

AGREEMENT BIBLIOGRAPHY

Agreement With:	Macias Gini & O'Connell LLP
Agreement Type:	Annual Audit Services
Date Approved:	04 07 2015
Start Date:	04 07 2015
End Date:	12 31 2015
Contract Amount:	\$110,090
Comments:	Amendment No. 2 Finance
Insurance Expiration:	04 30 2015
Date Archived:	ARCHIVED 04/09/2015



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.*

April 8, 2015

Macias Gini & O'Connell LLP
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660

Enclosed is a copy of Amendment No. 2 to the Agreement by and between the City of Garden Grove and Macias Gini & O'Connell LLP for annual audit services.

Sincerely,

Kathleen Bailor, CMC
City Clerk


By: Teresa Pomeroy, CMC
Deputy City Clerk

Enclosure

c: Finance Department
Finance Department/Purchasing

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Christopher V. Phan
Council Member

Phat Bui
Council Member

Kris Beard
Council Member

City of Garden Grove

AMENDMENT NO. 2

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

This Amendment No. 2 to Contract is made and entered into this 7th day of April, 2015, by and between the City of Garden Grove, hereinafter referred to as the "CITY", and **Macias Gini & O'Connell LLP**, hereinafter referred to as "CONTRACTOR".

WHEREAS, Contractor and CITY entered into Contract No. 93098 effective July 22, 2008, and;

WHEREAS, Contractor and CITY desire to amend the Existing Contract as provided herein.

Now, therefore, it is mutually agreed, by and between the parties as follows:

Section 1, Term and Termination, shall be revised as follows:

The CITY hereby extends the performance period through the audit of FY 2014-15.

Section 3.1, Compensation, shall be revised as follows:

The contract Amount is hereby increased from \$386,778.00 to a new Not to Exceed Amount of \$496,868.00 this is an increase of \$110,090.00 to extend the contract through the audit of FY2014-15 per the engagement letter which is attached as Attachment A.

Except as expressly amended hereby, the Existing Contract remains in full force and effect as originally executed.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 2 to the Existing Contract to be executed by their respective officers duly authorized on the date first written above.

Date: 4/7/15

"CITY"
CITY OF GARDEN GROVE

By: [Signature]
City Manager

ATTESTED:

[Signature]
City Clerk

Date: 4-1-15

"CONTRACTOR"
Macias Gini & O'Connell, LLP

By: Katherine V. Lai

Name: Katherine V. Lai

Title: Partner

Date: March 05, 2015

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:

[Signature]
Garden Grove City Attorney

4-2-15
Date

ATTACHMENT "A"



Certified Public Accountants.

Newport Beach
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660
949.221.0025

Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

March 19, 2015

Mr. Kingsley Okereke
Finance Director/Assistant City Manager
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92842

We are pleased to confirm our understanding of the services we are to provide the City of Garden Grove, California (City) for the year ending June 30, 2015. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City as of and for the year ending June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary comparison schedules for the general fund and major special revenue funds
- 3) GASB-required supplementary pension and OPEB information

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

City

- 1) Schedule of expenditures of federal awards (normally in a separate report)
- 2) Individual and combining fund financial statements
- 3) Financial data schedule (normally in a separate report)

The following other 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.

City

- 1) CAFR introductory section
- 2) CAFR statistical section

In addition to our audit of the City's basic financial statements, we will perform additional services as summarized in the Engagement Administration, Fees, and Other section of this letter.

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objectives also includes reporting on –

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in consideration of internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the 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 may withdraw from this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. Management is responsible for identifying new federal awards made after December 26, 2014 and additional funding to existing awards made after that date, which are subject to the new OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth in Title 2 CFR, Subtitle A, Chapter II, Part 200* (Uniform Guidance). As part of the audit, we will assist with the preparation of your financial statements and related notes. You will be required to acknowledge in the written representation letter our assistance with the preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and the related notes prior to their issuance and have accepted responsibility over them. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluation and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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

Your responsibilities include 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on September 7, 2015.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditure of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes) and (4) you have disclosed to use any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will include such matters in the reports required for a Single Audit. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance 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 major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

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

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City's major programs. The purpose of these procedures will be to express an opinion on City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Macias Gini & O'Connell LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Oversight Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Macias Gini & O'Connell LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

We expect to begin our audit on approximately April 1, 2015 and to issue our reports no later than October 23, 2015. Katherine V. Lai is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$110,090, unless there are additional major programs above the three major programs included in the Single Audit fee and/or the City requests additional services. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). 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. The above fee is 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.

