

DESTINATION MEDICAL CENTER CORPORATION

AND

**DESTINATION MEDICAL CENTER ECONOMIC
DEVELOPMENT AGENCY**

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

For Audit Years 2020 through 2022

September 23, 2020

c/o McGrann Shea Carnival Straughn & Lamb, Chartered
800 Nicollet Mall, Suite 2600
Minneapolis, Minnesota 55402

DESTINATION MEDICAL CENTER CORPORATION
AND
DESTINATION MEDICAL CENTER ECONOMIC DEVELOPMENT AGENCY

REQUEST FOR PROPOSALS

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DESTINATION MEDICAL CENTER CORPORATION
AND
DESTINATION MEDICAL CENTER ECONOMIC DEVELOPMENT AGENCY

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Summary of Proposal Request

The Destination Medical Center Corporation (“DMCC”) and the Destination Medical Center Economic Development Agency (“EDA”) are requesting proposals from qualified certified public accounting firms to audit their respective financial statements for the fiscal year ending December 31, 2020, with the option of auditing their respective financial statements for each of the two (2) subsequent fiscal years. This initial three (3) year term may be extended for an additional two (2) years. These audits are to be performed in accordance with generally accepted auditing standards and the standards set forth for financial audits promulgated by the Governmental Accounting Standards Board (“GASB”).

There is no expressed or implied obligation for the DMCC or the EDA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, an electronic copy of a proposal must be received by Kathleen M. Lamb at McGrann Shea Carnival Straughn & Lamb, Chartered, kml@mcgrannshea.com by 4:00 p.m. on October 14, 2020. The DMCC reserves the right to reject any or all proposals submitted.

An audit proposal review committee consisting of representatives of the DMCC and EDA will evaluate proposals submitted.

During the evaluation process, the review committee and the DMCC reserve the right, where it may serve the DMCC’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the DMCC or the review committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The DMCC reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the DMCC and the firm selected.

It is anticipated the selection of a firm will be completed by November 19, 2020. Following the notification of the selected firm it is expected a contract will be executed between both parties on or before December 15, 2020.

B. Term of Engagement

A three (3) year contract is contemplated, subject to the annual review and recommendation of the review committee, the satisfactory negotiation of terms (including a price acceptable to the DMCC, the EDA and the selected firm), and the annual availability of an appropriation. An additional two (2) year extension may be added to the initial term.

C. Subcontracting

If any subcontracting is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the DMCC.

II. NATURE OF SERVICES REQUIRED

A. General

The DMCC and the EDA are soliciting the services of qualified certified public accounting firms to audit their respective financial statements for the fiscal year ending December 31, 2020, with the option to audit the DMCC's financial statements and the EDA's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this Request for Proposals. The RFP fee structure requires completion of individual audit costs for the DMCC and the EDA.

The intention of the DMCC and the EDA is for one qualified certified public accounting firm to perform both audits. To be considered, the proposal must include a cost proposal for the DMCC and the EDA, separately, as indicated in Exhibit D.

B. Scope of Work to be Performed

The DMCC and the EDA desire the auditor to express an opinion on the presentation of their respective financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and schedules. The auditor is not required to audit the introductory or statistical section of the report.

In the event that federal financial assistance occurs, the auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an “in-relation to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

C. Auditing Standards to Be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth by the Governmental Accounting Standards Board (“GASB”), and the provisions of the U.S. Office of Management and Budget (“OMB”) Circular A-133, Audits of States, Local Governments And Non-Profit Organizations.

D. Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue the following reports for each of the DMCC and the EDA individually:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on compliance and internal control over financial reporting based on and audit of the financial statements.

In the required report[s] on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization’s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal controls.

The report on compliance and internal controls shall include all material instances of noncompliance. All material instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls

Irregularities and illegal acts: Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of

which they become aware to the DMCC Board of Directors and its General Counsel.

E. Presentation to the DMCC and EDA

A summary of the audit results shall be presented to the DMCC. For the EDA’s individual audit, a summary of the audit results shall be presented to the EDA. In addition to relating general financial condition and significant changes from the prior year, auditors shall assure that both the DMCC and EDA are informed of each of the following:

1. The auditor’s responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit
10. Discussion of results for the current and at least the previous three years.

