

AGREEMENT BIBLIOGRAPHY

Agreement With:	Macias Gini & O'Connell LLP
Agreement Type:	Annual audit services
Date Approved:	02 22 2011
Start Date:	02 22 2011
End Date:	06 30 2014 – Optional 2 years (06/30/2016)
Contract Amount:	\$231,916.00
Comments:	Finance
Insurance Expiration:	04 30 2011
Date Archived:	



CITY OF GARDEN GROVE
OFFICE OF THE CITY CLERK

*Safeguard all official records of the City.
 Conduct municipal elections and oversee legislative administration.
 Provide reliable, accurate, and timely information to the
 City Council, staff, and the general public.*

William J. Dalton
 Mayor

Steven R. Jones
 Mayor Pro Tem

Dina Nguyen
 Council Member

Bruce A. Broadwater
 Council Member

Andrew Do
 Council Member

February 25, 2011

Macias Gini & O'Connell LLP
 1201 Dove Street, Suite 680
 Newport Beach, CA 92660

Enclosed is a copy of the Agreement by and between the City of Garden Grove and Macias Gini & O'Connell LLP for annual audit services.

The Agreement was approved by the City Council on February 22, 2011.

Sincerely,

Kathleen Bailor, CMC
 City Clerk


 By: Teresa Pomeroy
 Deputy City Clerk

Enclosure

c: Finance Department
 Finance Department/Purchasing

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made this 22nd day of February 2011, by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY") and Macias Gini & O'Connell LLP, here in after referred to as "CONTRACTOR".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove Council authorization dated February 22, 2011.
2. CITY desires to utilize the services of CONTRACTOR to **Provide City of Garden Grove Annual Audit for the Three Fiscal Years 2010-11, 2011-12, and 2012-13.**
3. CONTRACTOR is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term and Termination.** This agreement shall cover services rendered from the full execution of this agreement through completion of the Fiscal Year 2013-14 Financial Audit with an option to extend said agreement additional two (2) fiscal years, for a total performance period of five fiscal years. Option years shall be exercised one (1) year at a time, at the sole option of the CITY. This agreement may be terminated by the CITY without cause. In such event, the CITY will compensate CONTRACTOR for work performed to date in accordance with the **Scope of Work (Attachment "A")**, which is attached and is hereby incorporated herein by reference. Contractor is required to present evidence to support performed work completion.
2. **Services to be Provided.** The services to be performed by CONTRACTOR shall consist of tasks as set forth in the Proposal. The Proposal is attached as Attachment A, and is incorporated herein by reference. The Proposal and this Agreement do not guarantee any specific amount of work.
3. **Compensation.** CONTRACTOR shall be compensated as follows:
 - 3.1 **AMOUNT.** Compensation under this agreement shall be per schedule included in Proposal (Attachment "B").
 - 3.2 **Payment.** For work under this Agreement, payment shall be made per invoice for work completed. For extra work not a part of this Agreement, a written authorization by CITY will be required, and payment shall be based on schedule included in Proposal (Attachment "B"). All work shall be in accordance with Proposal, and payable in arrears.

- 3.3 Records of Expenses. CONTRACTOR shall keep complete and accurate records of all costs and expenses incidental to services covered by this Agreement. These records will be made available at reasonable times to CITY.
- 3.4 Termination. CITY shall have the right to terminate this agreement, without cause, by giving thirty (30) days written notice of termination. If the Agreement is terminated by CITY, then the provisions of paragraph 3 would apply to that portion of the work completed.

4. Insurance requirements.

- 4.1 COMMENCEMENT OF WORK. CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance.
- 4.2 WORKERS COMPENSATION INSURANCE. During the duration of this Agreement, CONTRACTOR and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable.
- 4.3 INSURANCE AMOUNTS. CONTRACTOR shall maintain the following insurance for the duration of this Agreement:
- (a) Commercial general liability in an amount of \$1,000,000.00 per occurrence: **claims made and modified occurrence policies are not acceptable**; Insurance companies must be acceptable to CITY and have a Best's Guide Rating of A- Class VII or better, as approved by the CITY.
 - (b) Automobile liability in an amount of \$1,000,000.00 combined single limit: **claims made and modified occurrence policies are not acceptable**; Insurance companies must be acceptable to CITY and have a Best's Guide Rating of A- Class VII or better, as approved by the CITY.
 - (c) Professional liability in an amount not less than \$1,000,000. Insurance companies must be admitted and licensed In California and have a Best's Guide Rating of A-,Class VII or better, as approved by the City. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy, professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services

under the term of the agreement. The coverage shall be evidenced either by a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier

An **On-Going and Completed Operations Additional Insured Endorsement** for the policy under section 4.3 (a) shall designate CITY, it's officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate CITY, it's officers, officials, employees, agents, and volunteers as additional insureds for automobiles, owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

For any claims related to this Agreement, CONTRACTOR's insurance coverage shall be primary insurance as respects CITY, it's officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the CITY, it's officers, officials, employees, agents, and volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it.