A summary of the services and fees as included in the following table:

Service	Amount	
CAFR (including CAFR Preparation)	\$ 79,000	
Single Audit (up to 3 major programs)	14,500	*
AQMD Audit	1,240	
Willowick Golf Course AUP	2,000	
GANN Limit:		
City GANN Limit	1,000	
Garden Grove Sanitary District GANN Limit	1,000	
One More Productions AUP	1,650	
Refuse Hauler AUP	2,600	
GASB 68 AUP or Implementation Services	5,000	
Garden Grove Sanitary District State Controller Report	1,600	**
Tax Return: Garden Grove Sanitary District Improvement Corp.	500	**
Total All-Inclusive Maximum Price	\$ 110,090	

** Each additional major program in excess of the three included in the Single Audit fee is charged at quoted hourly rates based on hours incurred, not to exceed \$5,000 per each additional major program.*

***In accordance with your request, we will provide assistance in the preparation of the Garden Grove Sanitary District State Controller Report and Garden Grove Sanitary District Improvement Corp Tax Return. We estimate the total maximum fees for these services as \$1,600, and \$500, respectively.*

A summary of the quoted hourly rates are included in the following table:

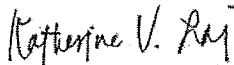
<u>Level of Work</u>	<u>Quoted Hourly Rates</u>
Partner/Director	\$ 293
Manager	178
Senior Accountant	116
Staff Accountant	96
Clerical	77

Profession and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your City in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, you agree to inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence. In addition, if you hire one of our personnel, you agree to pay us a fee of 20% of that individual's base compensation at your City 90 days from the first day of employment.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2012 peer review accompanies this letter.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Katherine V. Lai, Partner

Macias Gini & O'Connell LLP

RESPONSE:

This letter correctly sets forth the understanding of the City of Garden Grove.

By: Kingsley Okereke

Title: Assistant City Mgr.

Date: 3/24/2015



Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

System Review Report

September 12, 2012

To the Partners of
Macias Gini & O'Connell, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Macias Gini & O'Connell, LLP (the "firm") applicable to non-SEC issuers in effect for the year ended March 31, 2012. 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. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

