Cormack, Chair of the City Council’s Policy and Services Committee
- 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with “not to exceed” amount)
- 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): N/A

I hereby authorize the performance of the work described in this Task Order.

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:

CITY OF PALO ALTO

DocuSigned by:
 BY: Alison Cormack
 Name Alison Cormack
 Title Chair, Policy and Services
 Date 10/8/2020

APPROVED:

COMPANY NAME: Baker Tilly US, LLP

DocuSigned by:
 BY: Jodi Dobson
 Name Jodi Dobson
 Title Partner
 Date 10/1/2020

Attachment A DESCRIPTION OF SCOPE OF SERVICES

Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- Services and Deliverables To Be Provided
- Schedule of Performance
- Maximum Compensation Amount and Rate Schedule (*As Applicable*)
- Reimbursable Expenses, if any (With “Not To Exceed” Amount)

Services & Deliverables

Baker Tilly will provide the following services in Task 5:

- Quarterly Reports
- Annual Status Report
- Provision of the City Hotline
- Office Administrative Functions

Deliverables:

The following deliverable will be prepared as part of this engagement:

- Quarterly Reports (2 in FY21)
- Annual Status Report

Schedule of Performance

Anticipated Start Date: October 1, 2020

Anticipated End Date: June 30, 2021

Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$50,000. The not-to-exceed budget is based on an estimate of 250 total project hours, of which 80 are estimated to be completed by the City Auditor.

Reimbursable Expenses

Baker Tilly anticipates incurring reimbursable expenses for this Task. The expenses will be incurred to present Quarterly Reports to City Council.

The not-to-exceed maximum for reimbursable expenses for this Task is \$2,800.

The following summarizes anticipated reimbursable expenses:

- Round-trip Airfare – \$900
- Rental Car – \$500
- Hotel accommodation - \$900 (4 nights)
- Food and incidentals – \$500

Note that, if current restrictions associated with COVID-19 continue, the final presentation may take place virtually. The project team will work with the City to consider circumstances at the time.

**AMENDMENT NO. 1 TO CONTRACT NO. C21179340
BETWEEN THE CITY OF PALO ALTO AND
BAKER TILLY US, LLP**

This Amendment No. 1 (this "Amendment") to Contract No. C21179340 (the "Contract" as defined below) is entered into as of April 18, 2022, by and between the **CITY OF PALO ALTO**, a California chartered municipal corporation ("CITY"), and **BAKER TILLY US, LLP**, an Illinois Limited Liability Partnership, located at 205 Michigan Avenue, Suite 2800, Chicago, IL 60601 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of performing internal auditor services in accordance with City Charter and Municipal Code requirements, as detailed therein.

B. The Parties now wish to amend the Contract in order to extend by an additional three years the Contract term in which Services will be provided and, therefore, increase compensation by Two Million One Hundred Twenty-Six Thousand Two Hundred and Fifty Dollars (\$2,126,250), from an original not-to-exceed amount of One Million Three Hundred Thousand Dollars (\$1,300,000) to a new total not-to-exceed amount of Three Million Four Hundred Twenty-Six Thousand Two Hundred and Fifty Dollars (\$3,426,250), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C21179861 between CONSULTANT and CITY, dated October 1, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 2, "TERM," of the Contract is hereby amended to read as follows:

"The term of this Agreement shall be from October 1, 2020 through June 30, 2025, unless terminated earlier pursuant to Section 19 of this Agreement."

Vers.: Aug. 5, 2019

SECTION 3. Section 4, "COMPENSATION FOR ORIGINAL TERM," of the Contract is hereby amended to read as follows:

"The total compensation to be paid to CONSULTANT for performance of the Services, including As Required Services (per Section 1) and any reimbursable expenses, shall not exceed Three Million Four Hundred Twenty-Six Thousand Two Hundred and Fifty dollars (\$3,426,250), as detailed in Exhibit B (Compensation).

CONSULTANT agrees to complete all Services, including As Required Services and any reimbursable expenses, within this amount. The applicable rate schedule is set out at Exhibit "B-1", entitled "SCHEDULE OF RATES," which is attached to and made a part of this Agreement. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY."

SECTION 4. The following exhibit(s) to the Contract are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "B" entitled "COMPENSATION", AMENDED, REPLACES PREVIOUS.
- b. Exhibit "B-1" entitled "SCHEDULE OF RATES", AMENDED, REPLACES PREVIOUS.

SECTION 5. Legal Effect. Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 6. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)

SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

CITY OF PALO ALTO

DocuSigned by:
Ed Shihada

City Manager

APPROVED AS TO FORM:

DocuSigned by:
Cassie Coleman

City Attorney or designee

BAKER TILLY US, LLP

Officer 1

DocuSigned by:
By: *Kyle O'Rourke*

D50916C698C2406...

Name: Kyle O'Rourke

Title: Principal, Public Sector Advisory

Officer 2

DocuSigned by:
By: *Kate Crowley*

5C05F15AF6D7440...

