

The **NORTH COAST RAILROAD AUTHORITY** (“AUTHORITY”) and **Aycock & Edgmon** (“CONTRACTOR”) enter into this contract which shall be effective on the date stated in Paragraph 1.

1. Duration of Contract

This contract shall commence upon execution by both parties and terminate on December 31, 2022, unless sooner terminated as specified herein.

2. Scope of Services

CONTRACTOR, for AUTHORITY’s benefit shall perform the services specified on Attachment A to this contract. Attachment A is made a part of this contract.

3. Compensation for Services

In consideration for CONTRACTOR’s performance, AUTHORITY shall pay compensation to CONTRACTOR according to the terms specified in Attachment B. Attachment B is made a part of this contract.

4. General Terms and Conditions

The rights and duties of the parties to this contract are governed by the general terms and conditions mutually agreed to and listed in Attachment C. Attachment C is made a part of this contract.

5. Insurance Limits

CONTRACTOR shall maintain the following insurance policy limits of coverage consistent with the further insurance requirements specified in Attachment C.

- (a) Comprehensive General Liability Insurance: \$1,000,000
- (b) Professional liability insurance: \$1,000,000
- (c) Comprehensive motor vehicle liability insurance: n/a

6. Termination

This contract shall terminate without further action by either party on December 31, 2022. Prior to December 1, 2022, either party, or their successor interest, may terminate this contract by providing thirty (30) days of advance written notice of the termination, pursuant to the terms of Exhibit C hereto.

7. Specific Terms and Conditions (*check one*)

There are no additional provisions to this contract.

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[ x] The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment D. Attachment D is made a part of this contract.

8. Information about Contract Administrators.

The following names, titles, addresses, and telephone numbers are the pertinent information for the respective contract administrators for the parties.

Contract Administrator for AUTHORITY:

Contract Administrator for CONTRACTOR:

Name: Mitch Stogner

Name: \_\_\_\_\_

Title: Executive Director

Title: \_\_\_\_\_

Address: 419 Talmage Road, Suite M  
Ukiah, CA 95482

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No. 707.463-3280

Telephone No. \_\_\_\_\_

Fax No. 707.463-3282

Fax No. \_\_\_\_\_

**SIGNATURES**

APPROVED BY AUTHORITY:

APPROVED BY CONTRACTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Chair, North Coast Railroad Authority

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:

General Counsel

By: \_\_\_\_\_

Date: \_\_\_\_\_

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Initial A&E  
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Initial NCRA

**ATTACHMENT A  
SCOPE OF WORK**

The following defines the nature and extent of the services that we will perform:

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- Compile the financial statements of the North Coast Railroad Authority on a quarterly basis and prepare financials reports as needed for Board meetings;
- Assist North Coast Railroad Authority in developing and implementing a financial management system to meet federal and state funding requirements;
- Prepare North Cost Railroad Authority for the transition to the Great Redwood Trail Agency;
- Prepare reports as requested by the Executive Director and,
- Assist NCRA staff with preparation of the Overall Work Program.

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**ATTACHMENT B  
Payment Schedule**

**B-1. BILLING**

Page | 3 Charges for services rendered pursuant to the terms and conditions of this contract shall be invoiced on the following basis: *(check one)*

- One month in arrears.
- Upon the complete performance of the services specified in Attachment A.
- The basis specified in paragraph B-4.

**B-2. PAYMENT**

Payment shall be made by AUTHORITY to CONTRACTOR at the address specified in paragraph 8 of this contract per paragraph B-4.

**B-3. COMPENSATION**

AUTHORITY shall pay CONTRACTOR: *(check one)*

- A total lump sum payment of \$\_\_\_\_\_
- A total sum not to exceed **\$32,000** for services rendered pursuant to the terms and conditions of this contract, which shall be paid at a discounted rate of \$100 per hour, rounded to the nearest half-hour.

**End of attachment B**

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**ATTACHMENT C**  
**General Terms and Conditions**

**C-1. INDEMNIFICATION.**

Page | 4 CONTRACTOR and AUTHORITY each agree to indemnify, defend and save harmless the other party and the other party's officers and employees, from and against any and all claims and losses whatsoever arising out of, or in any way related to, the indemnifying party's performance under this contract, including, but not limited to, claims for property damage, personal injury, death, and any legal expenses (such as attorneys' fees, court costs, investigation costs, and experts' fees) incurred by the indemnitee in connection with such claims or losses. A party's "performance" includes the party's action or inaction and the action or inaction of that party's officers and employees.