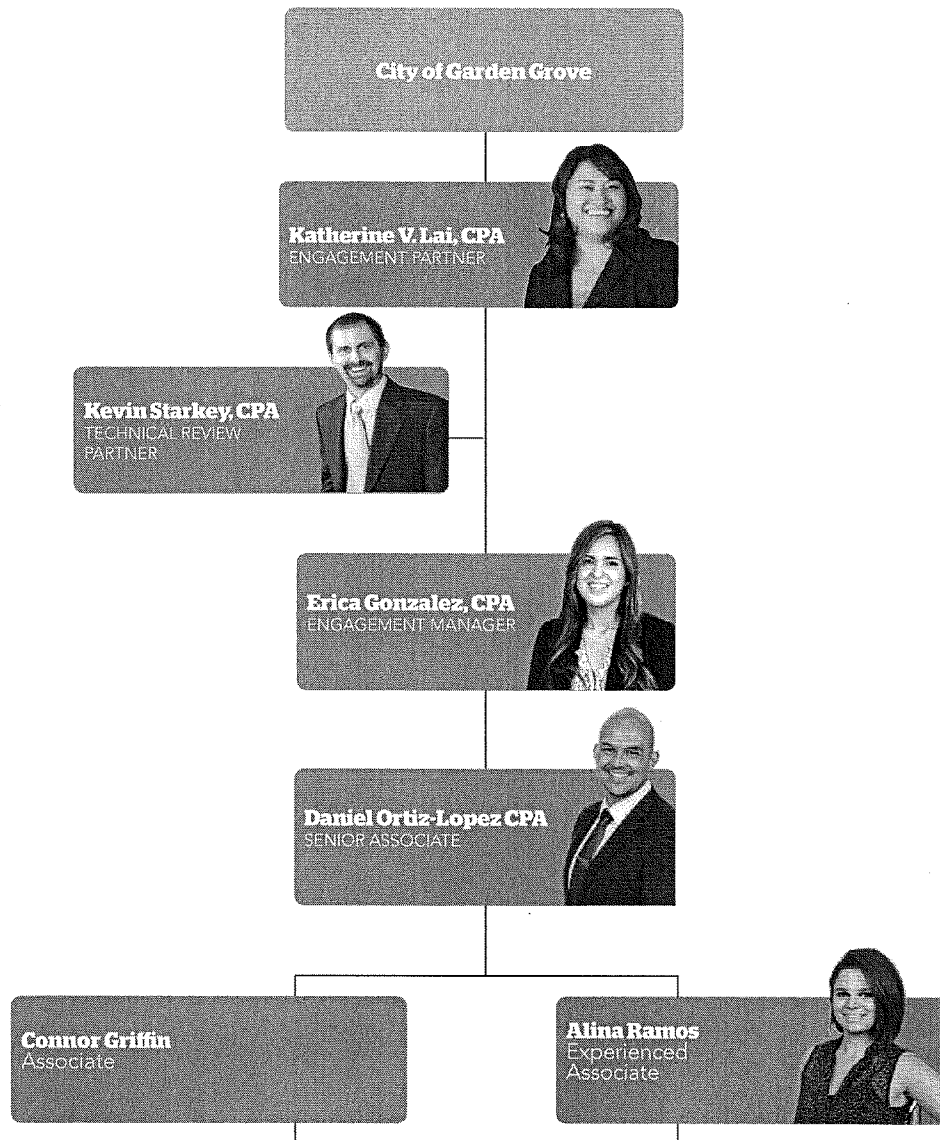
In our opinion, the system of quality control for the accounting and auditing practice of Macias Gini & O'Connell, LLP applicable to non-SEC issuers in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Macias Gini & O'Connell, LLP has received a peer review rating of *pass*.

Carr, Riggs & Ingram, LLC

CARR, RIGGS & INGRAM, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Our team's outstanding in their field and in the field.

Engagement Team WORKFLOW CHART



Kevin Starkey, CPA



Kevin has over 16 years of accounting and auditing experience. Kevin is an Assurance Services Partner and is responsible for overseeing the operations of the San Diego office. Kevin serves as the primary client services partner for MGO's public sector clients in San Diego County.

Significant engagements led by Kevin from the San Diego office include the County of San Diego, City of San Diego, San Diego County Water Authority, City of Encinitas, Unified Port of San Diego, North County Transit District, San Diego Convention Center, Fallbrook Public Utility District and the Department of Water Resources - State Water Project.

Kevin has made many presentations to accounting and financial professionals on topics such as:

- AICPA's Risk Assessment Standards and internal controls
- American Recovery and Reinvestment Act (ARRA)
- Evaluating and communicating of audit findings
- Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)
- Single Audit
- General Auditing Standards

Role and Responsibilities

- Assurance and Government Advisory Partner in the San Diego Office of MGO
- Leads and coordinates the overall delivery of the audit and technical assistance
- Leads project strategy and planning efforts
- Works closely with your management team
- Reviews all reports for compliance with professional standards
- Available throughout the year to ensure proactive issue identification and service delivery

Professional Activities and Memberships

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- Government Finance Officers Association's Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program
- Association of Government Accountants

Partner

Education

California State University, Sacramento
B.S., Business Administration with a
Concentration in Accounting

Select Clients Served

Cities

- Chico
- Encinitas
- Galt
- Lodi
- Modesto
- Oakland
- Sacramento
- San Diego
- Stockton
- Woodland

Counties

- Butte
- Fresno
- Glenn
- Placer
- Sacramento
- Santa Clara
- San Diego
- Solano
- Sonoma
- Tuolumne
- Yolo

Water Districts

- Fallbrook Public Utilities District
- San Diego County Water Authority
- City of San Diego Water and Wastewater Utilities
- Sonoma County Water Agency
- State Water Project (Department of Water Resources)
- San Dieguito Water District

State of California

- Bureau of State Audits
- California State Lottery
- California Office of Criminal Justice Planning
- California Public Employees Retirement System (CalPERS)
- California State Lottery

Additional references upon request.