F. Additional Accounting Services

The City of Rochester, Minnesota (the “City”) currently anticipates it may prepare one or more official statements in connection with the sale of debt securities that will contain the general purpose financial statements and the auditor’s report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a “consent and citation of expertise” as the auditor and any necessary “comfort letters.”

Throughout any given year, various issues may arise that require the expertise of an accounting firm, including assistance with or preparation of 1) Form 990, or other tax counsel and tax filing assistance; 2) an Annual Charitable Organizations Report as required by the Attorney General of the State of Minnesota; and 3) a procedures audit related to an annual certification of qualified expenditures to the Minnesota Department of Employment and Economic Development (“DEED”). The auditor will also prepare and submit all necessary IRS and Minnesota tax forms for the DMCC and EDA respectively. These inquiries and tasks would be billed at a proposed hourly rate as noted in Appendix D.

G. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor’s expense, for a minimum of six (6) years, unless the firm is notified in writing by the DMCC or the EDA of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

Destination Medical Center Corporation
Destination Medical Center Economic Development Agency
City of Rochester, Minnesota
State of Minnesota Legislative Auditor's Office
State of Minnesota, Office of the State Auditor
U.S. General Accounting Office (GAO)

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE CORPORATIONS

A. Name and Telephone Number of Contact Persons/Organizational Chart

1. The auditor's principal contact with the DMCC will be Kathleen Lamb, (612) 338-2525, kml@mcgrannshea.com, who will coordinate the assistance to be provided by the DMCC to the auditor.
2. For the EDA's individual audit, the auditor's principal contact with the EDA will be Patrick Seeb, Director of Economic Development and Placemaking, (507) 216-9723, patrickseeb@dmceda.org, who will coordinate the assistance to be provided by the EDA to the auditor.

B. Background Information

In 2013, the Minnesota Legislature enacted Minnesota Statutes, Sections 469.40 - .47 (the "Act,"), an initiative to secure Minnesota's status as a global destination medical center highlighting the Mayo Clinic (the "DMC Initiative"). The Act directed the City of Rochester, Minnesota (the "City") to establish the DMCC as a Minnesota non-profit corporation.

Under the Act, the State of Minnesota authorized up to Five Hundred Eighty-Five Million Dollars (\$585,000,000) of public funding and incentives for public infrastructure projects to support private investment by the Mayo Clinic and other private developers in the City. At least \$200,000,000 in qualified private expenditures must be certified before the state infrastructure aid may be disbursed. The City must make a local matching contribution of \$128,000,000 of the costs of public infrastructure projects.

The DMCC serves as the governing body charged with overseeing the planning and implementation of the DMC Initiative. The DMC Initiative creates a process to consider and approve private and public projects within the development district to establish a premier destination medical center for the benefit of the City, and more broadly, Olmsted County, and the State of Minnesota. The DMCC must prepare and adopt a master development plan to govern the DMC Initiative and must approve public and private projects.

The City duly created the DMCC as a Minnesota non-profit corporation in July, 2013. The DMCC is closely related to the City, Olmsted County, and the State of Minnesota, in that each of these government entities appointed individuals to the DMCC Board of Directors; each government entity is expected to provide funding to support the DMC Initiative; the DMCC must work with the City in preparing and adopting the Development Plan, which the City must also approve; and the City must provide financial and administrative support to the DMCC. The City serves as the fiscal agent of the DMCC. For the period 2013 to date, the City has provided all funding of the DMCC. The City also serves as Assistant Treasurer to the DMCC.

By statute, Mayo Clinic was required to establish and appoint the Destination Medical Center Economic Development Agency (the “EDA”) as a private corporation. The Act required the DMCC to engage the EDA to assist in preparing the development plan and to perform certain enumerated services. The DMCC reviews and approves the EDA budget and work plan on an annual basis. The DMCC also revises and approves the EDA expenses on a monthly basis.