Name: Kate Crowley

Title: Principal

Attachments:

- EXHIBIT B: COMPENSATION (AMENDED, REPLACES PREVIOUS)
- EXHIBIT B-1: SCHEDULE OF RATES (AMENDED, REPLACES PREVIOUS)

**EXHIBIT “B”
COMPENSATION
(AMENDED, REPLACES PREVIOUS)**

The CITY agrees to compensate the CONSULTANT for the Services (including As Required Services) performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the hourly rate schedule attached as Exhibit B-1 up to the not to exceed budget amount for each task set forth below.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. The CITY’s Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Services, including As Required Services and any reimbursable expenses do not exceed the amounts set forth in Section 4 of this Agreement.

BUDGET SCHEDULE FOR FY 2020-21 AND FY 2021-22

Budget Schedule	FY 2020-21	FY 2021-22	Subtotals
Task 1: Citywide Risk Assessment	\$65,000.00	\$25,000.00	\$90,000.00
Task 2: Preparation of Annual Audit Plan	\$15,000.00	\$15,000.00	\$30,000.00
Task 3: Selection of External Financial Auditor and Annual Audit Coordination	\$30,000.00	\$20,000.00	\$50,000.00
Task 4: Execute Annual Audit Plan	\$390,000.00	\$600,000.00	\$990,000.00
Task 5: Preparation of Quarterly Reports, Annual Status Report, Provision of City Hotline, and Other Ongoing Office Administrative Functions	\$50,000.00	\$50,000.00	\$100,000.00
Task 6: Evaluation and Benchmarking	\$0.00	\$40,000.00	\$40,000.00
Subtotals (FY 2020-21 & FY 2021-22)	\$550,000.00	\$750,000.00	\$1,300,000.00

(CONTINUED ON THE NEXT PAGE.)

BUDGET SCHEDULE FOR FY 2022-23, FY 2023-24 AND FY 2024-25

Budget Schedule	FY 2022-23	FY 2023-24	FY 2024-25	Subtotals
Task 1: Citywide Risk Assessment	\$55,000	\$35,000	\$55,000	\$145,000
Task 2: Preparation of Annual Audit Plan	\$10,500.00	\$10,500.00	\$10,500.00	\$31,500.00
Task 3: Selection of External Financial Auditor and Annual Audit Coordination	\$15,000	\$15,000	\$25,000	\$55,000
Task 4: Execute Annual Audit Plan	\$547,250	\$582,250	\$537,250	\$1,666,750
Task 5: Preparation of Quarterly Reports, Annual Status Report, Provision of City Hotline, and Other Ongoing Office Administrative Functions	\$60,000	\$60,000	\$60,000	\$180,000
Task 6: Evaluation and Benchmarking	\$21,000.00	\$6,000	\$21,000.00	\$48,000
Subtotals (FY 2022-23, FY 2023-24 & FY 2024-25)	\$708,750.00	\$708,750.00	\$708,750.00	\$2,126,250.00

TOTAL NOT TO EXCEED AMOUNT ACROSS ALL FISCAL YEARS:

Budget Schedule FY 2020-21 and FY 2021-22 Subtotal: \$1,300,000.00

Budget Schedule FY 2022-23, FY 2023-24 and FY 2024-25 Subtotal: \$2,126,250.00**TOTAL NOT-TO-EXCEED AMOUNT OF THIS AGREEMENT: \$3,426,250.00****REIMBURSABLE EXPENSES**

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, computing, telecommunications, insurance and other ordinary business expenses are included within the scope of payment for Services and are not reimbursable expenses. CITY shall reimburse CONSULTANT for the following reimbursable expenses at cost:

Travel to or from the San Francisco Bay area, including transportation and meals, will be reimbursed at actual cost. Any and all such reimbursable expenses shall be identified by CONSULTANT as separate line items on the applicable Task Order. Consultant travel and meal expenses are not subject to the City's Travel Policy. CONSULTANT shall identify a fixed "not to

exceed” figure for anticipated reimbursable expenses, subject to the City of Palo Alto’s approval of such Task Order.

Should CONSULTANT’S actual incurred expenses exceed the “not to exceed” figure, CONSULTANT and the CITY shall meet in good faith to determine the extent to which CONSULTANT shall be reimbursed by the CITY for the excess.

All requests for payment of expenses exceeding \$25.00 shall be accompanied by appropriate backup documentation and information, including without limitation prior City approval as part of the associated Task Order.

**EXHIBIT “B-1”
SCHEDULE OF RATES
(AMENDED, REPLACES PREVIOUS)**

Compensation for Services rendered under this Agreement shall be calculated based on the following hourly rate schedule for the fiscal year in which the Services are rendered, which shall remain fixed during the applicable period of fiscal years specified below.

Hourly rates for any subsequent renewal term or terms shall be negotiated to the mutual agreement of the parties.