Erica Gonzalez, CPA



Erica has over six years of experience in auditing, training, accounting and management services, primarily in government.

Erica is proficient in providing financial statement and compliance audits. Erica is able to identify significant risks while working on clients' audits and has planned test work and procedures to ensure risks are addressed during the engagements. She has assisted in the development of engagement budgets and has documented, tested and assessed various systems of internal controls.

Erica served as a lead auditor over the audits of several of California's largest Cities and Counties including, the City of Fresno, the City of Santa Ana and the County of Orange. Furthermore, Erica has served the City of Fresno as the primary audit contact for the past 5 years. Erica possess an intimate knowledge including its internal control structure, accounting software such as PeopleSoft and Oracle and has formed solid relationships with the various departments through the single audit, such as the Public Works, Housing, Airport and Water departments. Furthermore, she has also performed the audit of Successor Agency to the Redevelopment Agency of the City of Fresno and is closely aware of accounting matters pertaining to the dissolution and time since the dissolution. Erica possesses all the institutional knowledge to continue making the audit as effortless to the Cities.

Role & Responsibilities

- Assists Engagement Partner and Director in planning, controlling, reviewing and evaluating fieldwork
- Consults with audit team on issues and progress of fieldwork
- Discusses accounting and control issues and assists in resolving those issues
- Manages the day-to-day execution of the audit activities and directs task accomplishments, monitors progress, and ensures schedule compliance
- Assists in the coordination of other services provided by MGO

Professional Activities & Memberships

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)

Manager

Education

University of California, Santa Barbara
B.A. in Business Economics, with an emphasis in Accounting

Select Clients Served

City Governments

- Barstow *
- Covina
- Encinitas *
- Fresno *
- Garden Grove *
- Huntington Beach *
- Hughson
- La Habra *
- Rialto
- Riverside *
- Santa Ana *
- Santa Fe Springs *

County Governments

- Orange *

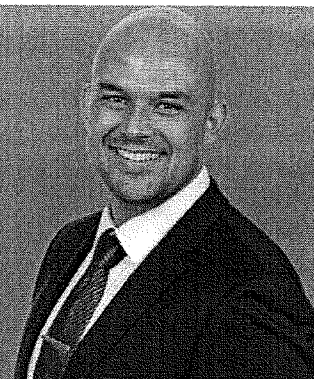
Other Governmental Agencies

- Buena Park Library District
- California Avocado Commission
- California Fluid Milk Processor Board
- Lake Forest - AUP
- Metropolitan Water District *
- Palos Verdes Peninsula Transit Authority
- Riverside County Transportation Commission
- South Orange County Community College District
- Three Arch Bay Community Services District

*GFOA Awarded

Additional references upon request.

Daniel Ortiz-Lopez, CPA



Daniel is an Experienced Associate at Macias Gini & O'Connell LLP. His experience is solely focused on governmental accounting, auditing and management services. His tasks include compiling data to prepare financial statements; performing month-end closings; preparing workpapers and supporting schedules; performing tests of details; auditing cash reconciliations, cash receipts/disbursements, fixed assets, accounts payable, encumbrances, sales, and payroll; and preparing adjusting and closing journal entries.