5. **Non-Liability of Officials and Employees of the City.** No official or employee of CITY shall be personally liable to CONTRACTOR in the event of any default or breach by CITY, or for any amount which may become due to CONTRACTOR.
6. **Non-Discrimination.** CONTRACTOR covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONTRACTOR shall act and be an independent contractor and not an agent or employee of the CITY, and shall obtain no rights to any benefits which accrue to CITY'S employees.
8. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

9. **Notices.** All notices shall be personally delivered or mailed to the below listed address, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.
- a. (CONTRACTOR)
Macias Gini & O'Connell LLP
Attention: Linda Hurley, Partner
1201 Dove Street, Suite 680
Newport Beach, CA 92660
- b. **(Address of City Purchasing) (with a copy to):**
City of Garden Grove **Garden Grove City Attorney**
11222 Acacia Parkway 11222 Acacia Parkway
Garden Grove, CA 92840 Garden Grove, CA 92840
10. **CONTRACTOR'S PROPOSAL.** This Agreement shall include CONTRACTOR'S proposal or bid which shall be incorporated herein by reference. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
11. **Licenses, Permits, and Fees.** At its sole expense, CONTRACTOR shall obtain a Garden Grove Business License, all permits, and licenses as may be required by this Agreement.
12. **Familiarity with Work.** By executing this Agreement, CONTRACTOR warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Contractor discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONTRACTOR'S risk, until written instructions are received from CITY.
13. **Time of Essence.** Time is of the essence in the performance of this Agreement.
14. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability, and reputation of CONTRACTOR, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONTRACTOR shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONTRACTOR is permitted to subcontract any part of this Agreement, CONTRACTOR shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of CONTRACTOR. CITY will deal directly with and will make all payments to CONTRACTOR.
15. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.

16. **Indemnification.** CONTRACTOR agrees to protect, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR. The only exception to CONTRACTOR'S responsibility to protect, defend, and hold harmless CITY, is due to the sole negligence of CITY, or any of its elective or appointive boards, officers, agents, or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.

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(Agreement Signature Block On Next Page)

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

Date: 2-24-11

"CITY"
CITY OF GARDEN GROVE

By: *Matthew Ferial*
City Manager

ATTESTED:

Harleen Baines
City Clerk

Date: 2-25-11

"CONTRACTOR"
Macias Gini & O'Connell LLP

By: *Linda C. Hurley*

Name: Linda C. Hurley

Title: Partner

Date: 2/10/2011

Tax ID No. 68-0300457

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY.

APPROVED AS TO FORM:

James H. Eggert, Esq.
Garden Grove City Attorney

2/10/2011
Date

ATTACHMENT "B"

FEES AND HOURLY RATES

Maximum Fees

Service	2010/11	2011/12	2012/13
City Audit	\$ 42,000	\$ 42,000	\$ 44,100
Agency Audit	15,750	15,750	16,538
Housing Audit (includes preparation of stand-alone financial statements)	8,050	8,050	8,453
CDBG Audit	2,100	2,100	2,205
Major Capital Grants Audit	2,100	2,100	2,205
Single Audit (up to 3 major programs)	7,770	7,770	8,159
AQMD Audit	1,575	1,575	1,654
Willowick Golf Course AUP	3,360	3,360	3,528
GANN Limit			
City GANN Limit	1,575	1,575	1,654
Garden Grove Sanitary District GANN Limit	1,575	1,575	1,654
One More Productions AUP	2,100	2,100	2,205
Fire Training Authority Audit	1,575	1,575	1,654
Garden Grove Financing Authority Audit	1,575	1,575	1,654
Mobile Home Management Co. AUP	1,575	1,575	1,654
Refuse Hauler AUP	1,575	1,575	1,654
Garden Grove Sanitary District			
Audit	2,730	2,730	2,867
State Controller Report	2,100	2,100	2,205
Magnolia Park Family Resource Center AUP	2,100	2,100	2,205
Tax Returns:			
Garden Grove Sanitary District			
Improvement Corp.	788	788	827
Subtotal	101,973	101,973	107,071
Reduction for Continuing Client	(25,935)	(25,935)	(27,231)
Total All-Inclusive Maximum Price	\$ 76,038	\$ 76,038	\$ 79,840

Additional Work

Fees for any additional services not included in our proposal are billed at the hourly rates in effect at the time the services are provided.

Staff Rates for Additional Work

Position	Standard Rates	Quoted Hourly Rates		
		2010/11	2011/12	2012/13
Partner/Director	\$ 380	\$ 266	\$ 279	\$ 293
Manager	230	161	169	178
Senior Accountant	150	105	110	116
Staff Accountant	125	88	92	96
Clerical	100	70	74	77

Proposed Payment Schedule

Fees for our services are billed on a monthly basis as the work progresses.

ATTACHMENT "A"

SCOPE OF WORK

City of Garden Grove Annual Audit for the Three Fiscal Years 2010-11, 2011-12, and 2012-13.

SPECIFICATION OUTLINE

A. Nature of Services Required

The City target date for year-end closing is August 15.

1. Audit all books, records and other financial documents and information pertaining to the City of Garden Grove; Garden Grove Sanitary District, Garden Grove Agency for Community Development; AQMD, Single Audit (Housing, CDBG, HOME, Other Major Federal Grants), and Prop 10 Audit Orange County Children and Families Commission. In addition the GANN numbers are confirmed for the City of Garden Grove and the Garden Grove Sanitary District. The City at times has other State and Federal grants that may require auditing.
 - a. In addition, the auditors perform a review in accordance with agreed upon procedures to assure compliance with contract requirements for the following:
 - b. Willowick Golf Course - Revenue examination and internal control
 - c. The City contracted refuse hauler
 - d. One More Productions
2. The audit firm may prepare the State Controller's Report for the Garden Grove Sanitary District.
3. The audit shall be in accordance with generally accepted auditing standards as approved and adopted by the AICPA and shall conform to OMB Circular No. A-128 or its most current derivative. The City's cognizant agency for Federal Grants is the Health and Human Services Department.
 - a. The audit for the Housing Authority, which includes the Section 8 Housing Assistance Payment Program and Moderate Rehabilitation Program, HOME, and the Community Development Block Grant, shall conform to the guidelines set forth in the HUD Audit Guide.
4. The auditor should assist the City in preparing financial statements that conform to the standards of the Government Finance Officers Association to ensure that the City continues to receive the annual awards for excellence in financial reporting. The City

complies with GASB 34 as of the ending for each of the years in the contract period. In addition, the City prepares the Management Discussion and Analysis (MD&A).