SCHEDULE OF RATES FOR FY 2020-21 AND FY 2021-22

Staff level	Hourly rate
Partner/Director	\$345
City Auditor/Senior Manager	\$245
Manager	\$210
Senior Consultant	\$185
Consultant	\$130

SCHEDULE OF RATES FOR FY 2022-23, FY 2023-24 AND FY 2024-25

Staff Level	Hourly Rate
Partner/Director	\$362.00
City Auditor / Senior Manager	\$257.00
Manager	\$220.00
Senior Consultant	\$194.00
Consultant	\$136.00

APPENDIX B – DOCUMENTATION OF TRANSFER

The evidence listed in Article 2 of this Assignment:

2.4.1: STATE OF CALIFORNIA OFFICE OF THE SECRETARY OF STATE
CERTIFICATION OF REGISTRATION OUT-OF-STATE LIMITED PARTNERSHIP,
dated April 22, 2024

And

2.4.2: NOTICE OF BAKER TILLY ORGANIZATIONAL RESTRUCTURING from
Baker Tilly US, LLP



202461906539



STATE OF CALIFORNIA
Office of the Secretary of State
CERTIFICATE OF REGISTRATION
OUT-OF-STATE LIMITED PARTNERSHIP
 California Secretary of State
 1500 11th Street
 Sacramento, California 95814
 (916) 657-5448

For Office Use Only
-FILED-
 File No.: 202461906539
 Date Filed: 4/22/2024

B2677-4976 04/22/2024 8:28 AM Received by California Secretary of State

Limited Partnership Name					
Limited Partnership Name	Baker Tilly Advisory Group, LP				
Jurisdiction					
Limited Partnership is Formed in	DELAWARE				
Authority Statement					
This Limited Partnership currently has powers and privileges to conduct business in the state, foreign country or other jurisdiction entered above.					
Street Address of Principal Office of LP					
Principal Address	205 NORTH MICHIGAN AVE CHICAGO, IL 60601				
Mailing Address of LP					
Mailing Address	205 NORTH MICHIGAN AVE CHICAGO, IL 60601				
Attention					
Street Address of Office in Jurisdiction of Formation of LP					
Street Address of Home Jurisdiction Office	None				
Agent for Service of Process					
California Registered Corporate Agent (1505)	CORPORATION SERVICE COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA AS CSC - LAWYERS INCORPORATING SERV Registered Corporate 1505 Agent				
General Partners					
<table border="1"> <thead> <tr> <th>General Partner Name</th> <th>General Partner Address</th> </tr> </thead> <tbody> <tr> <td>Baker Tilly Advisory Group GP, LLC</td> <td>205 NORTH MICHIGAN AVE CHICAGO, IL 60601</td> </tr> </tbody> </table>		General Partner Name	General Partner Address	Baker Tilly Advisory Group GP, LLC	205 NORTH MICHIGAN AVE CHICAGO, IL 60601
General Partner Name	General Partner Address				
Baker Tilly Advisory Group GP, LLC	205 NORTH MICHIGAN AVE CHICAGO, IL 60601				
Electronic Signature					
<input checked="" type="checkbox"/> I declare that I am the person who signed this instrument, which is my act and deed. I further declare the information is true and correct, and I am authorized to sign.					
<i>Charles Droege, COO on behalf of Baker Tilly Advisory Group GP, LLC, GENERAL PARTNER</i> <hr/> General Partner Signature					
<i>04/22/2024</i> <hr/> Date					

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "BAKER TILLY ADVISORY GROUP, LP" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINETEENTH DAY OF APRIL, A.D. 2024.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "BAKER TILLY ADVISORY GROUP, LP" WAS FORMED ON THE THIRTIETH DAY OF JANUARY, A.D. 2024.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

2949822 8300

SR# 20241533586

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 203292552

Date: 04-19-24



Notice of Baker Tilly organizational restructuring

Dear Valued Client,

In June, Baker Tilly will begin an exciting new chapter with its strategic investment from Hellman & Friedman and Valeas Capital Partners, one that supports our vision and is poised to amplify the talent of our people who serve you.

Little will change with our day-to-day interactions with you. **You will have the same terms and conditions in your service agreements and the same great team to serve you.**

What may change is the legal entity tied to your service agreement. To ensure compliance with regulatory and independence requirements, our organization will restructure into two entities. All assurance services will continue to be performed by Baker Tilly US, LLP (BTUS), while all tax and advisory services will be provided by Baker Tilly Advisory Group, LP (BTAG).

Here is how this might affect you:

- Any tax or advisory agreements you have in place with BTUS will be reassigned to BTAG.
- Any assurance agreements will remain assigned to BTUS.
- If your contract with us requires us to obtain your written consent to reassign, we will notify you (or already have) with a separate letter via U.S. mail.

There is nothing else you need to do for this. If you have any questions, please reach out to your Baker Tilly partner.

We look forward to harnessing even more fruitful opportunities to enhance and protect your value, now, for tomorrow.

Sincerely,
Baker Tilly US, LLP



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