Daniel also has experience with A-133 compliance audits for the Cities of Fresno, Santa Ana La Canada Flintridge, Metrolink, Housing authority of Los Angeles, and Counties of Orange and Los Angeles

Role & Responsibilities

- Conducting audit fieldwork including:
- Client personnel inquiries of significant processes
- Internal control testing
- Financial statement substantiation procedures
- Researching issues as directed by the Engagement Manager and Partner

Professional Activities & Memberships

- California Society of Certified Public Accountants (CalCPA)
- Association for Latino Professionals in Finance and Accounting (ALPFA)

Senior Associate

Education

University of Southern California, B.S. in Accounting

Select Clients Served

County Governments

- Orange *+
- Los Angeles *+

City Governments

- Covina +
- La Canada Flintridge +
- Rolling Hills Estates **
- Santa Ana *+
- Santa Monica *+

Other Governmental Entities

- California State Los Angeles University Auxiliaries
- California Avocado Commission
- Friends of Expo Center
- Housing Authority of Los Angeles
- Metrolink
- San Bernardino County Retirement
- Southeast Area Social Services Funding Authority

+Utility
* GFOA Awarded

Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

March 10, 2015

Ms. 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, Katherine Lai 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,



Cynthia Pon, CPA, CGMA
Chief Operating Officer/ Partner



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/22/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Wells Fargo Insurance Services USA, Inc. CA DOI Lic. #0D08408 (916) 589-8000 10940 White Rock Road, 2nd floor Rancho Cordova, CA 95670-6076	CONTACT NAME: Tracy Dolan PHONE (A/C, No, Ext): 916 589-8153 FAX (A/C, No): 877 611-1971 E-MAIL ADDRESS: tracy.dolan@wellsfargo.com														
INSURED Macias Gini & O'Connell LLP Macias Consulting Group & Intellibridge Partners LLC 3000 S St. Ste 300, Sacramento, CA 95816	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td>INSURER A: National Surety Corporation</td> <td style="text-align: center;">21881</td> </tr> <tr> <td>INSURER B: Cypress Insurance Company</td> <td style="text-align: center;">10855</td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: National Surety Corporation	21881	INSURER B: Cypress Insurance Company	10855	INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER E:															
INSURER F:															

COVERAGES **CERTIFICATE NUMBER: 7625800** **REVISION NUMBER: See below**

THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			AZC80896307	04/30/2014	04/30/2015	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> No Owned Au			AZC80896307	04/30/2014	04/30/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			AZC80896307	04/30/2014	04/30/2015	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	3300055235-141	04/30/2014	04/30/2015	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 RE: Audit work performed on behalf of the certificate holder - Certificate holder is named additional insured per the attached AB 9189 08/07 form for general liability and CA0001 for auto liability.

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

Heidi M. Jay
Risk Management
2/23/15

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

Heidi M. Jay 5-9-14
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, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--



Primary Additional Insured - NF 91 15 12 96
Policy Amendment

Insured: MACIAS GINI & O'CONNELL LLP

Policy Number: A S1 AZC 80896307

Producer: WELLS FARGO INS SVCS USA, INC

Effective Date: 04-30-14

This endorsement modifies the insurance provided under the following:

American Business Coverage

City of Garden Grove, its officers, officials, agents, employee and volunteers are included as Additional Insurance as require by contract.

(If no entry appears above, information required to complete this Endorsement will be shown in the Declarations as applicable to this Endorsement.)

Who Is an Insured (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to 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.

The limits of insurance applicable to the person or organization added as an insured by this endorsement are those specified in the written insured contract or in the Declarations for this policy whichever are less. These limits are inclusive and not in addition to the limits of insurance shown in the Declarations.

The insurance provided by this endorsement is primary insurance. Any other insurance available to the person or organization shown in the Schedule is excess and noncontributory with this insurance.

The insurance provided by this endorsement does not apply to bodily injury or property damage which took place before the execution of, or subsequent to the completion of, the scheduled contract.

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

Heidi M. Jay
Risk Management
2/23/15

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

Heidi M. Jay
Risk Management
5-9-14

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

Sally S. Hays
Secretary

Andrew Towance
President

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

[Signature]

Secretary

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

Heidi M. Jay
Risk Management
2-23-15

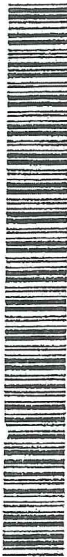
AB9189 8-07

003074

Michael E. LaBocco

President

Reviewed and approved as to insurance language and/or requirements.
Heidi M. Jay
Risk Management
5-9-14 *for this contract only.



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- (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.





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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:





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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.

Handwritten notes: 2-23-15, 5-9-14



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.



