CITY OF MONROE - GENERAL SERVICES COMMITTEE
CITY HALL CONFERENCE ROOM
300 W. CROWELL STREET, MONROE, NC 28112
Thursday, March 3, 2022 - 4:00 PM

AGENDA
www.monroenc.org

1. General Services Committee Meeting Minutes of February 3, 2022

2. Fiscal Year 2022 Audit Contract for City of Monroe

3. Change Order and Budget Ordinance for Monroe Senior Center Project

4. Resolution Delegating Authority to Hear Request to Compromise Discovery Tax Bills to The Union County Board of Equalization and Review

5. Contract Approval - Quonset Hangar Office Space Renovations

6. Outside Agency Funding Requests for Fiscal Year 2023 Budget

Other Items

CITY OF MONROE
GENERAL SERVICES COMMITTEE MEETING
City Hall Conference Room
300 W. Crowell Street
Monroe, NC 28112
February 3, 2022 4:00 PM

MINUTES

Present: Committee Member Lynn Keziah (Chairman), Committee Member Mayor Pro Tem Gary Anderson, Committee Member Julie Thompson

Absent: None

Staff: Brian Borne, Interim City Manager; Lisa Strickland, Finance Director; S. Mujeeb Shah-Khan, City Attorney; Ashley Ivey, Accounting Manager; Sarah McAllister, Director of Engineering; Peter Cevallos, Airport Manager

Visitor(s): None

The General Services Committee met in the City Hall Conference Room at 4:00 p.m. on February 3, 2022. A quorum was present. Chairman Keziah presided.

Item 1. General Services Committee Meeting Minutes from January 6, 2022.
Finance Director Lisa Strickland presented the minutes from the January 6, 2022 General Services Committee meeting for the Committee's approval.

Mayor Pro Tem Anderson moved to approve the Minutes of the General Services Committee Meeting of January 6, 2022.

Committee Member Thompson seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

Item 2. Request to Commemorate the 2021 Division 1A State Volleyball Championship at Union Academy.
Engineering Director Sarah McAllister presented a request to consider a request submitted by Mayor Holloway and Council Member James to have signs installed to commemorate the Union Academy 2021 Division 1A State Volleyball Championship.

The City of Monroe received a request from Mayor Holloway and Council Member James on behalf of Union Academy's volleyball team to have signs installed to commemorate the Union Academy 2021 Division 1A State Wrestling Championship. The practice of recognizing the accomplishments of sports teams for the local high schools started in 2010 with recognition signs currently placed in conjunction with the optional "Welcome To" signs at six major entry points into the Monroe corporate limits. The six locations are US 74 West and East, US 601 North and South, NC 200 North and Lancaster Avenue (SR 3515).

The above-identified roadways are under the jurisdiction of the North Carolina Department of Transportation (NC DOT). NC DOT Policy W-17 – Standard Practice for Optional "Welcome To" Signs stipulates that signs with slogans are limited to two (2) slogans with a maximum of three (3) lines of copy. Due to these requirements, the signs are limited to recognizing one team per location. Dated sign messages in accordance with NC DOT Policy W-17 have a three-year life. A resolution approved by City Council is required for placement of the slogan signs and must specify a maximum installation of three years for any dated sign message.

Currently, the following signs are in place.

SCHOOL	LOCATION
Union Academy 2018 Women's Soccer	US 601 North & US 601 South
Central Academy 2019 & 2020 Men's Wrestling	NC 200 North & Lancaster Avenue
Union Academy 2019 Women's Soccer	US 74 East & US 74 West

Staff recommends removing the Union Academy 2018 Women's Soccer signs and replacing them with Union Academy Volleyball signs on US 601 North and US 601 South. The suggested wording is as follows:

UNION ACADEMY
2021 DIVISION 1-A STATE
VOLLEYBALL CHAMPIONS

A resolution of approval will be required from City Council for placement of the signs on US 601 North and South. Once approved, Staff will coordinate the sign installation directly with NC DOT. The cost of installation of the signs will be covered by the Engineering Department budget.

Staff recommends that the General Services Committee provide a positive recommendation to City Council for Resolution (R-2022-12) requesting the installation of signs on US 601 North and South to commemorate the Union Academy 2021 Division 1A State Volleyball Championship.

Mayor Pro Tem Anderson moved to provide a positive recommendation to City Council for the resolution requesting the installation of signs on US 601 North and South to commemorate the Union Academy 2021 Division 1A State Volleyball Championship.

Committee Member Thompson seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

Item 3. Budget Amendment – Quonset Hangar Office Space Renovations.
Airport Manager Peter Cevallos presented a request to approve a budget amendment to complete the Quonset Hangar office space renovations.

In order to complete the renovations to the Quonset Hangar office space, an additional $42,000 are needed to complete required repairs so that the renovations satisfy building code requirements. As the contractor is working on the second-floor renovations, it has been discovered that the building's construction requires additional work. These include repairs made to the sub-standard construction in the floor joist and support beams, rebuilding the two staircases to meet code, additional labor and additional/new electrical wiring, and improvements to the HVAC system adding new ductwork.

These additional funds needed still fall within the expected return of investment that the scheduled lease Aerowood would generate (Total outlay for the office space renovations is estimated $151,000; ten-year lease Aerowood has committed to sign will generate $181,787 in revenue).

Staff is requesting General Service Committee recommend to City Council to approve the additional $42,000 to complete the Quonset Hangar office space renovations.

Mayor Pro Tem Anderson moved to approve the budget amendment and forward to City Council for approval.

Committee Member Thompson seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

Item 4. Budget Amendment – Customs Telecommunications Expense.
Airport Manager Peter Cevallos presented a request to approve a budget amendment for additional funds required in the Custom's telecommunications account to prevent a budget shortfall.

The City has recently received two bills from US Customs for the telecommunications at the Customs facilities. Customs charges for the annual telecommunications charge for their internal network connection (this is written within the base agreement between the City and US Customs Border Protection). The one bill covered this past Fiscal Year 2021, however the second covered the charge from the previous Fiscal Year 2020. As Accounting closed the City's fiscal year 2020 budget 18 months ago, a budget amendment of additional $4,741 is required within the Customs telecommunication account to pay these unprogrammed invoices.

Staff is requesting General Service Committee recommend to City Council to approve the additional $4,741 required in the Custom's telecommunications account to prevent a budget shortfall.

Committee Member Thompson moved to approve the budget amendment and forward to City Council for approval.

Mayor Pro Tem Anderson seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

Item 5. Budget Amendment – North Carolina Parks & Recreation Association.
Accounting Manager Ashley Ivey presented a request to accept the New Initiatives Grant from the North Carolina Recreation and Parks Association (NCRPA) in the amount of $1,000 and a related budget amendment.

The Parks and Recreation Department has received a grant in the amount of $1,000.00 from the North Carolina Recreation and Parks Association through the new initiatives program. These funds will allow staff the opportunity to manage a beautification project of the community centers by partnering with local artists to provide murals at each community center. This project will allow a more vibrant and inviting community center and will encourage community investment through community youth participation.

Staff requests approval from the General Services Committee to accept funds associated with the NCRPA New Initiatives Grant and forward to full Council for approval.

Mayor Pro Tem Anderson moved to accept the funds associated with the grant and the budget amendment and forward to City Council for approval.

Committee Member Thompson seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Anderson, Committee Member Thompson

NAYS: None

There being no further business the meeting adjourned at 4:09 p.m.

____
Committee Chairman, Lynn Keziah

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO: General Services Committee

VIA: Brian J. Borne, Interim City Manager

DATE: March 3, 2022

FROM: Lisa Strickland, Finance Director

PREPARED BY: Ashley Ivey, Accounting Manager

SUBJECT: Fiscal Year 2022 Audit Contract for City of Monroe

SUMMARY STATEMENT

The purpose of this report is to provide information regarding the contract for audit services for the City of Monroe to Martin Starnes & Associates, CPA's, P.A. for the year ending June 30, 2022.

REVIEW

A Request for Proposals was done in February 2014 and Martin Starnes & Associates, CPA's P.A. was the firm selected by the Finance Committee's audit selection team. The City first contracted with Martin Starnes & Associates, CPA's P.A. for the fiscal year 2014 audit. A new five-year service agreement was approved by City Council in fiscal year 2018 that will last through fiscal year 2023. If approved, this will be the ninth year with this audit firm. The cost estimates given by the firm for the next 2 years are as follows:

$81,150	Fiscal Year 2022
$81,150	Fiscal Year 2023

There were no disputes or conflicts with the audit firm in the prior year and the City received the audit report and financial statements in a timely manner in order to meet the Local Government Commission's submission deadline of October 31st.

The proposed contract for audit services for the City for the fiscal year ending June 30, 2022 is $81,150. This fee reflects maintaining the current level of audit services. This includes testing of internal controls to ensure that the City's financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles, preparation of the annual financial statements and an audit to maintain compliance with single audit act requirements.

RECOMMENDATION

Staff recommends and requests approval by the General Services Committee of the audit contract with Martin Starnes & Associates, CPA's, P.A. for $81,150.

