

C-2014-102
Ref 2011-103.A1

**SECOND AMENDMENT
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE TOWN OF FOUNTAIN HILLS
AND
CLIFTONLARSONALLEN, LLP**

THIS SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (this "Second Amendment") is entered into as of July 1, 2013, between the Town of Fountain Hills, an Arizona municipal corporation (the "Town") and CliftonLarsonAllen, LLP, formerly known as LarsonAllen, LLP, a Minnesota limited liability partnership (the "Contractor").

RECITALS

A. The Town and LarsonAllen, LLP entered into a Professional Services Agreement dated June 17, 2010 (the "Initial Agreement"), for the Contractor to provide financial auditing services (the "Services").

B. On or about January 9, 2012, Larson Allen, LLP merged with Clifton Gunderson, LLP, to form CliftonLarsonAllen, LLP.

C. The Initial Agreement was amended once on December 6, 2012, to extend the term of the Initial Agreement (the "First Amendment"). The Initial Agreement and the First Amendment are collectively referred to herein as the "Agreement."

D. The term of the Agreement expires on June 30, 2013, and the Town has determined that additional services by the Contractor are necessary (the "Additional Services").

E. The Town and the Contractor desire to enter into this Second Amendment to (i) extend the term of the Agreement, (ii) amend the renewal provision of the Agreement and (iii) provide for compensation to the Contractor for the Additional Services, as more particularly set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and the Contractor hereby agree as follows:

1. Term of Agreement. The term of the Agreement is hereby extended and shall remain in full force and effect until June 30, 2016 (the "Extended Term"), unless terminated as otherwise provided pursuant to the terms and conditions of the Agreement. After the expiration of the Extended Term, the Agreement may be renewed for up to three successive three-year terms (each, a "Renewal Term") if (i) it is deemed in the best interests of the Town, subject to

availability and appropriation of funds for renewal in each subsequent term, (ii) at least 30 days prior to the end of the then-current term of the Agreement, the Contractor requests, in writing, to extend the Agreement for an additional three-year term and (iii) the Town approves the additional three-year term in writing (including any price adjustments approved as part of the Agreement), as evidenced by the Town Manager's signature thereon, which approval may be withheld by the Town for any reason. The Contractor's failure to seek a renewal of the Agreement shall cause the Agreement to terminate at the end of the then-current term of the Agreement; provided, however, that the Town may, at its discretion and with the agreement of the Contractor, elect to waive this requirement and renew the Agreement. The Extended Term and any Renewal Term(s) are collectively referred to herein as the "Term." Upon renewal, the terms and conditions of the Agreement shall remain in full force and effect.

2. Compensation. The Contractor's total compensation under the Agreement shall increase by no more than \$91,385.00, from \$84,300.00 to \$175,685.00 for the Additional Services at the rates as set forth in the Fee Proposal, attached hereto as Exhibit A and incorporated herein by reference.

3. Effect of Amendment. In all other respects, the Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

4. Non-Default. By executing this Second Amendment, the Contractor affirmatively asserts that (i) the Town is not currently in default, nor has been in default at any time prior to this Second Amendment, under any of the terms or conditions of the Agreement and (ii) any and all claims, known and unknown, relating to the Agreement and existing on or before the date of this Second Amendment are forever waived.

5. Conflict of Interest. This Second Amendment and the Agreement may be canceled by the Town pursuant to ARIZ. REV. STAT. § 38-511.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date and year first set forth above.

[SIGNATURES ON FOLLOWING PAGES]

"Town"

TOWN OF FOUNTAIN HILLS,
an Arizona municipal corporation

Kenneth W. Buchanan
Kenneth W. Buchanan, Town Manager

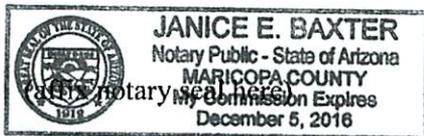
ATTEST:

Bevelyn J. Bender
Bevelyn J. Bender, Town Clerk

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on April 8, 2013, by Kenneth W. Buchanan, the Town Manager of the TOWN OF FOUNTAIN HILLS, an Arizona municipal corporation, on behalf of the Town of Fountain Hills.