5. The audit examination shall be based upon tests and samples of the accounting records and transactions sufficient to satisfy the audit firm of the accuracy and fairness of the financial statements, as presented in the Comprehensive Annual Financial Report.
6. The preliminary review shall include findings and recommendations to management with adjusting entries. If there is a cost to the City for conforming to compliance issues, than the auditor will provide an estimate of the cost.
7. The City's fiscal year ends June 30. Preliminary work for the CAFR and the single audit should begin between April 1 and June 1 with a completion date of October 15. The Management Letter should be to the Finance Director by November 15. Preliminary report completion and review should be final by September 30. Final report submission should be completed by October 15.
8. The Garden Grove Agency for Community Development audit shall be completed by October 1. This will enable the audit to be presented to the Agency Board on the last meeting in November or the first meeting in December.
9. Prepare the tax returns and address tax issues for the Garden Grove Sanitary District Public Improvement Corp.
10. Review the City's Investment Policy for compliance with all State requirements. Examine how the investment instruments are held and recorded to ensure the security of all invested funds.
11. Any findings made during the audit should be reported and discussed as soon as noted with the appropriate staff so all corrections can be completed in a timely manner.
12. The Finance Department is responsible for the accounting and accurate recording of the grants. However, each grant and the associated programs and compliance requirements are the responsibility of various sections of the City. Therefore, it is necessary for the audit staff to communicate with several individuals outside the Finance Department. This communication could include budget to actual variance, compliance requests, explanation of changes in expense patterns from one year to the next, etc.
13. The Single Audit should be completed by October 15, so the City may
 - a. include this as part of the CAFR.
14. The AQMD audit should be completed by November 1.

B. Description

1. The City of Garden Grove is a full-service general law city which provides the following programs: Fire Protection, Police Protection, Traffic Safety, Public Right-of-Way, Water

Supply, Refuse Collection, Sewer Maintenance, Drainage, Community Buildings, Human Resource Services, Leisure and Cultural Activities, Parks and Greenbelts, Community Planning and Development, and Municipal Support Services and Management. The population is approximately 173,000.

2. The Garden Grove Agency for Community Development was established in 1970 pursuant to the California Community Redevelopment Laws.
3. The City's accounting records for general government operations are maintained on the modified accrual basis. Accounting records for the City's proprietary funds are maintained on the accrual basis. The accounting records comply with GASB 34.
4. Budgeting control for the City is maintained at the fund, department and program level. Estimated revenue, appropriations and encumbrances are recorded in the accounting records.
5. All of the City's accounting records are computerized and available on the system and all hard copy reports are available for audit purposes. The Garden Grove Sanitary District accounts receivable records are held by the refuse hauler and are not on the City computer system. The types of the Sanitary District Reports are more limited.
6. Copies of our prior year's financial statement and budget are available.
7. The City's most recent audit was performed by Mayer Hoffman McCann P.C., for fiscal year ending June 30, 2010. The opinion was unqualified.
8. The Willowick Golf Course is operated under a lease with Donovan Golf
a. Course Management, Inc., and rent payments to the City are based on receipts collected. The Willowick audit is to determine the reasonableness of the rents received by the City, to ensure compliance with the City contract, and to evaluate the internal control at the Golf Course.
9. The City of Garden Grove, the Garden Grove Public Financing Authority, the Garden Grove Housing Authority, and the Garden Grove Agency for Community Development, the Garden Grove Sanitary District have issued debt and entered into loan agreements. For information, please refer to Note 9 of the FY2009-2010 CAFR pages 55 to 63
10. The City is currently involved with HUD programs - CDBG, Home Investment Partnership agreement program that assists first time homebuyers, and the Emergency Shelter Grant, Section 8 housing assistance. The audit is to ensure HUD compliance.
11. The City acquired the Garden Grove Sanitary District on May 30, 1997. The Sanitary District has an agreement with the refuse hauler that it will receive 2½% of the commercial refuse fees collected by the hauler (Taormina Industries). This helps to repay the District for administrative costs to administer the contract. When requested by the district, the auditor may be required to examine the records to ensure the 2½% has been correctly reported to the District.

C. Assistance Available to Auditor

1. Garden Grove has a small accounting staff. Because of the small staff, it is difficult to have blocks of time available for audit staff questions. The City staff can prepare reports available on our computer. However, it is important that the request for the report be made in advance of when it is needed so that staff may work the request into their schedule. The auditor's staff many times are requested to pull documents, reproduce documents, and return the documents to where originally located, etc. Since many of the documents that are needed for an audit are also the same ones that are needed by City staff, please ask the audit staff to inform the City staff in charge of the documents where they will be located. If the documents are held for an extended period of time please let City staff know. To save time, staff and auditors should coordinate requests to avoid duplication of effort.
2. The City of Garden Grove will issue representation letters for inventory evaluation, contingent liabilities, potential litigation, cash investment confirmations, etc., if required. Please provide us a list of the required letters before the start of the audit cycle. The City tries to prepare these letters well in advance of the start of the audit. Therefore, the sooner we are given the list of required letters the quicker the letter can be mailed and any corrections completed and the letter mailed again.