Attachment:
Audit Contract
Engagement Letter

CONTRACT TO AUDIT ACCOUNTS

The	Governing Board City Council
of	Primary Government Unit City of Monroe, NC
and	Discretely Presented Component Unit (DPCU) (if applicable) N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name Martin Starnes & Associates, CPAs, P.A.
	Auditor Address 730 13th Avenue Dr. SE, Hickory, NC 28602

Hereinafter referred to as Auditor

	Fiscal Year Ending	Audit Report Due Date
for	06/30/22	10/31/22

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if the Governmental Unit expended $100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified*). The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.)[G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved 'with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later. T**he auditor shall present the audited financial statements including any compliance reports to the government unit’s governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor’s presentation to the government unit’s governing body or audit committee shall include:

a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;

b) the status of the prior year audit findings;

c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and

d) notification to the governing body that the governing body shall develop a “Response to the Auditor’s Findings, Recommendations, and Fiscal Matters,” if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards,2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☑ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:	***Title and Unit / Company:***	***Email Address:***
Lisa Strickland	Finance Director, City of Monroe	lstrickland@monroenc.org

OR Not Applicable ☐ *(Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)*

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

Primary Government Unit	City of Monroe, NC
Audit Fee	$ See engagement letter
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$ N/A
Writing Financial Statements	$ See engagement letter
All Other Non-Attest Services	$ N/A
75% Cap for Interim Invoice Approval ***(not applicable to hospital contracts)***	$ 59,100.00

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$
All Other Non-Attest Services	$
75% Cap for Interim Invoice Approval ***(not applicable to hospital contracts)***	$ 0.00

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* Amber Y McGhinnis
Date* 02/14/22	Email Address* amcghinnis@msa.cpa

GOVERNMENTAL UNIT

Governmental Unit* City of Monroe, NC	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Marion Holloway, Mayor	Signature*
Date	Email Address mholloway@monroenc.org

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* (typed or printed) Lisa Strickland, Finance Director	Signature*
Date of Pre-Audit Certificate*	Email Address* lstrickland@monroenc.org

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

PRINT

Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates, CPAs, P.A. and the
Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards,* including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of pass.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 4, 2021

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
579 West Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

Smithfield
212 East Church Street
Post Office Box 2348
Smithfield, North Carolina 27577

919 934 1121
919 934 1217 FAX

February 14, 2022

Lisa Strickland
City of Monroe
P.O. Box 69
Monroe, NC 28111

You have requested that we audit the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, NC, as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City of Monroe's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and state award programs for the period ended June 30, 2022. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Law Enforcement Officers' Special Separation Allowance schedules
- Other Post-Employment Benefits' schedules
- Local Government Employees' Retirement System's schedules

Supplementary information other than RSI will accompany the City of Monroe's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund financial statements
- Budgetary schedules
- Other schedules
- Schedule of Expenditures of Federal and State Awards

Schedule of Expenditures of Federal and State Awards

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

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

- Introductory information
- Statistical section

We will make reference to the component unit auditor's audit of the City of Monroe ABC Board in our report on your financial statements.

Data Collection Form (if applicable)

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. As part of an audit of financial statements in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Monroe's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City of Monroe's basic financial statements. Our report will be addressed to the governing body of the City of Monroe. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the City of Monroe's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended, the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal and state award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal or state programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal and state programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
6. For designing, implementing, and maintaining effective internal control over federal and state awards that provides reasonable assurance that the entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
7. For identifying and ensuring that the entity complies with federal and state laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal and state award programs, and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
8. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;

9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
    a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal and state award programs, such as records, documentation, and other matters;
    b. Additional information that we may request from management for the purpose of the audit;
    c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
    d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report (if applicable); and
    e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report (if applicable).
16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year or period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant roles in internal control and others where fraud could have a material effect on compliance;
20. For the accuracy and completeness of all information provided;
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the Schedule of Expenditures of Federal and State Awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the Schedule of Expenditures of Federal and State Awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act, (b) to provide us with the appropriate written representations regarding the Schedule of Expenditures of Federal and State Awards, (c) to include our report on the Schedule of Expenditures of Federal and State Awards in any document that contains the Schedule of Expenditures of Federal and State Awards and that indicates that we have reported on such schedule, and (d) to present the Schedule of Expenditures of Federal and State Awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited basic financial statements readily available to the intended users of the Schedule of Expenditures of Federal and State Awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Nonattest Services

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries

We will not assume management responsibilities on behalf of the City of Monroe. However, we will provide advice and recommendations to assist management of the City of Monroe in performing its responsibilities.

The City of Monroe's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

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

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the engagement, a portal will be in place for information to be shared, but not stored. Our policy is to terminate access to this portal after one year. The City is responsible for data backup for business continuity and disaster recovery, and our workpaper documentation is not to be used for these purposes.

Provisions of Engagement Administration and Fees

Paula Hodges is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are as follows:

Audit Fee	$	73,125
Financial Statement Drafting		8,025
	$	81,150

Our invoices for these fees will be rendered in four installments as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the City of Monroe's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.

Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from $75-$300 per hour.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor’s report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor’s report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity’s significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management’s consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Local Government Commission, Office of the State Auditor, federal or state agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Martin Starnes & Associates, CPAs, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and state award programs, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Monroe by:

Name: ____

Title: ____

Date: ____

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO:	General Services Committee
VIA:	Brian Borne, Interim City Manager
DATE:	March 3, 2022
FROM:	Ryan Jones, Parks and Recreation Director
PREPARED BY:	Ryan Jones, Parks and Recreation Director
SUBJECT:	Change Order and Budget Ordinance for Senior Center Renovation Project

SUMMARY STATEMENT

The General Services Committee is requested to consider a recommendation to Council for a change order for network cabling and the security system which were not included in the original construction contract with Randolph and Son Builders, Inc. for the renovation of the Monroe Senior Center project. Approval of a budget ordinance for these costs and the costs associated with providing necessary furnishings for the facility including audiovisual equipment, appliances, furniture and fitness equipment is also requested.

REVIEW

City Council awarded a contract to Randolph and Son Builders, Inc. and approved funding to renovate the Enquirer Journal building as the new Monroe Senior Center on July 13, 2021 in the amount of $3,594,647. The original construction bid did not include installation of network cabling, security cameras and security system and card access for the building. A change order for $209,357.00 is requested for installation of these items.

In addition, staff would recommend consideration for approval of the appropriation of funds for the new senior center furnishings for users and staff including audio/visual equipment, fitness room equipment and kitchen equipment. With the current timeline, construction is forecasted to potentially be ahead of schedule. Because of price escalation and extended lead times for delivery of product and to avoid delaying project completion, staff requests the additional funds to begin the ordering process for these items.

Staff is requesting approval of a Budget Ordinance to appropriate the required funding from the General Fund unassigned fund balance for $621,966.00. Please see below for an itemized breakdown of the requested funding:

Cabling/Security Cameras and system/Card Access - $209,357.00
Audio Visual Equipment - $215,000
Furnishings - $116,150
Kitchen equipment - $39,100
Fitness Equipment - $33,359
Computers - $9,000

Total: $621,966.00

RECOMMENDATION

Staff requests that the General Services Committee recommend Council approval of a Budget Ordinance to appropriate funds from General Fund unassigned fund balance for the senior center renovation project for $621,966.00, approval of a change order to Randolph & Son Builders, Inc. in the amount of $209,357.00 and authorization for the Interim City Manager to execute the necessary documents.

Attachment(s): BO 2022-04
Change Order Proposal

CITY OF MONROE, NORTH CAROLINA
CAPITAL PROJECT BUDGET ORDINANCE
MONROE SENIOR CENTER PROJECT
BO-2022-04

WHEREAS, the City also previously approved the construction (rehabilitation) of the Senior Center Project and has a construction contract with Randolph and Son Builders, Inc.; and

WHEREAS, a change order is requested for services that were not included in the original construction contract. These services include the installation of network cabling, security cameras and security system and card access for the building; and

WHEREAS, a change order in the amount of $209,357.00 and budget appropriation is requested to cover the work mentioned above; and

WHEREAS, a budget appropriation is requested to cover the building furnishings including audiovisual equipment, furniture, appliances and fitness equipment. The total for all improvements is $621,966.00.

NOW, THEREFORE, BE IT ORDAINED that the City Council of the City of Monroe appropriates the following additional funding to capital project GB1801 for the Senior Center Renovation:

General Fund:	
Revenue:	
Appropriation from Unassigned Fund Balance	$621,966
Expense:	
Transfer to Capital Project Fund	$621,966
General Capital Project Fund:	
Revenue:	
Transfer from General Fund	$621,966
Expense:	
Project Costs	$621,966

Adopted this 8th day of March, 2022.