Janice E. Baxter
Notary Public in and for the State of Arizona

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

"Contractor"

CLIFTONLARSONALLEN, LLP
a Minnesota limited liability partnership

By: *[Signature]*

Name: Dennis J. Osuch

Title: Partner

(ACKNOWLEDGMENT)

STATE OF Arizona
) ss.
COUNTY OF Maricopa

This instrument was acknowledged before me on March 26, 2013, by Dennis Osuch, as Partner of CLIFTONLARSONALLEN, LLP, a Minnesota limited liability partnership, on behalf of the limited liability partnership.

[Signature]
Notary Public in and for the State of Arizona

(affix notary seal here)

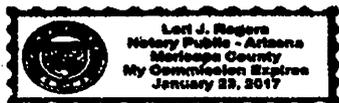


EXHIBIT A
TO
SECOND AMENDMENT
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE TOWN OF FOUNTAIN HILLS
AND
CLIFTONLARSONALLEN, LLP

[Fee Proposal]



CliftonLarsonAllen

CliftonLarsonAllen LLP
20 East Thomas Road, Suite 2300
Phoenix, AZ 85012-3111
602-266-2248 | fax 602-266-2907
www.cliftonlarsonallen.com

February 28, 2013

Julle A. Ghetti, MPA, CPA, CGFM
Deputy Town Manager/Finance Director
Town of Fountain Hills
16705 E. Avenue of the Fountains
Fountain Hills, Arizona 85268

Dear Ms. Ghetti:

Thank you for the opportunity to continue serving the Town of Fountain Hills. We appreciate the opportunity to have been able to provide audit services to the Town for the previous three fiscal years and look forward to continuing our relationship for an additional three years.

Allow this letter to serve as our official letter of interest to continue providing services to the Town of Fountain Hills for the fiscal years ended June 30, 2013, 2014 and 2015. I have provided our proposed fees below for the next three fiscal years. If these fees are deemed acceptable, please contact me directly and we will begin the process of preparing an engagement letter for fiscal year ended June 30, 2013.

Our proposed fees are as follows:

June 30, 2013	\$ 30,210
June 30, 2014	30,210
June 30, 2015	30,965

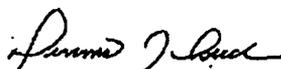
Our fees were determined based on a proposed increase of 2.5% per year. However, the June 30, 2013 fees were calculated to include a 2.5% increase over fiscal year 2012, plus an additional 3.5% as a result of the implementation of the clarity standards, as well as GASB Statement Number 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The fiscal year ended June 30, 2014 fees will remain equal to the June 30, 2013 fees to include the 2.5% increase, plus an additional 1% fee for the implementation of GASB Statement Number 65 – *Items Previously Reported as Assets and Liabilities*. The fiscal year ended June 30, 2015 fees only include the 2.5% increase and no additional increase. However, the Town will be required to implement GASB Statement Number 67 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. GASB Statement Number 67 will require government entities to report any unfunded portion of pension liabilities for defined benefit pension plans and defined contribution pension plans.

In preparation of implementing GASB Statement 67, we recommend the Town review the provisions of the GASB Statement now to determine what additional information the Town may need to request from its third-party pension administrator in order to conform with accounting standards, as well as prepare the Council for the additional liability, if any, that will be reported in the government-wide financial statements beginning with the fiscal year 2014-15.

We would like to thank you again for this opportunity and we look forward to hearing from you. If you have any questions, please do not hesitate to contact me.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink, appearing to read "Dennis J. Osuch". The signature is fluid and cursive, with the first name "Dennis" being the most prominent.

Dennis J. Osuch, CPA
Partner
602-604-3630
Dennis.Osuch@CliftonLarsonAllen.com

To ensure compliance imposed by IRS Circular 230, any U.S. federal tax advice contained in this communication (including attachments) is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed by governmental tax authorities.