D. Summary of Reports to be Prepared by the Auditor

1. Agency audit report with an opinion on compliance. The Auditor shall prepare 20 copies of the Agency schedules and audit reports which should be addressed to the Agency Board. This must be completed and received at the City by October 1. Since there are few Agency Board meetings before the end of the calendar year, this will ensure that the audit can be presented to the Agency Board before the end of the calendar year.
2. Auditor's opinion and management letter for the City's Comprehensive Annual Financial Report (CAFR). These documents will be prepared for the City and include all related activities.
 - a. The Management Letter, which will be addressed to the Finance Director, should include a summation statement of audit findings and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions and any other material matter. The estimated cost of implementing any recommendations must be included with each item. (2 copies)
3. Willowick Golf Course audit and management letter (10 copies)
4. Prop 10 Audit Orange County Children and Families Commission.
5. GANN Appropriations Limit (one for the City and one for the Sanitary District)- Review and approve the appropriations limits prepared by the City and used in its various reports. Submit a letter indicating agreement. (2 copies of each)

6. Single Audit Report - includes an audit of all federal funds received, which include Community Development Block Grant, Housing Authority, all applicable capital and operational grants, Joint Training Partnership Act Grant, etc., opinion on compliance, completion of the schedule of federal financial assistance. (50 copies)
7. Payroll Advisory - At times it has been necessary for City staff to seek clarification on new payroll and accounts payable (1099) regulations. We would like a contact person to clarify concerns when these occur.
8. Auditor's opinion and management letter for the Garden Grove Financing Authority. (10 copies)
9. Garden Grove Sanitary District completion of the State Controller's Report, and filing of required state and federal tax forms is also required.
10. A separate audit report for AQMD that is to be completed by December
 - a. 10 due by February 1 at the State Office. (10 copies).
11. AUP Garden Grove Disposal
12. AUP One More Productions

E. Billings

1. To enable the City to internally charge for the audit costs, please itemize costs by:
 - City Audit
 - Agency Audit
 - Housing Audit
 - CDBG Audit
 - Single Audit
 - Willowick Golf Course Agreed Upon Procedures
 - GANN Limit
 - City GANN Limit
 - Garden Grove Sanitary District GANN Limit
 - One More Productions Agreed Upon Procedures
 - Prop 10 Audit Orange County Children and families Commisiion
 - Garden Grove Financing Authority Audit
 - Refuse Hauler Agreed Upon Procedures
 - Garden Grove Sanitary District
 - Audit
 - State Controllers Report
 - By type of tax return
 - Garden Grove Sanitary District Improvement Corp.



Certified Public Accountants.

Sacramento • Walnut Creek • Oakland • Los Angeles • Century City • Newport Beach • San Diego

mgocpa.com

February 11, 2011

Sandra Segawa
City of Garden Grove

Pursuant to Partner Policy I.(F) of the Seventh Amended and Restated Agreement of Partnership of Macias Gini & O'Connell LLP, Linda Hurley has the right to bind the partnership for client services. This authorization includes soliciting, negotiating and signing contracts for client services. I certify that our Partnership Agreement, dated January 1, 2009 has been fully executed by all the current partners.

Please feel free to contact me if you have additional questions.

Respectfully,

Aimee Sanatkar, M.B.A., CPA
Chief Financial Officer

ABC MultiCover - AB 91 89 08 07

This endorsement modifies insurance provided under the following:

American Business Coverage

Your policy is broadened and clarified as follows:

1. Non Employment Discrimination Liability

Unless Personal Injury or Advertising Injury is excluded from this policy:

A. Section III - Definitions, Item 17. Personal Injury is amended to include:

f. Discrimination

B. Section III - Definitions, Item 2. Advertising Injury is amended to include:

e. Discrimination

C. Section III - Definitions is amended to include:

30. Discrimination means the unlawful treatment of individuals based on race, color, ethnic origin, gender, religion, age, or sexual preference.

D. Section II - Liability Coverage, Part H. Exclusions, Item 1, p Personal Injury or Advertising Injury is amended to include:

(11) Arising out of discrimination directly or indirectly related to the past employment, employment or prospective employment of any person or class of persons by any insured; or

(12) Arising out of discrimination directly or indirectly related to the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any dwelling,

permanent lodging, or premises by or at the direction of any insured; or

(13) Arising out of discrimination, if insurance thereof is prohibited by law; or

(14) Fines, penalties, specific performance, or injunctions levied or imposed by a governmental entity, or governmental code, law, or statute because of discrimination.

2. Blanket Additional Insured

Section II - Liability Coverage, Part I. Who Is An Insured, Item 2. is amended to include:

f. Any person or organization that you are required by a written insured contract to include as an insured, subject to all of the following provisions:

(1) Coverage is limited to their liability arising out of:

(a) the ownership, maintenance or use of that part of the premises, or land owned by, rented to, or leased to you; or

(b) your ongoing operations performed for that insured; or

(c) that insured's financial control of you; or

(d) the maintenance, operation or use by you of equipment leased to you by such person(s) or organization(s); or

This Form must be attached to Change Endorsement when issued after the policy is written. One of the Fireman's Fund Insurance Companies as named in the policy

Secretary

President

AB9189 8-07

Reviewed and approved as to insurance language and/or requirements.

2-16-11

Risk Management

- (e) a state or political subdivision permit issued to you.
- (2) Coverage does not apply to any occurrence or offense:
 - (a) which took place before the execution of, or subsequent to the completion or expiration of, the written insured contract, or
 - (b) which takes place after you cease to be a tenant in that premises.
- (3) With respect to architects, engineers, or surveyors, coverage does not apply to **Bodily Injury, Property Damage, Personal Injury or Advertising Injury** arising out of the rendering or the failure to render any professional services by or for you including:
 - (a) The preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
 - (b) Supervisory, inspection, or engineering services.

If an Additional Insured endorsement is attached to this policy that specifically names a person or organization as an insured, then this coverage does not apply to that person or organization.