Marion L. Holloway, Jr., Mayor

Attest:

Bridgette H. Robinson, City Clerk

Monroe Police Station, Monroe NC

Construction Management
Change Proposal Form

Project	Monroe Police Station	**Proposal #**	**CO #08**
General Cont:	Randolph & Son Builders, Inc.	**RSB Job#**	**R-551-21**
Subcontractor	Trace3	**Subcontractor #**	

Description of Change

Add For Trace3 IT scope of work Dated 1-20-22,to be paid by RSB (RSB is not liable for Trace3, this is just to run payment through.

Materials (Attach list with quantity, item, unit $, mh, OT mh, Total $)

1	Total direct cost of materials (Superintendents Truck)		
	Materials:	$ -	
2	Overhead and profit on Item 1	$ -	
3	Sales Tax	$ -	
4	Shipping & Transportation	$	
		Materials Subtotal	**$ -**

Labor (Include time sheets if requested)

5	Total man hours weekly rate (avg payroll wage rate/Hr)		
6	Overhead and profit on Item 5	$ -	
		Labor Subtotal	**$ -**

Equipment Rental (Include quotes and pick-up/delivery tickets)

8	Equipment rental	$ -	
		Equipment Rental Subtotal	**$ -**

Subcontractors (includes quotes with material and equipment back up)

10	Subcontractors: Trace3	$ 201,304.00	
	Subcontractors:	$ -	
	Subcontractors:	$ -	
	SUBCONTRACTORS TOTAL:	$ 201,304.00	
11	Overhead, bond and profit on Item 10 (4% maximum)	$ 8,052.16	
		Subcontractor Subtotal	**$ 209,356.16**

Subtotal of Proposal	**$ 209,356.16**
Total of Change Proposal	**$ 209,356.16**

Time Extension Request

Contractor's Signature

2/28/2022
Date

Project Solutions Agreement

City of Monroe

Senior Center Cabling

Trace3

Account Manager: Andrew Smith

Client Success Manager: Mike Garabelli

January 20, 2022

Version: 2.0

Please note the pricing and other terms and conditions proposed in this are only valid for 30 calendar days from Trace3's initial presentation of this to Client.

1 Project Details

This Project Solutions Agreement ("***Agreement***"), dated as of the date last signed below ("***Effective Date***"), is between Trace3, LLC, a California limited liability company ("***Trace3***"), and the entity named "City of Monroe" below ("***Client***" and together with Trace3, the "***Parties***").

Summary: Client desires Trace3 to provide to Client certain information technology consulting services (the "***Services***"), hardware, and/or software equipment (the "***Products***" and together with the Services, the "***Deliverables***") as described in this Agreement (collectively, the "***Project***").

Project Name: Senior Center Cabling

Agreement: This Agreement consists of this signature page and the following Annexes, which are incorporated into this Agreement:

Annex A: Project Specifications
Annex B: Project Pricing
Annex C: General Terms

Contact Information:

Trace3 Contacts:	**Account Manager: Andrew Smith** Phone: 412-376-6650 E-mail: andrewc.smith@trace3.com **Client Success Manager: Mike Garabelli** Phone: 248-766-1784 E-mail: mike.garabelli@trace3.com	**Trace3, LLC** 7565 Irvine Center Drive, Suite 200 Irvine, CA 92618 Attention: Legal Department Fax: 949-333-2400 E-mail: legal@trace3.com
Client Contacts:	**Client Sponsor:** Title: Phone: E-mail:	**City of Monroe** 300 W Crowell St. Monroe, NC 28112 Attention: E-mail:

Signature: Client and Trace3 hereby agree to the terms of this Agreement by signing below:

CITY OF MONROE

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

TRACE3, LLC

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

2 Annex A – Project Specifications

2.1 Background and Project Objectives

2.1.1 Summary

Client has engaged Trace3 for the provisioning, installation, and testing of new telecommunications for the Client's Senior Center located in Monroe, N.C and to install an electronic security system for the Monroe Senior Center.

2.2 Scope of Work

Trace3 will perform and deliver the Deliverables as described in this Agreement. Any and all additional Deliverables not specifically described in this Agreement will be addressed in separate statements of work. **The following items are within the scope of work contemplated by this Agreement**:

2.2.1 Work Location(s)

- Monroe, N.C.
- Professional Services not requiring presence onsite may be performed remotely

2.2.2 Scope Particulars

Plan Phase

- Project Initiation
    - Provide Client with Project kick-off pre-requisites including required Client attendees, existing environment documentation requests, and preparation checklists (if applicable)
- Conduct Project kick-off meeting with Client's team to validate:
    - Project Scope, goals, and communicated outcomes
    - Project governance framework in support of the Project Management Services
    - Project schedule, key milestones and critical path items
    - Change Request process
    - Project contacts lists
    - Pre-requisites and other Project specific details required in support of Scope performance
- Create a Project Overview containing a Project Task List

Cabling Phase

In preparing this statement of work, for the provisioning, installation, and testing of new telecommunications for the Client's Senior Center located in Monroe, N.C. 28112. Trace3 has used the provided set of drawings revised dated April 20, 2020. Trace3 has referred to all information within the General Design Development Telecommunication/Low Voltage specifications section below.

Trace3 has referred to these general specifications for our pricing:

- Section 27 05 00 -Common Work Results for Communications
- Section 27 05 26 - Grounding and Bonding for Communications Systems
- Section 27 05 28 -Pathways for Communications Systems
- Section 27 05 36 -Cable Trays for Communications Systems
- Section 27 05 44 -Sleeves and Seals for Communications Systems
- Section 27 11 00 - Communications Equipment Room Fittings
- Section 27 13 00 - Communications Backbone Cabling
- Section 27 15 00 - Communications Horizontal Cabling

Trace3 has responded to each requirement listed within the RFP, noting the specific details of our design. This implementation will encompass two (2) separate systems a voice, data, and cabling infrastructure, all of which will be distributed from the telecommunication rooms to the new horizontal locations. Upon completion, The Client's office will be outfitted with the required telecommunication infrastructure, meeting all specifications and allowing for a system that can be built and expanded upon, as desired as well as support evolving needs and changes for the future.

Trace3 engineered solution and proposal response encompasses a complete telecommunication cabling infrastructure system. All Trace3 solutions are installed in accordance with TIA/EIA 568 Commercial Building Standards, NEC, and BICSI's installation methods for telecommunications systems implementations. The installed systems will be tested and documented in accordance with the manufacturers standards defined. Trace3 strongly believes systems that are properly designed, installed, tested, and documented simply don't fail.

- **Work Area Outlet ("WAO") Installation**

  Trace3 will be utilizing a Panduit / General cabling infrastructure for the installation of Category 6 and Category 6A plenum copper cable solution for the new voice, data, and television outlets located throughout the facility. Each horizontal network cable and modular jack will be color-coded with the correctly designated color as provided in the bid-set drawings, bid-set specifications and addendums.

  Trace3 will furnish and install these cables for the new copper from the respective telecommunication rooms to the associated work area outlets as noted on the provided floor plans and listed in the WAO Table section below.

  Trace3 assumes that the General Contractor will be doing the demolition of this area and has not included any demolition in this pricing.

  - **WAO Table**

    The specific work area outlet configurations for this Project are as follows:

    - **WAO Single :** Consists of a new wall mounted simplex workstation outlet with one (1) Category 6 cable and one (1) Category 6 modular jack. The simplex data outlet will be inserted into a one-port single gang faceplate. Terminations for the network cabling will be on a Category 6 patch panel located in the appropriate telecommunication closet. **(Total four (4))**
    - **WAO TV:** Consists of a new wall mounted simplex TV outlet with one (1) RG6 Coax cable terminated on both ends with a F-connector. The TV outlet will be inserted into a one-port single gang faceplate. The terminated coax cabling will be coiled and located in the appropriate telecommunication closet. **(Total nine (9))**
    - **WAO Dual:** Consists of a new wall mounted duplex data/voice workstation outlet with two (2) Category 6 cables and two (2) Category 6 modular jacks. The duplex data outlet will be inserted into a two-port single gang faceplate. Terminations for the network cabling will be on a Category 6 patch panel located in the appropriate telecommunication closet. **(Total seventy-five (75))**
    - **WAO Camera:** Consists of a CCTV ceiling mounted simplex data outlet with one (1) Category 6 cable and one (1) Category 6 modular jack. The CCTV data outlet will be inserted into a one-port Surface Mount Box ("***SMB***") in the ceiling. Terminations for the network cabling will be on a Category 6 patch panel located in the appropriate telecommunication closet. **(Total twenty-three (23))**
    - **WAO Dual Floor box:** Consists of a new floor mounted dual data/voice workstation outlet with two (2) Category 6 cables and two (2) Category 6 modular jacks. The dual data outlet will be inserted into a two-port 106 frame. Terminations for the network cabling will be on a Category 6 patch panel located in the appropriate telecommunication closet. **(Total two (2))**

- **<u>WAO WAP</u>:** Consists of a new ceiling mounted duplex Wireless Access Point outlet with two (2) Category 6A cables and two (2) Category 6A modular jacks. The duplex data outlet will be inserted into a two-port SMB above the ceiling. Terminations for the network cabling will be on a modular Category 6A patch panel located in the appropriate telecommunication closet. (**Total thirteen (13)**)
- **<u>Trace3 has included time to mount Client provided Wireless Access Points.</u>**

Trace3 will coil all cables within the wall or behind surface-mount boxes if adequate space is present to house the cable without exceeding the manufacturers bend radius. In hollow wall installations where box-eliminators are used, excess wire will be stored in the wall.