**C-2. GENERAL INSURANCE REQUIREMENTS.**

Without limiting CONTRACTOR's duty to indemnify AUTHORITY, CONTRACTOR shall comply with the insurance coverage requirements set forth in the contract and in this attachment. Those insurance policies mandated by paragraph C-3 shall satisfy the following requirements:

1. Each policy shall be issued by a company authorized by law to transact business in the State of California.
2. Each policy shall provide that AUTHORITY shall be given notice in writing at least thirty (30) days in advance of any change, cancellation, or nonrenewal thereof.
3. The comprehensive motor vehicle and comprehensive general liability policies shall each provide an endorsement naming the North Coast Railroad Authority and its officers, agents and employees as additional insureds.
4. The required coverage shall be maintained in effect throughout the term of this contract.

CONTRACTOR shall require all subcontractors performing work under this contract to obtain substantially the identical insurance coverage required of CONTRACTOR pursuant to this agreement.

**C-3. INSURANCE COVERAGE REQUIREMENTS.**

If required by paragraph 5 of the contract, CONTRACTOR shall maintain the following insurance policies in full force and effect during the term on this contract:

1. Comprehensive general liability insurance. CONTRACTOR shall maintain comprehensive general liability insurance, covering all of CONTRACTOR's operations with a combined single limit of not less than the amount set out in paragraph 5 of this contract.
2. Professional liability insurance. CONTRACTOR shall maintain professional liability insurance with liability limits of not less than the amount set out in paragraph 5 of this contract.

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3. Comprehensive motor vehicle liability insurance. CONTRACTOR shall maintain comprehensive motor vehicle insurance covering all motor vehicles (including owned, non-owned, and hired) used in providing services under this contract, with a combined single limit of not less than the amount set out in paragraph 5 of this contract.
4. Workers' compensation insurance. CONTRACTOR shall maintain a workers' compensation plan covering all of its employees as required by California Labor Code Section 3700, either through workers' compensation insurance issued by an insurance company or through a plan of self-insurance certified by the State Director of Industrial Relations. If CONTRACTOR elects to be self-insured, the certificate of insurance otherwise required by this contract shall be replaced with a consent to self-insure issued by the State Director of Industrial Relations.

#### **C-4. CERTIFICATE OF INSURANCE.**

Prior to the commencement of performance of services by CONTRACTOR and prior to any obligations of AUTHORITY, CONTRACTOR shall file certificates of insurance with AUTHORITY, showing that CONTRACTOR has in effect the insurance required by this contract. CONTRACTOR shall file a new or amended certificate promptly after any change is made in any insurance policy which would alter the information on the certificate then on file. In lieu of providing proof of insurance, CONTRACTOR may provide proof of self-insurance meeting requirements equivalent to those imposed herein. CONTRACTOR warrants that CONTRACTOR's self-insurance provides substantially the same protection to AUTHORITY as the insurance required herein. CONTRACTOR further agrees to notify AUTHORITY in the event any change in self-insurance occurs that would alter the obligations undertaken in this contract within thirty (30) days of such change.

#### **C-5. RECORDS TO BE MAINTAINED.**

CONTRACTOR shall keep and maintain accurate records of all costs incurred and all time expended for work under this contract. CONTRACTOR shall contractually require that all of CONTRACTOR's subcontractors performing work called for under this contract also keep and maintain such records. All such records, whether kept by CONTRACTOR or any subcontractor, shall be made available to AUTHORITY or its authorized representative, or officials of the State of California for review or audit during normal business hours, upon reasonable advance notice given by AUTHORITY, its authorized representative, or officials of the State of California.

#### **C-6. RETENTION OF RECORDS.**

CONTRACTOR shall maintain and preserve all records related to this contract for a period of three years from the close of the fiscal year in which final payment under this contract is made. CONTRACTOR shall also contractually require the maintenance of such records in the possession of any third party performing work related to this contract for the same period of time. Such records shall be retained beyond the three-year period, if any audit involving such records is then pending, until the audit findings are resolved. The obligation to insure the maintenance of the records beyond the initial three year period shall arise only if the AUTHORITY notifies

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CONTRACTOR of the commencement of an audit prior to the expiration of the three year period.