3. Blanket Additional Insured for Vendors

Unless the **Products-Completed Operations Hazard** is excluded from this policy, **Section II - Liability Coverage, Part I. Who Is an Insured, Item 2.** is amended to include:

- g. Any vendor but only with respect to **Bodily Injury or Property Damage** arising out of your products which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:
 - 1. The insurance afforded the vendor does not apply to:
 - a. **Bodily Injury or Property Damage** for which the vendor is obligated to pay damages by reason of the

assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container.
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.

- 2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

If an Additional Insured - Vendors endorsement is attached to this policy that specifically names a person or organization as an insured, then this coverage does not apply to that person or organization.

4. Blanket Waiver of Subrogation

Section II - Liability Coverage, Part K. Liability and Medical Payments General Conditions, is amended to include:

6. Transfer of Rights of Recovery Against Others to us and Blanket Waiver of Subrogation
 - a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair those rights. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
 - b. If required by a written insured contract, we waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your operations or your work for that person or organization.

5. Broadened Named Insured

Section II - Liability Coverage, Part I. Who Is An Insured, Item 4. is replaced with:

4. All of your subsidiaries, companies, corporations, firms, or organizations, as now or hereafter constituted, qualify as Named Insured under this policy if:
 - (a) you have the responsibility of placing insurance for each such entity; and
 - (b) coverage for the entity is not otherwise more specifically provided; and
 - (c) the entity is incorporated or organized under the laws of the United States of America.

But each entity is insured only while you own, during the policy period, a controlling interest in such entity of greater than 50% of the stock or assets. However:

- (a) Coverage under this provision is afforded only until the end of the policy period, or the 12 month anniversary of the policy inception date, whichever is earlier;
- (b) Coverage C does not apply to bodily injury or property damage that occurred

before you acquired or formed the organization;

- (c) Coverage C does not apply to personal injury or advertising injury arising out of an offense committed before you acquired or formed the organization.

6. Medical Payments

Unless Coverage D. Medical Payments is excluded from this policy:

- A. **Section II - Liability Coverage, Part H. Exclusions**, Item 2.f. is replaced with:
 - f. Included within the products-completed operations hazard. However, this exclusion does not apply to expenses for dental services.
- B. **Section II - Liability Coverage, Part G. Coverage**, Item 2., is amended to include:
 - c. Coverage D. Medical Payments is primary and not contributing with any other insurance, even if that other insurance is primary also.

7. Tenant's Legal Liability

- A. **Section III - Liability Coverage, Part J. Liability and Medical Payments Limits of Insurance**, Item 3. is replaced with:
 3. The most we will pay under Coverage C - Liability for damages because of property damage to premises while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner:
 - a. arising out of any Covered Cause of Loss shall be the greater of:
 - (1) \$1,000,000; or
 - (2) The Tenant's Legal Liability limit shown in the Declarations.

8. Chartered Aircraft

Section II - Liability Coverage, Coverage C, Part H. Exclusions, Item 1.g. is amended to include:

- (5) An aircraft in which you have no ownership interest and that you have chartered with crew.

9. Coverage Territory Broadened

Section III - Definitions, Item 5.a. is replaced with:

- a. The United States of America (including its territories and possessions), Puerto Rico, Canada, Bermuda, the Bahamas, the Cayman Islands and the British Virgin Islands.

10. Broadened Advertising Injury

Unless Advertising Injury is excluded from this policy:

A. Section III - Definitions, Item 2. is replaced with:

2. Advertising Injury means injury arising out of one or more of the following offenses:

- a. Oral, written, televised or videotaped publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- b. Oral, written, televised or videotaped publication of material that violates a person's right of privacy;
- c. Misappropriation of advertising ideas or style of doing business; or
- d. Infringement of trademark, copyright, title or slogan.

B. Section II - Liability Coverage, Coverage C, Part H. Exclusions, Items 1.p.(1) and (2) are replaced with:

- (1) Arising out of oral, written, televised or videotaped publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral, written, televised or videotaped publication of material whose first publication took place before the beginning of the policy period;

11. Broadened Personal Injury

Unless Personal Injury is excluded from this policy, Section III - Property, Liability and Medical

Payments Definitions, Items 17.b., d. and e. are replaced with:

- b. Malicious prosecution or abuse of process;
- d. Oral, written, televised or videotaped publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral, written, televised or videotaped publication of material that violates a person's right of privacy;

12. Broadened Personal or Advertising Injury

Unless Personal Injury or Advertising Injury is excluded from this policy, Section II - Liability Coverage, Coverage C, Part H. Exclusions, Item 1.p.(4) Exclusions is deleted in its entirety.

13. Fellow Employees Coverage

Section II - Liability Coverage, Part I. Who Is an Insured, Item 2.a.(1) is amended as follows:

- (1) Personal Injury to you or to a co-employee while in the course of his or her employment, or the spouse, child, fetus, embryo, parent, brother, sister or any member of the household of that employee or co-employee as a consequence of such Personal Injury, or for any obligation to share damages with or repay someone else who must pay damages because of the injury; or

14. Mental Anguish Is Included in Bodily Injury

Section III - Definitions, Item 4. is replaced with:

4. Bodily injury means bodily injury, sickness or disease sustained by a person. It includes death or mental anguish which result at any time from such physical harm, physical sickness or physical disease. Mental anguish means any type of mental or emotional illness or disease.

15. Unintentional Failure to Disclose Hazards

Section II - Liability Coverage, Part K. Liability and Medical Payments General Conditions, is amended to include:

6. Unintentional Failure to Disclose Hazards

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

16. Supplementary Payments, Increase Limits

Section II - Liability Coverage, Part G. Coverage, Items 1.e. (2) and (4) are replaced with:

- (2) The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or suit including substantiated loss of earnings up to \$500 a day because of time off work.