Trace3 will insure no more than twelve (12") inches of UTP shall be stored in an in-wall box, modular furniture raceway, insulated walls, or under the floor. Excess slack shall be loosely coiled and stored in the ceiling above or floor below each drop location when there is not enough space present in the outlet box.

Cables shall be dressed and terminated in accordance with the recommendations made in the ANSI/TIA-568-C series of standards, manufacturer's recommendations, and best industry practices. Pair untwist at the termination shall not exceed 3.18mm (0.125 inch). Bend radius of the cable in the termination area shall not be less than four (4) times the outside diameter of the cable. The cable jacket shall be maintained to within 25mm (one (1) inch) of the termination point.

Trace3 will ensure each cable shall be clearly labeled on the cable jacket behind the patch panel at a location that can be viewed without removing the bundle support ties. Cables labeled within the bundle, where the label is obscured from view will not be acceptable.

Trace3 will run the cables within the suspended ceiling using cable tray provided by others and J-Hooks where tray is not present. Cable bundles that need to be supported by J-Hooks will attach to the existing building structure such as concrete slab, block wall or beam. The J-Hooks will be spaced on five (5) foot intervals and as required by BICSI installation methods and TIA/EIA standards. These support systems will ensure that the cable is not laying on the ceiling, water pipes, electrical conduits, and sprinkler and sewer pipes.

Trace3 will ensure that all cable support devices and support systems are properly supported from the building structure, and not ceiling grid, conduits, ductwork, or building piping. During the cable installation, Trace3 will make sure that cables are installed above fire-sprinkler systems and are not attached to the system or other ancillary equipment and hardware. The cable system and support hardware will be installed so that it does not obscure any valves, fire alarm conduit, boxes, or other control devices. At no time, will cables be attached to the ceiling grid or lighting fixtures. Trace3 will install and organize pathways and support systems such that when the support system is exited, room boundaries and right-angle routing will be used.

Trace3 will report all cable drops that will, or possibly could, exceed distance limitations and recommend alternative routing pathways. Within the telecom rooms, Trace3 will only use Velcro cable management straps for the support of cable bundles.

Any cable damaged by other trades, Trace3 will immediately notify project contact. During testing of the existing cable plant if any cable is found to exceed recommended installation parameters or fail testing Trace3will immediately notify project contact. Trace3will notify project contact with the cost of replacing cables that are not damaged by Trace3. Trace3will notify project contact of cost to replace cables that exceed installation parameters. Trace3will wait until project contact gives approval prior to replacing any existing or damaged cable. All cables will be identified by a self-adhesive label in accordance with ANSI/TIA/EIA-606.

Trace3 understands the importance of BICSI and of in-process quality control. Trace3 is dedicated to BICSI as evidenced by our commitment to the RCDD program and the implementation of other programs that BICSI supports and promotes. Trace3 also believes in quality assurance and quality control. This will be evidenced by the in-process installation and design compliance reviews that Trace3 will propose as a weekly process. Trace3 will ensure that the installation complies with BICSI design methodologies and installation methodologies, as well as complies with TIA/EIA standards, manufacturer installation standards, and the client's standards.

- **ISP Cabling**
  - There is no ISP backbone cabling for this Project.

- **Closet/Telecommunication Room Installation**

  Within the new MDF/IDF designated termination points, Trace3 will furnish and install the UTP, Fiber and termination hardware. In the MDF, Trace3 will furnish and install one (1) Panduit Wall Mounted Rack PZWMC1830W. The wall mounted rack and basket tray grounding will be as defined by ANSI/TIA/EIA-568B standards and BICSI.

  Trace3 will furnish and install fire stop sleeves for cabling. Trace3 will bond all racks and basket tray to the Telecommunications Grounding Bar ("TGB") that is provided by others.

  All racks and cable runway systems will be grounded to the Telecommunications Grounding Bar. Trace3 assumes the grounding backbone and grounding bars in the telecommunication rooms will be provided and installed by others. Trace3 assumes all fire-rated plywood will be provided, painted, and installed by others in the Telecommunication Room ("TR").

  Within the telecommunication rooms, Trace3 will ensure that all Trace3 installed cabling is routed and dressed into the closet in a neat and aesthetically pleasing fashion. Trace3 will consider the pathway and route within the IDF's and MDF ensuring that the bend radius of all cabling does not exceed the limit of four (4) times the outer diameter of the cable. Each cable bundle will be neatly routed, dressed, and terminated to their respective block or panel for termination. All patch panels will be provided with a rear cable management bar. All cables will be managed with the proper cable management hardware, with D-rings used for vertical wall management. Trace3 will ensure that when each cable is terminated, the cable jacket will be cut back as close to the termination point as possible, and that the pair untwist does not exceed ½" at any time. The cable jacket will be maintained as close as possible to the termination point, and each cable will be clearly labeled on the cable jacket behind the patch panel or block at a location that can be viewed without removing the bundle support ties. All cables will be properly labeled with a machine-generated label, and per those standards set forth by ANSI/TIA/EIA-606 standards for cable plant administration.

  Trace3 assumes the fire rated plywood will be provided by others.
  - **Cable Tray & Pathways**
    - Trace3 assumes any needed cable tray outside of the telecommunication rooms will be provided and installed by the electrical contractor. Trace3 will install a J-Hook system on the floors for the pathway. Trace3 further assumes all conduit, back-boxes, sleeves, pathway, etc. called out on the drawings will be provided and installed by the electrical contractor. Trace3 will provide and

install the tray pathway within the telecommunication rooms for the routing of the horizontal and backbone cabling as specified on the drawings.

- **Testing And Acceptance**
  - Trace3 will ensure all cables and termination hardware shall be 100% tested for defects in installation and to verify cabling system performance under installed conditions according to the requirements of ANSI/TIA-568-C series of Standards and TIA copper test document 1152. All pairs of each installed cable shall be verified prior to system acceptance. Any defect in the cabling system installation, including but not limited to cable, connectors, feed through couplers, patch panels, and connector blocks shall be repaired or replaced in order to ensure 100% useable conductors in all cables installed. This is included in the Warranty
  - Trace3 will ensure all cables shall be tested in accordance with the ANSI/TIA Standards and best industry practice. If any of these are in conflict, Trace3 will bring any discrepancies to the attention of the owner for clarification and resolution.
  - Trace3 will ensure all fiber and twisted-pair copper cable links shall be tested for compliance to the requirements in ANSI/TIA-568-C series of Standards and requirements in TIA-1152 for the appropriate category of cabling installed.
- **Identification And Labeling**
  - Trace3 will submit for approval a labeling system for the cable installation designed in accordance with recommendations from the ANSI/TIA-606-A and ANSI/TIA-942 Standards, and in accordance with Client's requirements. At a minimum, the labeling system shall clearly identify all components of the system: racks, cables, panels and outlets and be in concert with the room/area numbering scheme reflected in the Construction Documents.
  - The labeling system will designate the cables origin and destination with a unique encoded identifier for the cable within the system as per standards. Racks and patch panels shall be labeled to identify the location within the cable system infrastructure. All labeling information shall be recorded on the as-built drawings and all test documents shall reflect the appropriate labeling scheme.
  - Self-laminating labels will be used on cable jackets, appropriately sized to the outside diameter of the cable, and placed within view at the termination point on each end. Outlet, patch panel and wiring block labels shall be installed on, or in, the space provided on the device.
  - Cables shall be identified by a self-adhesive label in accordance with the Division 27 15 00 Horizontal Cabling specification and ANSI/TIA-606-A. The cable label shall be applied to the cable behind the faceplate on a section of cable that can be accessed by removing the cover plate.
  - All cables, patch panels, face plates and blocks must be labeled on both ends with location ID and cable type. Station location wiring identification should be based on industry standard identification schemes allowing any given wiring pair label attachment to be traced from its origin to its final point of termination.
  - The newly installed cable plant will be thoroughly documented and labeled at both ends for future maintainability and As-built drawings will be provided per Specifications.