**C-7. TITLE TO DOCUMENTS; COPYRIGHT.**

Page | 6 All reports produced by the CONTRACTOR or any subcontractor of CONTRACTOR shall, after completion and acceptance of the contract, become the property of AUTHORITY, and shall not be subject to any copyright claimed by the CONTRACTOR, subcontractor, or their agents or employees. Any use of completed or uncompleted documents for other projects by CONTRACTOR, any subcontractor, or any of their agents or employees, without the prior written consent of AUTHORITY is prohibited.

**C-8 INDEPENDENT CONTRACTOR.**

CONTRACTOR and its officers and employees, in the performance of this contract, are independent contractors in relation to AUTHORITY and not officers or employees of AUTHORITY. Nothing in this contract shall create any of the rights, powers, privileges or immunities of any officer or employee of AUTHORITY. CONTRACTOR shall be solely liable for all applicable taxes or benefits, including, but not limited to, federal and state income taxes, Social Security taxes, or ERISA retirement benefits, which taxes or benefits arise out of the performance of this contract. CONTRACTOR further represents to AUTHORITY that CONTRACTOR has no expectation of receiving any benefits incidental to employment.

**C-9. CONFLICT OF INTEREST.**

CONTRACTOR covenants that it presently has no interest and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. CONTRACTOR further covenants that, in the performance of this contract, no subcontractor or person having such an interest shall be used or employed.

**C-10. COMPLIANCE WITH APPLICABLE LAWS.**

CONTRACTOR shall comply with all applicable federal, state and local laws now, or hereafter, in force, and with any applicable regulations, in performing the work and providing the services specified in this contract. This obligation includes, without limitation, the acquisition, and maintenance of any permits, licenses, or other entitlements necessary to perform the duties imposed expressly or impliedly under this contract.

**C-11. NONDISCRIMINATION.**

CONTRACTOR shall not discriminate in the employment of persons necessary to perform this contract on any legally impermissible basis, including on the basis of the race, color, national origin, ancestry, religion, age, sex, or disability of such person.

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**C-12 BANKRUPTCY.**

CONTRACTOR shall immediately notify AUTHORITY in the event that CONTRACTOR ceases conducting business in the normal manner, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, or avails itself of, or becomes subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or protection of the rights of creditors.

**C-13. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION OF DUTIES.**

Except as specifically authorized herein, no rights under this contract may be assigned and no duties under this contract may be delegated by CONTRACTOR without the prior written consent of AUTHORITY, and any attempted assignment or delegation without such consent shall be void.

**C-14. NEGOTIATED CONTRACT.**

This contract has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this contract within the meaning of California Civil Code Section 1654.

**C-15. SEVERABILITY.**

Should any provision herein be found or deemed to be invalid, this contract shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect. To this end, the provisions of this contract are declared to be severable.

**C-16. ENTIRE CONTRACT.**

This contract is the entire agreement of the parties. There are no understandings or agreements pertaining to this contract except as are expressly stated in writing in this contract or in any document attached hereto or incorporated herein by reference.

**C-17. TIME IS OF THE ESSENCE.**

Time is of the essence in the performance of this contract.

**C-18. TERMINATION.**

Either party may terminate this contract, with or without cause, at any time. In order to terminate this contract, the terminating party shall give advance written notice to the other party. The termination shall be effective no earlier than the expiration of the number of days specified in paragraph 6 of this contract. The termination notice shall be made as specified in paragraph C-

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19, below. In the event of termination, AUTHORITY shall pay CONTRACTOR for all work satisfactorily performed prior to the effective date of the termination.

**C-19. NOTICES.**

Page | 8 Notices to the parties in connection with the administration of this contract shall be given to the parties' contract administrator personally, by regular mail, or by facsimile transmission as more particularly specified in this paragraph. Notices will be deemed given on:

1. The day the notice is personally delivered to the contract administrator or the office of the party's contract administrator; or
2. Five days after the date the notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, with first-class postage fully prepaid; or
3. On the day that the notice is transmitted by facsimile to a party's facsimile number specified in paragraph 8 of this contract, provided that an original of such notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, on the same day as the facsimile transmission is made.