17. Per Location Aggregate

A. Section II - Liability Coverage, Part J. Limits of Insurance, Item 4. is amended to include:

The Aggregate Limit of Insurance applies separately to each location owned by you, rented to you, or occupied by you with the permission of the owner.

B. Section III - Property, Liability and Medical Payments Definitions, is amended to include:

- 31. **Location** means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of railroad.

18. Amended Duties in the Event of an Occurrence, Offense Claim or Suit

Section II - Liability Coverage, Part K. Liability and Medical Payments General Conditions, Items 2.a. and b. are replaced with:

- a. In the event of an occurrence, offense, claim, or suit, you must promptly notify us. Your duty to promptly notify us is effective when your executive officers, partners, members, or

legal representatives are aware of the General Liability occurrence, offense, claim, or suit. Knowledge of an occurrence, offense, claim, or suit by other employee(s) does not imply you also have such knowledge.

- b. To the extent possible, notice to us should include:

- (1) How, when and where the occurrence or offense took place;
- (2) The names, addresses, and telephone numbers of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the occurrence, offense, claim, or suit.

19. **Common Policy Conditions (AB 00 09 A 01 87), Part H. Other Insurance, Item 2. is replaced with:**

2. Coverage C - Liability

If other valid and collectible insurance is available to any insured for a loss we cover under Coverage C of this Coverage Part our obligations are limited as follows:

- a. The insurance provided under this policy is primary if you are required by a written insured contract to include any person or organization as an insured, but only with respect to that insured's liability arising out of the ownership, maintenance, or use of that part of the premises owned by or rented to you, or your work for that insured by or for you. Any other insurance available to that person or organization is excess and noncontributory with this insurance, or;
- b. Except for the circumstance described in 2.a., above, the insurance provided under this policy is excess over any other liability insurance available to any insured whether such other insurance is written as primary, excess, contingent or any other basis. An exception applies when any insured specifically has purchased excess insurance to apply in excess of the limits of insurance shown in the Declarations of this Coverage Part for Coverage C.

20. **Damage to Invitees' Automobiles from Falling Trees or Tree Limbs - Limited Coverage**

The policy applies to direct physical damage to automobiles owned by invitees subject to all of the following:

1. Provided such damage originates from premises owned, managed, leased or rented by an insured;
2. Coverage applies only to invitees of an insured or an insured's tenant;
3. Such damage is directly caused by wind-driven falling trees or tree limbs;
4. The most we will pay for any one loss is the lesser of the actual cash value of the damaged automobile as of the time of the loss; or the cost of repairing or replacing the damaged automobile with another automobile of like

kind and quality; subject to a limit of \$25,000 in any one policy period; and

5. This coverage is not subject to the General Liability General Aggregate Limit.

21. **Expected or Intended Injury - Amendment to Exclusion**

SECTION I - 2. EXCLUSIONS a. Expected or Intended Injury, is replaced by the following:

a. **Expected or Intended Injury**

Bodily injury or property damage expected or intended from the standpoint of the insured. This exclusion does not apply to **bodily injury or property damage** resulting from the use of reasonable force to protect persons or property.

All other terms and conditions of the policy apply.

Business Auto Coverage Form - CA 00 01 03 06

Policy Amendment(s) Commercial Business Auto Coverage Form

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words **you** and **your** refer to the Named Insured shown in the Declarations. The words **we**, **us** and **our** refer to the Company providing this insurance.

Other words and phrases that appear in boldface have special meaning. Refer to Section V - Definitions.

Section I - Covered Autos

Item Two of the Declarations shows the **autos** that are covered **autos** for each of your coverages. The following numerical symbols describe the **autos** that may be covered **autos**. The symbols entered next to a coverage on the Declarations designate the only **autos** that are covered **autos**.

A. Description of Covered Auto Designation Symbols

Symbol	Description of Covered Auto Designation Symbols
--------	---

1. = ANY AUTO.
2. = OWNED AUTOS ONLY. Only those **autos** you own (and for Liability Coverage any **trailers** you don't own while attached to power units you own). This includes those **autos** you acquire ownership of after the policy begins.
3. = OWNED PRIVATE PASSENGER AUTOS ONLY. Only the private passenger **autos** you own. This includes those private passenger **autos** you acquire ownership of after the policy begins.
4. = OWNED AUTOS OTHER THAN PRIVATE PASSENGER AUTOS ONLY. Only

those **autos** you own that are not of the private passenger type (and for Liability Coverage any **trailers** you don't own while attached to power units you own). This includes those **autos** not of the private passenger type you acquire ownership of after the policy begins.

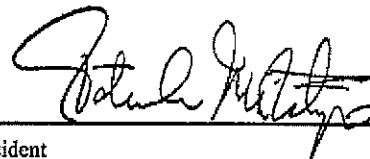
5. = OWNED AUTOS SUBJECT TO NO-FAULT. Only those **autos** you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those **autos** you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
6. = OWNED AUTOS SUBJECT TO A COMPULSORY UNINSURED MOTORISTS LAW. Only those **autos** you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those **autos** you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7. = SPECIFICALLY DESCRIBED AUTOS. Only those **autos** described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any **trailers** you don't own while attached to any power unit described in Item Three).
8. = HIRED AUTOS ONLY. Only those **autos** you lease, hire, rent or borrow. This does not include any **auto** you lease, hire, rent, or borrow from any of your **employees**, partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

This Form must be attached to Change Endorsement when issued after the policy is written.