Security Phase

- Access Control System
  - Trace3 is pleased to provide this proposal to furnish and install an electronic security system equipment for the Monroe Senior Center located in Monroe, NC. The design for the system was based on bid documents that were provided to Trace3. Trace3 is providing additional OnGuard equipment to the existing Lenel OnGuard system. This additional equipment will be fully integrated into the existing Lenel system that includes seven (7) access control doors and twenty-one (21) IP video cameras. This also

includes seven (7) HID 920PTNNEK00000 card readers, one (1) Lenel LNL-X2220 controller board, three (3) Lenel LNL-1320-S3 dual reader boards, one (1) Altronix AL600ULACM lock power supply, & one (1) Lenel LNL-AL600ULX-4CB6 power supply. Trace3 will furnish and install access control cables to seven (7) access-controlled doors and connect the security door devices to the Lenel access control system. Trace3 will furnish and install seven (7) HES 1006CS-12/24D-630 electric strikes. Trace3 will furnish and install seven (7) GRI door contacts, and seven (7) Bosch DS-160 PIR Request-to-Exit devices. Trace3 will provide training on use and operation of the newly installed system prior to Client sign off. All pathways, conduit and backboxes with be provided by the Division 27 contractor. The Division 8 contractor will be responsible for door and door frame preparation for the security devices

- Video Surveillance System
  - Trace3 will furnish and install Axis IP video cameras to the existing Lenel OnGuard video management system. The video storage will be provided by the owner. This will include twenty-one (21) Lenel SW-LNR-CH1 IP video camera licenses. Trace3 will install one (1) Client furnished 24 port PoE switch. Trace3 specified Axis cameras because of their high performance and extreme reliability. The video system will include ten (10) Axis M3015 2MP indoor dome cameras, ten (10) Axis P3245-VE outdoor dome cameras with built-in IR includes pendant kits and wall mounts, and one (1) Axis P3715-PLVE dual imager outdoor camera. Trace3 will furnish and install CAT6 cable for the cameras and provide labor to terminate cables to the existing Lenel video management system. Trace3 will provide programming and testing of the cameras listed above. All pathways, conduit and backboxes with be provided by the Division 27 contractor

Closure Phase

- Deliver Completion Certificate

2.2.3 Deliverables and Acceptance

The following table summarizes what Deliverables will be accomplished in each Project Phase:

Project Phase	Deliverables
Plan Phase	• Project Overview • Project Status Reports during Project term (as agreed upon during Project kickoff)
Closure Phase	• Approved Completion Certificate

Acceptance shall conform to such criteria as may be developed and agreed upon by both Parties as defined during the Project kickoff.

2.2.4 Project Management ("*Project Management Services*")

The Trace3 Project Manager will be responsible for the overall Project and coordination of Project management activities with Client's Project Lead. The Project Leads will be responsible for coordinating all engagement activities and scheduling resources as well as for serving as the single point of contact for Trace3 and Client for this engagement.

The Project will be managed using formal Project management methodologies consistent with the Project Management Institute Project Management Body of Knowledge ("***PMBOK***") framework. The following is a list of tasks which will be performed to manage the Project:

- Conduct a Project Kick-off meeting to review this Agreement, including overview of the Project, Deliverables, and in/out of scope items and confirm Client's expectations
- Establish a one-page Project overview summarizing Project health and status

- Establish and facilitate Project meeting and status reporting schedule
- Schedule Trace3 resources for Project activities
- Manage the Project change control activities and processes
- Confirm Client acceptance at the end of each milestone or Deliverable
- Ensure Client's change control procedures are identified and followed
- Act as a single point of contact for Project performance status

2.3 WARRANTY

2.3.1 CABLING WARRANTY

Trace3 represents and warrants that:

- The Services set forth in this proposal shall be performed in a competent, professional, timely and workmanlike manner in accordance with industry standards by qualified individuals who have the skills necessary to perform the tasks described herein and are experienced in providing the types of Services they are to perform under this Agreement and that Trace3 has a pool of qualified professionals, sufficient to complete the Services in the specified timeframe;
- The Deliverables and Services shall conform in all material respects to the applicable Agreement and any applicable specifications agreed to in writing by the parties;
- Trace3 shall perform its responsibilities under this Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of, any Intellectual Property Rights of any third Party;
- The Deliverables, and the Client's use of each Deliverable, shall not infringe, or constitute an infringement or misappropriation of, any Intellectual Property Rights of any third Party;
- Deliverables and the Services provided by Trace3 hereunder shall comply with all applicable laws, rules and regulations; (ix) in rendering its Services hereunder; and
- Trace3 shall promptly cure any breach of the foregoing representations and warranties upon discovery or notice of such breach, including without limitation, re-performance of deficient Services and repair or replacement of any non-conforming Deliverables per the terms of Annex C.

2.3.1.1 Trace3 AV Standard Warranty

Trace3's standard warranty comes with every installed system for a period of ninety (90) days from date of acceptance or first beneficial use. Any defects in parts or labor will be replaced or corrected at no charge to Client. For a period of one (1) year, inclusive of the first ninety (90) days, any defect in workmanship will be corrected at no cost to Client.

After the initial ninety (ninety (90)) day period has expired, the manufacturers' warranties will apply on all equipment. In the event of failure or defect of the equipment, Trace3 will work with Client to return the equipment directly to the manufacturer for service.

In addition to the coverage's listed above, for a period of one (1) year from the date of acceptance and payment of the Standard Warranty, the installed audiovisual system is covered for unlimited service calls relating to the Trace3-installed equipment. During this Warranty period, the system is covered for failed or malfunctioning equipment, and improper adjustment as outlined below in AV specifications.

The equipment is covered to the extent of the original manufacturer's warranty. Removal, repair, and reinstallation of equipment covered under the manufacturer's warranty are included in this Standard Warranty. Equipment out of warranty is covered for removal and reinstallation, however, charges resulting for repairs or replacement of the out of manufacturer's warranty equipment and would be the responsibility of Client.

2.3.1.2 Trace3 Security Standard Warranty

Trace3 will provide maintenance support for all systems and equipment installed based upon the manufacturer warranty but not to exceed one (1) year. The warranty will cover all equipment and is subject to the original manufactures' repair or replacement policies.

Trace3 will trouble shoot, diagnose, and correct any defect due to product failure or workmanship. Product will be repaired or replaced according to the original manufacturer's RMA policy. The warranty does not cover failures due to modifications made by the end user, acts of misuse/vandalism, or acts of God. Additional services such as pro-active or preventative maintenance are available for additional fees.

2.3.1.3 Trace3 Telecom Lifetime Craftsmanship Warranty

Trace3 warrants the workmanship provided to Client for the period in which the Structured Cable Plant installed is in use. It is Trace3's experience that a properly installed, tested and certified system will withstand the day to day activities associated with normal business activities, and that Trace3's craftsmanship will enable the cable plant to perform for the lifetime of that cable plant. Trace3's confidence in Trace3's installation techniques, the quality workmanship of Trace3's technicians and the resulting installed product enable Trace3 to provide the Trace3 Lifetime Craftsmanship Warranty. In the event that a failure occurs as a result of the installation, Trace3 will remedy the failure at no charge – for the life of the Structured Cable Plant.

2.3.1.4 Exceptions to Warranty

Trace3 makes no warranty as to the integrity of Client's existing system(s) or the functioning thereof. Trace3 shall have no liability for any damages, including without limitation lost business or profits, loss of system use, incidental or consequential damages, or any other damages incurred by Client as a result of the failure of Client's existing system(s) or the accuracy of the data generated thereby, for any reason whatsoever, except when such failure is the direct result of the negligence of Trace3.

2.3.2 SECURITY WARRANTY

2.3.2.1 Introduction

Because of Trace3's extensive training, skills, and experience, Trace3 is capable of providing extended warranties on a wide range of systems, including PANDUIT solutions. To further increase value, while reducing risk, to Monroe Senior Center, Trace3 is also including Trace3's Lifetime Craftsmanship warranty, also described in this section. Trace3's craftsmanship warranty augments the manufacturer warranties by guaranteeing Trace3's craftsmanship for the life of the building.

2.3.2.2 Scope-Specific Warranty

Trace3 shall provide maintenance support for all systems and equipment installed based upon the manufacturer warranty but not to exceed one (1) year. The warranty shall cover all equipment and is subject to the original manufactures' repair or replacement policies. Trace3 will troubleshoot, diagnose, and correct any defect due to product failure or workmanship. Product will be repaired or replaced according to the original manufacturer's RMA policy. The warranty does not cover failures due to modifications made by the end user, acts of misuse/vandalism, or acts of God. Additional services such as pro-active or preventative maintenance are available for additional fees.

2.4 OUT OF SCOPE

The following items are outside the scope of Deliverables contemplated by this Agreement:

- 120Vac power circuits required for all security equipment panels and Head-end closet location. (Provided and installed by Client)
- Dedicated circuit for UPS at equipment locations (Provided and installed by Client)
- Conduit pathway. (Provided and installed by owner, Client or general contractor)
- Elevator card reader cab and card reader travelling cable. (Provided and installed by elevator contractor)
- Trace3 has not provided any conduit, rough-in, mounting boxes, junction boxes, device whips, and pull strings required for the security system installation. These devices are to be provided and installed by electrical contractor
- Trace3 is not responsible for any cutting or patching of drywall ceiling or walls for cabling pathway issues
- Trace3 has not provided for any electronic mortise locks, power transfer devices, power supply for high inrush current electric lock and Lever built in Rex Switches. These devices are to be provided and installed by general contractor
- Project security pricing does not include any materials, labor or interface pertaining to the conduit design drawing package. These drawings are to be provided by general contractor
- Plywood Fire Resistant backboards
- Grounding system. (Provided and installed by general contractor)
- Core Drill
- Trenching
- All Architectural door hardware
- Fire Alarm permit set for Maglock submittal. Additional cost will provide upon request
- Any items of work not specifically listed as included by this proposal
- Data migration or protection services not clearly detailed within the Scope of Work section of this Agreement
- All levels of support not specifically detailed within the Scope of Work section of this Agreement
- Working on open maintenance and support issues unless the maintenance and support case and remedial efforts towards resolution are explicitly defined in this Agreement
- Any specific task or Deliverables not clearly stated in the Scope of Work section of this Agreement

Any mutually agreed upon changes to the Scope of Services shall be set forth in a Change Request Form as detailed in the Project Change Process section below.