**C-20. RESPONSIBILITY OF CONTRACT ADMINISTRATORS.**

All matters concerning this contract which are within the responsibility of the parties shall be under the direction of, or shall be submitted to, the respective contract administrators or to the party's employee specified, in writing, by the contract administrator. A party may, in its sole discretion, change its designation of its contract administrator and shall promptly give written notice to the other party of any such change.

**C-21. MATERIALITY.**

The parties consider each and every term, covenant, and provision of this contract to be material and reasonable.

**C-22. WAIVER.**

Waiver by either party of a breach of any covenant of this contract will not be construed to be a continuing waiver of any subsequent breach. AUTHORITY's receipt of consideration with knowledge of CONTRACTOR's violation of a covenant does not waive its right to enforce any covenant of this contract. The parties shall not waive any provisions of this contract unless the waiver is in writing and signed by all parties.

**C-23 AUTHORITY AND CAPACITY.**

CONTRACTOR and CONTRACTOR's signatory each warrant and represent that each has full authority and capacity to enter into this contract.

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\_\_\_\_ Initial NCRA

**C-24. BINDING ON SUCCESSORS.**

All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of CONTRACTOR. CONTRACTOR and all of CONTRACTOR's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under this contract.

**C-25. CUMULATION OF REMEDIES.**

All of the various rights, options, elections, powers and remedies of the parties shall be construed as cumulative, and no one of them exclusive of any other or of any other legal or equitable remedy which a party might otherwise have in the event of a breach or default of any condition, covenant or term by the other party. The exercise of any single right, option, election, power or remedy shall not, in any way, impair any other right, option, election, power or remedy until all duties and obligations imposed shall have been fully performed.

**C-26. INDEPENDENT ADVICE.**

Each party hereby represents and warrants that in executing this contract it does so with full knowledge of the rights and duties it may have with respect to the other. Each party also represents and warrants that it has received independent legal advice from its attorney with respect to the matters set forth in this contract and the rights and duties arising out of this contract, or that such party willingly foregoes any such consultation.

**C-27. NO RELIANCE ON REPRESENTATIONS.**

Each party hereby represents and warrants that it is not relying, and has not relied, upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to this contract may hereunder turn out to be other than, or different from the facts now known to such party as true, or believed by such party to be true. The parties expressly assume the risk of the facts turning out to be different and agree that this contract shall be effective in all respects and shall not be subject to rescission by reason of any such difference in facts.

**C-28. REDUCTION OF CONSIDERATION.**

CONTRACTOR agrees that AUTHORITY shall have the right to deduct from any payments specified in Attachment B any amount owed to AUTHORITY by CONTRACTOR as a result of any obligation arising prior to, or after, the execution of this contract. For purposes of this paragraph, obligations arising prior to the execution of this contract may include, without limitation, any property tax, secured or unsecured, which tax is in arrears. If AUTHORITY exercises the right to reduce the consideration specified in Attachment B, AUTHORITY, at the time of making a reduced payment, shall give CONTRACTOR notice of the amount of any offset and the reason for the reduction.

**C-29. COUNTERPARTS.**

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This contract may be executed in any number of counterparts, each of which so executed shall be deemed to be an original. The counterparts shall together constitute one contract.

**END OF ATTACHMENT C.**

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**ATTACHMENT "D"**  
Pisenti & Brinker  
Engagement Letter

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September 7, 2021

Mr. Mitch Stogner, Executive Director  
North Coast Railroad Authority  
419 Talmage Road, Suite M  
Ukiah, CA 95482

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of the North Coast Railroad Authority (the "NCRA") as of and for the years ended June 30, 2021 and 2020. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of NCRA as of June 30, 2021 and 2020 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the NCRA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Audit Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

### **Data Collection Form**

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

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

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

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

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;



5. For report distribution; and
6. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;

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

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes 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.

Management is responsible for identifying and ensuring that the NCRA complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is 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 entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information, including the Schedule of Expenditures of Federal Awards, in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; and (g) submitting the reporting package and data collection form.