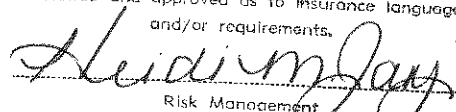
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary

President



2-16-11


Risk Management

9. = **NONOWNED AUTOS ONLY.** Only those autos you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes autos owned by your employees, partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.
19. = **MOBILE EQUIPMENT SUBJECT TO COMPULSORY OR FINANCIAL RESPONSIBILITY OR OTHER MOTOR VEHICLE INSURANCE LAW ONLY.** Only those autos that are land vehicles and that would qualify under the definition of mobile equipment under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

B. Owned Autos You Acquire After the Policy Begins

1. If symbols 1, 2, 3, 4, 5, 6 or 19 are entered next to a coverage in Item Two of the Declarations, then you have coverage for autos that you acquire of the type described for the remainder of the policy period.
2. But, if Symbol 7 is entered next to a coverage in Item Two of the Declarations, an auto you acquire will be a covered auto for that coverage only if:
 - a. We already cover all autos that you own for that coverage or it replaces an auto you previously owned that had that coverage; and
 - b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment and Temporary Substitute Autos

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered autos for Liability Coverage:

1. Trailers with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. Mobile equipment while being carried or towed by a covered auto.

3. Any auto you do not own while used with the permission of its owner as a temporary substitute for a covered auto you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

Section II - Liability Coverage

A. Coverage

We will pay all sums an insured legally must pay as damages because of **bodily injury** or **property damage** to which this insurance applies, caused by an **accident** and resulting from the ownership, maintenance or use of a covered auto.

We will also pay all sums an insured legally must pay as a **covered pollution cost or expense** to which this insurance applies, caused by an **accident** and resulting from the ownership, maintenance or use of covered autos. However, we will only pay for the **covered pollution cost or expense** if there is either **bodily injury** or **property damage** to which this insurance applies that is caused by the same **accident**.

We have the right and duty to defend any insured against a suit asking for such damages or a **covered pollution cost or expense**. However, we have no duty to defend any insured against a suit seeking damages for **bodily injury** or **property damage** or a **covered pollution cost or expense** to which this insurance does not apply. We may investigate and settle any claim or suit as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is an Insured

The following are insureds:

- a. You for any covered auto.
- b. Anyone else while using with your permission a covered auto you own, hire or borrow except:

- (1) The owner or anyone else from whom you hire or borrow a covered

auto. This exception does not apply if the covered **auto** is a **trailer** connected to a covered **auto** you own.

- (2) Your **employee** if the covered **auto** is owned by that **employee** or a member of his or her household.
- (3) Someone using a covered **auto** while he or she is working in a business of selling, servicing, repairing, parking or storing **autos** unless that business is yours.
- (4) Anyone other than your **employees**, partners (if you are a partnership), members (if you are a limited liability company), or a lessee or borrower or any of their **employees**, while moving property to or from a covered **auto**.
- (5) A partner (if you are a partnership), or a member (if you are a limited liability company) for a covered **auto** owned by him or her or a member of his or her household.

c. Anyone liable for the conduct of an **insured** described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the **insured**:

- (1) All expenses we incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an **accident** we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any **suit** against the **insured** we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the **insured** at our request, including actual loss of earnings up to \$250 a day because of time off from work.

(5) All costs taxed against the **insured** in any **suit** against the **insured** we defend.

(6) All interest on the full amount of any judgment that accrues after entry of the judgment in any **suit** against the **insured** we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-of-State Coverage Extensions

While a covered **auto** is away from the state where it is licensed we will:

(1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered **auto** is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

(2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered **auto** is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected or Intended Injury

Bodily injury or property damage expected or intended from the standpoint of the **insured**.

2. Contractual

Liability assumed under any contract or agreement.

Zimbra

heidij@ci.garden-grove.ca.us

± Font Size ±

Macias - Revised Certificate

From : Tracy Dolan <Tracy.Dolan@wellsfargo.com>
Subject : Macias - Revised Certificate
To : heidij@garden-grove.org

Wed, Feb 16, 2011 08:29 AM

 1 attachment

Hi Heidi, Please see attached revised certificate.

Per the company underwriter:

Tracy, I looked in to this further and we do not have a specific form for covering additional insured's like this other than our FleetCover form but that form is only available when there are owned autos on the policy. In reading through the CA0001, the main auto contract form, there is a section under the Who is an Insured that states "anyone liable for the conduct of an insured described above but only to the extent of that liability". This provision basically affords additional insured status for an entity that is liable for the conduct of an insured. It negates the specific need for an additional insured endorsement.

Please let me know if you have any additional questions.

Thanks,
Tracy M. Dolan, AAI, ACSR, CISR
Account Manager
Wells Fargo Insurance Services USA, Inc.
11017 Cobblersrock Drive Suite 100
Rancho Cordova CA 95670
Email: tracy.dolan@wellsfargo.com
CA DOI # 0D08408
Phone: 916 231-1757
Fax: 916 231-1868

Please note my new name and email address: tracy.dolan@wellsfargo.com.

Wells Fargo Insurance Services Confidential. (c) 2011 Wells Fargo Insurance Services. All rights reserved.

-----Original Message-----

From: rancho_printer@wellsfargo.com [mailto:rancho_printer@wellsfargo.com]
Sent: Wednesday, February 16, 2011 8:26 AM
To: Dolan, Tracy M.
Subject:

This document was digitally sent to you using an HP Digital Sending device.