2.5 Project Change Process

Trace3 is not responsible for issues out of its control, which sometimes includes Client unpreparedness, technical issues (based on Client responsibilities in this Agreement), manufacturer bugs (code issues), hardware failures after forty-eight (48) hour burn-in, or additional features desired (not outlined in this Agreement). Changes in Services requirements to this Agreement or issues out of Trace3's control will require a written Change Order, submitted and signed by both Parties, and billed in addition to the Fees outlined in this Agreement.

Either Party may initiate requests to change or modify the Project, a Project Phase, or the Deliverable Specifications (each, a "***Change Request***"). Any Change Request will be governed by the General Terms of Annex C and will utilize the form of written change request (the "***Change Request Form***"), if applicable.

2.6 Assumptions and Constraints

2.6.1 Scope of Services Assumptions

- To avoid the cost for expediting of materials, once the contract is executed Trace3 can start engineering and installation of the support systems. On average it takes two (2) weeks for the procurement of materials.
- Sufficient secure space will be provided onsite to store materials.

- Access will be given to all Trace3 employees working on the Project. Trace3 will provide a list of names of personnel who will be working on the Project.
- Space will be provided for free parking for two (2) Trace3 vehicles.
- Removal of abandoned/old cabling will be performed at an additional cost if required by the jurisdiction having authority. Additional costs will be provided using a Change Request or separate written agreement prior to being incurred.
- Trace3 is permitted to use the trash dumpster on site provided by others for all materials to be discarded, including wooden cable reels (disassembled), cardboard reels, wooden skids, etc.
- A lift will not be required for the installation, and that the ceiling height is standard throughout the facility.
- All conduit pathways, cable tray outside, sleeves, surface mounted raceway, floor boxes, and wall boxes will be installed by others.
- All fire-rated plywood will be installed and painted if specified by others in the telecommunication rooms.
- A low voltage permit will be required for this installation.
- The associated costs for the permit have been included in the pricing.
- Any cabling which is damaged by another trade contractor (such as drywall, painter, etc.) will be replaced at an additional cost to this pricing. Additional costs will be provided using a Change Request or separate written agreement prior to being incurred.
- For all tasks, ample access to all buildings, closets and if required property to determine pathways be provided to eliminate delays and labor down-time.
- Any power poles, raceway, conduit, columns, or other means for routing cabling from the accessible ceiling space to the modular furniture clusters and WAO locations will be the responsibility of others.
- All necessary floor boxes or poke-thru's will be provided and installed by others.
- All penetrations and conduit utilized for the routing and installation of horizontal/backbone cabling will be fire stopped by Trace3.
- The ground subsystem which includes the TGB and Telecommunications Main Grounding Busbar ("TMGB") will be provided and installed by others.
- A loading dock is present to aid in the material delivery process.
- If no loading dock or general use lift is available for deliveries additional cost will be incurred to accommodate with a lift gate truck or contractor furnished forklift.
- All asbestos and other abatement will be by other and is not included in this quote.
- Concrete saw cutting and / or core drilling will be provided by others.
- Any anticipated delays to Trace3's ability to perform as anticipated and previously confirmed, will be communicated by Trace3 immediately to the Project team and added to the Project billing if applicable and mutually agreed upon in a Change Request.
- Trace3 assumes responsibility only for trash and waste items incidental to Trace3's work and for depositing it in a convenient job site receptor, supplied and paid for by others.
- Trace3 will provide product data submittals and shop drawings to Client for review prior to the installation effort.
- Client will provide drawings in the latest version of PDF/AutoCAD format to Trace3 for design purpose use.
- Trace3 assumes responsibility only for connecting Trace3's electronics equipment grounding wire to the ground bar equipment which will be provided by an electrical contractor.
- Trace3 will require all core holes, floor boxes and conduit pathway for security be provided by an electrical contractor.
- Trace3 assumes NO surface mount raceway is required.
- Trace3 assumes that all existing equipment, if required to be re-used such as, switches, routers, cable boxes, and cabling are in good working conditions. Any equipment that are not stated to be replaced or repaired will result in an additional cost to this pricing (Subject to a Change Request or separate written agreement).

- Trace3 assumes Client will provide the required access rights to the server and PCs to allow for free and unencumbered software installation process.
- The Elevator contractor will provide the pathway and elevator camera traveling cable.
- Trace3 will furnish and install seven (7) HES1006CS-12/24D-630 electric strikes as specified. Any other locking hardware required will be furnished and installed by the Division 8 contractor. (As required)
- Trace3 assumes configuring, programming of card access level and card holder data base shall be the responsibility of Client.
- Trace3 assumes the locking power supply for high current inrush shall install local above the door by the Division 8 contractor. (As required.)
- Trace3 assumes that any equipment which is damaged by another trade contractor (such as drywall, painter, etc.) will be replaced at an additional cost to this pricing.
- Trace3 has included the following for the required design, installation, and as-built documents:
    - Design labor to meet the 100% of the installation as detailed herein.
    - Coordination, review, and owner's meetings.
    - As-built documentation.
    - All necessary technical writing required for submittals, operation and maintenance manuals, test plans, and close-out documentation.
    - Trace3 will perform all required field device testing; check out field testing, performance verification test and final acceptance test.
- This proposal assumes a Low Voltage and Life Safety Permit will be required for this installation. The associated costs for the permit have been included in the pricing.
- This proposal includes necessary on-site supervision labor for the period during installation for the security system work.
- This proposal includes all necessary Project Management to support the Project.
- This proposal includes conduit stubs from door locations back to the ceiling deck, as well as cost for a lift for the cable installation.

2.6.2 General Assumptions

The following general assumptions will apply to the execution of the Deliverables:

- Project is estimated to start four (4) weeks after the Effective Date ("***Start Date***"), depending on resource availability, this timeframe may be shorter or longer. The assigned Project lead will confirm the Project Start Date when they are engaged.
- Services will generally be performed during normal business hours which are defined as being between 7:00 AM and 5:00 PM Client's local time, excluding holidays. If Services are needed after normal business hours, Trace3 and Client must mutually agree upon the schedule before such after-hours Services commence.
- If applicable, systems within the scope of this Agreement must have an active and current maintenance and support contract ("***Maintenance Agreement***"). Evaluation licenses or hardware must be converted to fully licensed and entitled levels prior to commencement of the engagement.
- Client acknowledges and accepts that any hardware or software not available may delay the Project schedule and be subject to a Change Request.
- If requested by Trace3, Client will provide a Trace3 field resource remote access to Client's IT environment with access to In-Scope Items from a secure remote location. When feasible, Trace3 will complete all Project work remotely (a) over WebEx sessions with the Parties' resources, or (b) over a VPN connection with Trace3 resources.

2.7 RESPONSIBILITIES

2.7.1 Trace3 Responsibilities

During the Term, Trace3 will undertake the following responsibilities reasonably applicable to the execution of the Deliverables:

- Trace3 will submit written reports and any documentation related to the status and success of execution of the Deliverables to Client as mutually agreed upon by the Parties.
- Trace3 will provide Client a lead contact person for the Project (the "***Trace3 Project Lead***") with such qualifications, expertise, and knowledge necessary and applicable for Trace3 to fulfill its obligations under this Agreement.
- Trace3 will make commercially reasonable efforts to maintain consistency in the Trace3 Project team which will be responsible for the delivery of Services hereunder. Trace3 and Client agree that certain staffing factors (e.g. terminations, resignations, promotions, long term disabilities) may require changes in the Trace3 resources delivering the Services hereunder. In the event that a change of Trace3 personnel is required, Trace3 shall: (i) if the applicable personnel is named under this Agreement, provide reasonable notice to Client of such change, (ii) ensure that a full knowledge transfer occurs between new and incumbent personnel without cost to Client, and (iii) ensure that any new personnel have the skills and experience necessary to perform the Services.