Management is responsible for the preparation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to

include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Audit Committee is responsible for informing us of its views about the risks of fraud, waste or abuse within the entity, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the entity.

NCRA agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, The NCRA agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The NCRA agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when The NCRA seeks such consent, we will be under no obligation to grant such consent or approval.

Because Pisenti & Brinker LLP will rely on NCRA and its management and Board of Directors to discharge the foregoing responsibilities, NCRA holds harmless and releases Pisenti & Brinker LLP and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of NCRA's management that has caused, in any respect, Pisenti & Brinker LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

#### **Records and Assistance**

If circumstances arise relating to the condition of the NCRA's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the NCRA's books and records. The NCRA will determine that all such data, if necessary, will be so reflected. Accordingly, the NCRA will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the NCRA personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with members of the NCRA's accounting department. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to NCRA, we determine



whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. NCRA has agreed that Mitch Stogner, Executive Director possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. Accordingly, the management of NCRA agrees to the following:

1. The NCRA has designated Mitch Stogner, Executive Director as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Mitch Stogner, Executive Director, will assume all management responsibilities for subject matter and scope of the financial statement preparation;
3. The NCRA will evaluate the adequacy and results of the services performed; and
4. The NCRA accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with NCRA's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

#### **Other Relevant Information**

Pisenti & Brinker LLP may mention the NCRA's name and provide a general description of the engagement in Pisenti & Brinker LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by Pisenti & Brinker LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

#### **Fees, Costs, and Access to Workpapers**

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus direct and indirect administrative expenses such as technology, research, communications, postage and clerical assistance.

Our fees for the services described in this letter will range from \$38,000 to \$42,000 for the financial statement audit and \$8,500 for the audits performed in accordance with *Uniform Guidance*. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from the NCRA personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the NCRA agrees it will compensate Pimenti & Brinker LLP for any additional costs incurred as a result of the NCRA's employment of a partner or professional employee of Pimenti & Brinker LLP.

The audit documentation for this engagement is the property of Pimenti & Brinker LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the NCRA or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the NCRA, the NCRA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of Pimenti & Brinker LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of Pimenti & Brinker LLP audit personnel and at a location designated by our firm.

#### **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our



reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management, or those charged with governance, and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if: (i) we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

#### **Claim Resolution**

Because Pisenti & Brinker will rely on the NCRA and its management and Audit Committee to discharge the foregoing responsibilities, the NCRA holds harmless and releases Pisenti & Brinker and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of Pisenti & Brinker's management that has caused, in any respect, Pisenti & Brinker's breach of contract or negligence.

The NCRA and Pisenti & Brinker LLP agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than the earlier of two years after the date of the audit report issued by Pisenti & Brinker LLP or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. Pisenti & Brinker LLP's liability for all claims, damages and costs of the NCRA arising from this engagement is limited to the amount of fees paid by the NCRA to Pisenti & Brinker LLP for the services rendered under this arrangement letter.

#### **Information Security - Miscellaneous Terms**

Pisenti & Brinker LLP is committed to the safe and confidential treatment of the NCRA's proprietary information. Pisenti & Brinker LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The NCRA agrees that it will not provide Pisenti & Brinker LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the NCRA's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Pisenti & Brinker LLP may terminate this relationship immediately in its sole discretion if Pisenti & Brinker LLP determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or if the NCRA is placed on a verified sanctioned entity list.

### **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

### **Reporting**

We will issue a written report upon completion of our audit of the NCRA's financial statements. Our report will be addressed to the Audit Committee. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the NCRA's financial statements, we will also issue the following types of reports, if required:

1. A report on the fairness of the presentation of the NCRA's financial statements for the years ended June 30, 2021 and 2020;
2. Reports on internal control related to the financial statements;
3. Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements.
4. An accompanying schedule of findings, if applicable.

This letter constitutes the complete and exclusive statement of agreement between Pimenti & Brinker LLP and the North Coast Railroad Authority, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

North Coast Railroad Authority  
September 7, 2021  
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Sincerely,

Pisenti & Brinker LLP



Brett P. Bradford, CPA  
Partner

Confirmed on behalf of the North Coast Railroad Authority:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

END ATTACHMENT D.