Document.pdf
425 KB

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/01/2010

PRODUCER (847) 385-6800
Lemme Insurance Group, Inc.
111 West Campbell
4 floor
Arlington Heights, IL 60005 CA DOI Lic#OC42466

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Macias Gini & O'Connell LLP, Macias Consulting Group, Inc., and IntelliBridge Partners, LLC
3000 S Street, Suite 300
Sacramento, CA 95816

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A:	
INSURER B:	
INSURER C: Lexington Insurance Company	A, XV
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS								
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	N/A			EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$								
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	N/A			COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$								
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO	N/A			AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$								
	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$	N/A			EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$								
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	N/A			<table border="1"> <tr> <td>WC STATU-TORY LIMITS</td> <td>OTH-ER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table>	WC STATU-TORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$	E.L. DISEASE - EA EMPLOYEE	\$	E.L. DISEASE - POLICY LIMIT	\$
WC STATU-TORY LIMITS	OTH-ER												
E.L. EACH ACCIDENT	\$												
E.L. DISEASE - EA EMPLOYEE	\$												
E.L. DISEASE - POLICY LIMIT	\$												
C	OTHER Professional Liability (Errors & Omissions)	# 025655196	05/01/2010	05/01/2011	\$2,000,000 Per Claim & Annual Agg. \$150,000 Self-Insured Retention								

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Reviewed and approved as to insurance language and/or requirements.
 2-10-11 *Heidi M. Gray*
 Risk Management

CERTIFICATE HOLDER
 City of Garden Grove
 P O. Box 3070
 Garden Grove, CA 92842

CANCELLATION
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
 AUTHORIZED REPRESENTATIVE *David Koenen*

AGREEMENT WITH MACIAS GINI & O'CONNELL LLP TO PROVIDE THE CITY'S ANNUAL AUDIT FOR FISCAL YEARS 2010-11, 2011-12, AND 2012-13; AND RATIFICATION OF TERMINATION OF THE PRIOR AUDITOR SERVICES CONTRACT (F: 55-Macias Gini & O'Connell LLP) (XR: 60.1)
(XR: 55-Mayer Hoffman McCann P.C.)

Staff report dated February 22, 2011, was introduced.

It was moved by Council Member Broadwater, seconded by Council Member Do, and carried by unanimous vote that the Agreement by and between the City of Garden Grove and Macias, Gini, and O'Connell LLP, to serve as the City's Independent Auditor for Fiscal Years 2010-11 through 2012-13, in the amount of \$231,916, with two optional renewal years; be and hereby is approved; the City Manager or his designee, the Finance Director, is authorized to execute all related and enabling agreements; and termination of the prior auditor services contract with Mayer Hoffman McCann P.C. is hereby ratified.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept: City Manager
Subject: AWARD OF INDEPENDENT FINANCIAL AUDITOR CONTRACT TO MACIAS GINI & O'CONNELL LLP, FOR FY 2010-11 THROUGH FY 2012-13; RATIFICATION OF TERMINATION OF THE PRIOR AUDITOR SERVICES CONTRACT

From: Kingsley Okereke
Dept: Finance
Date: February 22, 2011

OBJECTIVE

To seek City Council approval to award a three-year contract to Macias Gini & O'Connell LLP, for the City's Independent Financial Auditor Services; and ratification of termination of the prior auditor services contract.

BACKGROUND

The purpose of the City's annual audit is to obtain an opinion from an independent financial audit firm on the City's financial statements, and to review and verify conformance with generally accepted accounting principles and related Government Accounting Standards. The City, as a matter of accounting and financial prudence, re-examines the independent financial audit relationship periodically and on an as needed basis.

Staff issued and advertised Request For Proposals (RFP) No. S-1041 on April 22, 2009, to solicit proposals for auditing services. Based on the responses to this RFP the City awarded a five-year contract to Mayer Hoffman McCann P.C. The City was audited by Mayer Hoffman McCann P.C. last fiscal year ending June 30, 2010. The firm did a good audit job and issued a clean opinion to the City.

However, recent negative publicity involving Mayer Hoffman McCann P.C. prompted a review of the City's ongoing relationship with the firm after the FY09-10 audit. All things considered, staff in concert with the City Council Audit Committee determined that it is in best interest of the City to terminate the audit agreement. Mayer Hoffman McCann, P.C has been properly notified and the contract will legally terminate on February 28, 2011.

ANALYSIS

Immediate action is therefore required to secure a new Accounting firm in order to allow sufficient time to commence the audit of the City's financial statements for the fiscal year ending June 30, 2011. The Finance Department initiated contract

discussions with the next highest scoring contender, Macias Gini & O'Connell LLP (MGO), from the last Request For Proposal process.

MGO has vast experience in governmental accounting and is a well-qualified regional CPA Firm with significant presence in California. The engagement team's office is located in Newport Beach, California, making them easily accessible. They provide auditing services for many cities including the following cities in Orange County: Santa Ana, Tustin, Westminster, and La Habra. All of the cities and agencies in California contacted for references provided positive feedback of Macias, Gini, and O'Connell LLP's auditing services. In addition, MGO had previously audited the City of Garden Grove, which will make the transition very smooth.

FINANCIAL IMPACT


The total proposed cost for the City's auditing services will be \$231,916 for the next three fiscal years: 2010-11, \$76,038; 2011-12, \$76,038; 2012-13, \$79,840. These are very competitive prices today. These audit fees are inclusive of the City and all its component units (Agency, Housing, and Sanitary District) as currently constituted. Any changes in the future will result in reductions or increases in the annual fees based on the standard personnel fees outlined in the proposal. The requisite funds will be appropriated annually and attributed to the City's audit entities and component unit funds.

RECOMMENDATION

It is recommended that City Council:

- Award a contract to Macias, Gini, and O'Connell LLP as the City's Independent Auditor for Fiscal Years 2010-11 thru 2012-13, in the total amount of \$231,916, and authorize two optional renewal years.
- Authorize the City Manager or his designee, the Finance Director, to execute all related and enabling agreements; and
- Ratify the termination of the prior auditor services contract with Mayer Hoffman McCann P.C.


KINGSLEY OKEREKE
Director of Finance


By: Hersh Skidmore
Accounting Manager

Recommended for Approval


Matthew Fertal
City Manager