2.7.2 Client Responsibilities

During the Term, Client will undertake the following responsibilities reasonably applicable to the performance and delivery of the Deliverables:

- It is Client's responsibility to provide Trace3 employees and subcontractors with an environment free of hazardous materials, including asbestos, and removal thereof. Any areas with asbestos must be specified to the Project manager prior to commencement of work. All attempts will be made to work around these areas instead of through the areas.
- Client will provide Trace3 personnel assigned to work at Client's premises reasonable use of Client's facilities. Prior to the Project Start Date, Client will complete all necessary facilities arrangements and such arrangements will stay in place throughout the Term.
- Client will make available to Trace3 knowledgeable Client personnel promptly upon a request from Trace3 via phone or e-mail to provide background information and clarification of information required by Trace3 personnel to perform and deliver the Deliverables.
- Client is responsible for providing an environment that is prepared and ready for Services to commence on the Project Start Date.
- Client will be responsible for any business and data application testing and all necessary data backup in preparation for and during the performance and delivery of the Deliverables. It is recommended Client perform a backup of all data that could be impacted by this Project prior to the Project Start Date.
- Client is responsible for the identification and interpretation of, and ensuring compliance with, any laws, statutes, rules, regulations and standards applicable to its or its affiliates' business or operations.
- The documentation and information provided by Client to Trace3 personnel will be accurate, complete, and up-to-date.
- Client hereby grants Trace3 a limited, non-transferable license during the Term to use certain proprietary computer systems, technologies, and data owned by Client and its affiliates, which are necessary for Trace3 to perform and deliver the Deliverables.
- If required by Trace3, Client will participate in testing as directed by Trace3.
- Client will provide Trace3 a lead contact person for the Project (the "***Client Project Lead***") with such qualifications, expertise, and knowledge necessary and applicable for the Client to fulfill its obligations under this Agreement.

In the event Client's failure to perform, or delay in performance of, any of its responsibilities causes Trace3 to incur significant uncompensated expenses, Trace3 may notify Client of such nonperformance. In such case, Trace3's obligation to continue its efforts to work around Client's failure to perform may, in Trace3's sole discretion, be subject to Client and Trace3 agreeing on to additional compensation in order to reimburse Trace3 for its incremental uncompensated expense.

2.8 TRACE3 COVID-19 SAFETY PRACTICES

As an essential business during the COVID-19 pandemic, and with operations in locations around the world, Trace3 recognizes its responsibility to maintain a safe environment for clients and coworkers. The Trace3 executive management team is continuously reviewing the latest CDC and WHO guidance on best practices for performing on-site work that minimizes the risk of COVID-19 transmission. This includes the following guidelines:

- Trace3 installers and technicians do not share personal hand tools or ladders.
- Trace3 installers and technicians clean and disinfect power tools, ladders, team tools, fiber fusion splicing equipment, etc. prior to using and at completion of use. This includes test equipment.
- When Trace3 personnel use elevators or go through security checkpoints, they use social separation as best as possible. They check to see if inspectors are wearing protective rubber gloves and if they touch Trace3 belongings, those items are disinfected accordingly.
- Trace3 personnel using company vehicles, wipe down steering wheel, gear shift, dashboard areas, seats, etc. before and after each use.
- Trace3 personnel observe the limits on # of personnel per room, social distance, sanitizing practices (including acceptable cleaning materials), PPE/mask, avoidance of touching eyes/nose/mouth/face, and how to cover sneezes and coughs.
- Trace3 understand and observe all COVID-19 safety practices put in place by our clients. These practices, including Trace3's own, are rigorously enforced by our on-site superintendents.

3 Annex B – Project Pricing

3.1 Fees

Fixed Fee Project: Client will pay Trace3 (i) a fixed fee per the table below (the "***Fees***") for the complete provision of the Deliverables, and (ii) Travel and Expenses as indicated in the table below:

Services	Fee Component
Professional Services	
Cabling - Material Pricing	$43,918
Cabling - Labor Pricing	$48,129
Cabling - Tax	$2,080
Security - Installation And Project Management Labor	$39,852
Security - Materials	$55,175
Security - Warranty	$4,150
Total Fee:	**$193,304**
Travel and Expenses (invoiced as incurred):	**Up to $8,000**
Total Fee (inclusive of T&E)	**$201,304**

The Fees are based on the terms of this Agreement and the scope of the Deliverables being provided under this Agreement. Any change to the terms of this Agreement, the Project, and/or the scope of the Deliverables, whether by the failure to meet a responsibility, a Change Request or otherwise, may result in a modification of the Fees. While some taxes are shown above, not all taxes are included herein and shall be finalized at time of invoicing.

Due to materials and cost changes (including, but not limited to, products utilizing copper and FEP), Trace3 reserves the right to purchase and invoice for these materials as soon as possible after award as well as for storage of these materials. These materials are subject to an increase in cost if delivery is beyond the proposal validity date and could increase as much as 10%.

Ongoing tensions between the U.S. and China have escalated the possibility of trade-related tariffs. Should products procured by Trace3 on Client's behalf be subject to unexpected tariffs, Client will be notified by Trace3 and Trace3 reserves the right to adjust previously agreed pricing.

3.2 Billing

Trace3 will invoice Client for Services as follows:

Milestone	% of Fees payable by Client
Deposit upon execution of this Agreement	40%
Upon completion of the Project	60%
Total:	**100%**

3.3 Travel and Expenses

Client is responsible for any travel and related costs or expenses incurred by Trace3 personnel in furtherance of the provision of the Deliverables ("***Travel and Expenses***"). Trace3 will invoice Client for any Travel and Expenses incurred by its personnel as such expenses are incurred and at the actual amount incurred and allowable under Trace3's travel and expense policies.

Trace3 will use reasonable efforts to staff Project with resources from the local service area to mitigate expenses. When local resources cannot provide availability or specific expertise in a timely manner to meet Project objectives and schedule, Trace3 may assign resources from other service areas.

Travel and Expenses will not exceed $8,000 without Client's approval. At Client's request, Trace3 will provide Client copies of appropriate receipts and related documentation to substantiate any invoiced Travel and Expenses.

4 Annex C – General Terms

Payment Terms

Client will pay Trace3 for all Deliverables provided under this Agreement net 30 days from the date of Trace3's invoice.

Project Change Process

Unless otherwise mutually agreed by the parties, any change or modification of the Project, a phase of the Project (a "***Project Phase***") or the specifications for the Deliverables (the "***Deliverable Specifications***") will be coordinated by the Project Leads in accordance with the procedures described below (the "***Project Change Process***").

Project Change Process

Change Requests

Either party may initiate requests to change or modify the Project, a Project Phase or the Deliverable Specifications (each, a "*Change Request*"). The Project Lead of the party requesting a Change Request will submit a written Change Request to the other party's Project Lead in a clear and concise manner (each, a *"Change Request Form"*). Upon execution of a mutually acceptable Change Request Form by both parties, the obligations of the parties with respect to such Change Request will be incorporated under this Agreement. Commencement of the provision of a Change Request is conditioned upon Trace3's receipt of a Change Request Form signed by both parties

Material Change Request

This Project Change Process is not intended to address Change Requests which would constitute a material change to the Project, and any such Change Request may require execution of a new Agreement.

Suspension of Services

If (a) Trace3 is unable provide the Deliverables due to the Client's action or inaction, or (b) any amount owing by Client under this Agreement is 30 or more days overdue, Trace3 may, in its discretion and without any liability to Client, suspend provision of the Deliverables to Client.

Project Completion

Unless otherwise mutually agreed by the parties, Trace3 will present Client with a completion certificate (a "***Completion Certificate***") upon the completion of the provision of all of the Deliverables. If Client reasonably determines that Trace3 has completed provision of the Deliverables described in the Completion Certificate in substantial conformance with the applicable Deliverable Specifications, Client will sign the Completion Certificate acknowledging acceptance of the completed Deliverables and will return the signed Completion Certificate to Trace3 within five business days from the date of Client's receipt of the Completion Certificate.

If Client reasonably believes Trace3 has not completed provision of the Deliverables described in the Completion Certificate in substantial conformance with this Agreement and the Deliverable Specifications, Client will notify Trace3 in writing of its specific reasons for rejecting completion and delivery of the Deliverables within five business days from Client's receipt of the Completion Certificate (a "***Non-Completion Notice***"). Trace3 will address Client's issues described in the Non-Completion Notice and will re-submit the Completion Certificate for Client's signature.

In the event Trace3 does not receive a signed Completion Certificate or Non-Completion Notice from Client within ten days of Client's receipt of a Completion Certificate, Client's affirmative acceptance of completion of the Deliverables, a waiver of any Client right to reject completion of provision of the Deliverables and Client's signing of the Completion Certificate will automatically and without any further action of the parties be deemed to have occurred.

Warranties

<u>**Services**</u>: Trace3 represents and warrants that it (a) is competent, experienced and trained to provide all Services herein, and (b) it will use commercially reasonable efforts to provide the Deliverables in a timely manner in accordance with (i) the applicable Deliverable Specifications, and (ii) industry standards where this Agreement does not prescribe or regulate Trace3's provision of the Deliverables. Further, Trace3 warrants that the Services provided by it under this Agreement will not, from the date of Client's final acceptance of such Service through 30 days thereafter, deviate in any material respect from the Deliverable Specifications for such Services set forth in this Agreement; <u>provided</u>, <u>that</u> such warranty will not apply to Services (a) provided by Trace3 in a manner specifically requested by Client to which Trace3 objected, or (b) materially amended, revised or modified by a party other than Trace3, including, but not limited to, Client. If Client notifies Trace3 of a breach of this warranty, Trace3 will correct and redeliver the affected Service at no additional charge to Client within a reasonable period of time.

<u>**Products**</u>: Client acknowledges and understands that all Products to be provided under this Agreement are manufactured by one or more third parties (and not Trace3). Accordingly, Trace3's sole responsibility to Client with respect to any Products or components and parts thereof provided under this Agreement will be to pass through to Client such original Product manufacturer's available product warranty, if any.

THESE WARRANTIES (A) CONSTITUTE THE SOLE AND EXCLUSIVE WARRANTIES WITH RESPECT TO THE DELIVERABLES, AND (B) ARE IN LIEU OF ANY OTHER WARRANTY, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Limitation of Liability

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, FOR ANY CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE PROVISION OF ALL DELIVERABLES HEREUNDER, IN NO EVENT, WHETHER BASED IN CONTRACT OR TORT (INCLUDING, WITHOUT LIMITATION, FOR BREACH OF WARRANTY, NEGLIGENCE AND STRICT LIABILITY IN TORT), WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR (A) INCIDENTAL, CONSEQUENTIAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND, OR FOR LOSS OF REVENUE, LOSS OF BUSINESS OR OTHER FINANCIAL LOSS, OR (B) ACTUAL DAMAGES IN EXCESS OF THE AGGREGATE FEES TO BE PAID BY CLIENT TO TRACE3 UNDER THIS AGREEMENT.

Background Check and Drug Screening

Trace3 represents and warrants that all of its personnel performing Services under this Agreement have passed the background check and drug screening requirements of Trace3 and the applicable Client, if such Client's requirements are more stringent than Trace3's requirements. Trace3 will provide Subcontractor with copies of any such background check and drug screening requirements.

Miscellaneous

Termination

Either party may terminate this Agreement (a) in the event the other party breaches any material obligation under this Agreement and does not cure such breach within 30 days of receipt of the non-breaching party's written notice of such breach, (b) in the event a Force Majeure Event prevents Trace3's provision of the Deliverables for more than 30 consecutive days, or (c) by giving the other party at least 30 days prior written notice of its desire to terminate this Agreement.

Force Majeure

Trace3 will not be liable to Client for any alleged loss or damages resulting from the provision of the Deliverables being delayed by acts of Client, acts of civil or military authority, governmental priorities, fire, floods, epidemics, quarantine, energy crises, strikes, labor trouble, war, riots, accidents, shortages, delays in transportation, or any other causes beyond the reasonable control of Trace3 (each, a "***Force Majeure Event***"). Trace3 will (a) continue to use commercially reasonable efforts to perform its obligations under this Agreement to the extent possible, and (b) notify Client when the Force Majeure Event has abated.

Assignment

Assignment of this Agreement is prohibited without the written consent of both parties, except that (a) each party reserves the right to assign this Agreement to the successor in a merger or acquisition of such party or other similar business combination transaction, (b) Trace3 reserves the right to subcontract any Service obligations hereunder, and (c) Trace3 may assign this Agreement and any of its rights hereunder in connection with its financing activities in the ordinary course of business.

Governing Law; Venue

This Agreement, and all disputes hereunder, will be governed by the laws of the State of North Carolina. Both parties agree that any action, suit or proceeding arising out of or relating to this Agreement will be initiated and prosecuted in a state or federal court located in North Carolina, and the parties irrevocably submit to the jurisdiction of such court.

Non Solicitation

Client will not hire any Trace3 employee for a period of 180 days immediately following the date for which the employee last performed services for Client, unless such employee is responding directly to regular, ongoing advertisements and/or job postings, directed to the public.

Entire Agreement

This Agreement represents the entire agreement between the parties regarding the subject matter contained herein, and supersedes any and all other agreements between the parties regarding the subject matter hereof. Any changes to the terms and conditions in this Agreement must be in set forth in a written agreement signed by each party.

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO: General Services Committee

VIA: Brian J. Borne, Interim City Manager

DATE: March 3, 2022

FROM: Lisa Strickland, Finance Director

PREPARED BY: Bethany Hawver, Revenue Manager

SUBJECT: Resolution Delegating Authority to Hear Request to Compromise Discovery Tax Bills to The Union County Board of Equalization and Review.

SUMMARY STATEMENT

General Services is requested to consider a Resolution Delegating Authority to Hear Request to Compromise Discovery Tax Bills to The Union County Board of Equalization and Review.

REVIEW

The City of Monroe issues discovery bills based on discovered values by the Union County Assessor's office. If a value is changed, the City adjust the value on the City bill accordingly. In the situation where there is an appeal after the discovery bill has been processed, the governing board, upon the petition of the taxpayer, may compromise, settle, or adjust the city's claim for taxes arising therefrom. This resolution delegates the power to compromise to the Union County Board of Equalization and Review. Since the Board of County Commissioners passed an equivalent resolution, approving this resolution ensures uniformity between the county & city regarding the same property. This delegation can be revoked if needed & is normal to delegate to the Board of Equalization and Review.

RECOMMENDATION

General Services is requested to recommend City Council to approve the Resolution Delegating Authority to Hear Request to Compromise Discovery Tax Bills to The Union County Board of Equalization and Review.

Attachment(s): Resolution R-2022-18

RESOLUTION DELEGATING AUTHORITY TO HEAR REQUESTS TO COMPROMISE DISCOVERY TAX BILLS TO THE UNION COUNTY BOARD OF EQUALIZATION AND REVIEW
R-2022-18

WHEREAS, N.C.G.S. § 105-312(l) provides that a municipal governing board has the authority to compromise, settle, or adjust the county's claim for taxes for discovered property; and

WHEREAS, N.C.G.S. § 105-312(l) also provides that a municipal governing board may, by resolution, delegate such authority to the county board of equalization and review; and

WHEREAS, Union County has established a special Union County Board of Equalization and Review, pursuant to S.L. 1998-174, as subsequently amended by general law not inconsistent therewith, with members appointed by the Board of Commissioners; and

WHEREAS, maintaining the continuity of the local property tax appeal process is important for the effective and efficient administration of tax law andappeals in Union County.

NOW, THEREFORE, BE IT RESOLVED by the Monroe City Council, as follows:

1. The Monroe City Council delegates the power to compromise, settle, or adjust discovery tax claims granted under N.C.G.S. § 105-312 to the Union County Board of Equalization and Review, pursuant to N.C.G.S. § 105-312(l).
2. This delegation is effective for the 2021 property tax appeal period, as well as all subsequent appeal periods.

Adopted the 8th day of March, 2022.

Attest: ______________________________
Marion L. Holloway Jr., Mayor

____
Bridgette H. Robinson, City Clerk

STAFF REPORT

TO: General Service Committee

VIA: Brian Borne, Interim City Manager

DATE: March 3, 2022

FROM: Peter Cevallos, Airport Manager

SUBJECT: Contract Approval - Quonset Hangar Office Space Renovations

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SUMMARY STATEMENT

Staff is seeking City Council approval for a contract approval to complete the Quonset Hangar office space renovations.

REVIEW

At the February 8, 2022 meeting, City Council approved Budget Amendment 2022-03 allocating sufficient funds in the amount of $42,000 to complete the renovations to the Quonset Hangar office space; the additional funds are needed to complete required repairs so that the renovations satisfy building code requirements. The contract with general contractor Thomas Construction required a change order in the amount of $31,747 to complete the repairs. This change order raises their overall contract amount to $120,636 to complete the work.

RECOMMENDATION

Staff is requesting General Service Committee recommend the approval of the change order of $31,747, thereby approving the contract $120,636 to Thomas Construction to complete the Quonset Hangar office space renovations, and authorize the Interim City Manager to execute any and all documents.

STAFF REPORT

TO: General Services Committee

VIA: Brian J. Borne, Interim City Manager

DATE: March 3, 2022

FROM: Lisa Strickland, Finance Director

PREPARED BY: Lisa Strickland, Finance Director

SUBJECT: Outside Agency Funding Requests for Fiscal Year 2023 Budget

SUMMARY STATEMENT

This is a request to consider outside agency funding requests for the fiscal year 2023 budget.

REVIEW

Outside agency applications for funding requests for the fiscal year 2023 budget were due on February 10, 2022. Eligible applicants must be a non-profit organization that provides a service for the Monroe community. In order to be considered, the applicants were required to attend a mandatory workshop that was held on January 10, 2022 and submit an application that includes the following information:

- A copy of the list of the Board of Directors and permanent staff members.
- A copy of the tax status determination letter from the IRS for your agency.
- A copy of the most recent independent audit of the agency.

A Committee comprised of four staff members has reviewed the documentation that has been submitted and provided a score based on the applicant's submission. The General Services Committee is requested to review the scores and staff recommendations and make recommendations to City Council for funding. All funding is based on City Council approval of the FY 2023 budget.

RECOMMENDATION

Staff requests that the General Services Committee consider funding requests and make recommendations to City Council for the fiscal year 2023 budget.

Attachment: Outside Agency FY 2023 Funding Requests