In addition to the annual budget process, the City and DMCC have entered into a working capital loan agreement to provide working capital to the DMCC. The DMCC, in turn, has entered into a working capital loan agreement with the EDA, to provide working capital to the EDA.

The City and the State Auditor have the right to audit the financial records of the DMCC and the EDA. In addition, the DMCC must arrange an annual external audit and provide the results to the City.

C. Finance Operations

The DMCC has appointed Dale Martinson, Director of Finance and Information Services for the City of Rochester, to act as Assistant Treasurer of the DMCC. The City provides accounting, purchasing and information systems service to the DMCC.

The City maintains its financial data utilizing Oracle/JD Edwards EnterpriseOne financial software. The EDA uses Quick Books financial software to provide appropriate accounting schedules and reports.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposals issued	September 23, 2020
Last day for proposals due to the DMCC	October 14, 2020
Possible interviews	October 21, 2020
DMCC approves award for contract	November 19, 2020

Selected firm notified
Completed contract signed by

November 19, 2020
December 15, 2020

B. Audit Timelines for 2021, 2022, 2023 (Audit Years 2020, 2021, 2022)

1. Detailed Audit Plan Required

The auditor shall provide to the DMCC and EDA a detailed audit plan by January 15 of each year. The detailed audit plan must include dates of entrance conferences, progress conferences, draft reports and exit conferences, along with a list of all schedules to be prepared by the DMCC or the EDA and the dates these schedules are required in order to meet the required timelines.

2. Fieldwork for Audit

The auditor shall complete all fieldwork by March 15.

3. Final Audit Reports

The auditor shall have the audit opinion and recommendations to management available to review by the DMCC and EDA by May 15.

4. Approximate 2020 Transaction Volumes

For reference for 2020 Audit Year: transaction volumes for the DMCC and EDA are in the approximate ranges set forth below:

- a. DMCC transaction volume in 2019:
 - i. One (1) bank account
 - ii. Fifty Nine (59) checks written
 - iii. Thirty Two (32) receipts received
 - iv. No accounts receivable
 - v. Sixty Nine (69) accounts payable voucher documents
 - vi. No employees
 - vii. No fixed assets.
- b. EDA transaction volume in 2019:
 - i. Eighty (80) cash/revenue deposits to bank account

- ii. Three Hundred Fifty Eight (358) check disbursements for expenses
- iii. One (1) account receivable (from DMCC)
- iv. Three (3) bank accounts
- v. Thirty (30) vendors in accounts payable
- vi. Ten (10) employees
- vii. Twenty (20) fixed assets.

C. Tax Filings.

The required federal and Minnesota tax filings must be timely filed.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. DMCC, EDA and City Finance Department and Clerical Assistance

The DMCC, EDA and City finance department staff and responsible management personnel will be available during the audits to assist the firm by providing required schedules and reports, supplementary information, documentation and explanations. The auditor will prepare the consolidated statements or annual reports and assist in the review and finalization of this report.

B. Work Area, Telephones, Photocopying and FAX Machines

On behalf of the DMCC, the City will provide the auditor with reasonable work space, table and chairs. The auditor will also be provided with access to the telephone, photocopying facilities and FAX machines subject to long distance charges. On-line access to the DMCC or EDA's accounting records will be provided to the auditing firm during onsite field work activities via a networked personal computer.

On behalf of the EDA, the EDA will provide the auditor with reasonable work space, table and chairs. The auditor will also be provided with access to the telephone, photocopying facilities and FAX machines subject to long distance charges. On-line access to the EDA's accounting records will be provided to the auditing firm during onsite field work activities via a networked personal computer.

Note: the provision of work space, tables, chairs and equipment at each location will be subject to safety protocols in place and as required due to the COVID-19 pandemic and Declaration of Peacetime Emergency declared by Governor Tim Walz on March 13, 2020 (as amended).

C. Report Preparation

The DMCC and the EDA expect that, due to limited staff, the selected audit firm shall prepare the consolidated statements or annual reports. In addition, preparation, editing and printing of all audit reports outlined in Section II.D. shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Kathleen M. Lamb
kml@mcgrannshea.com

or

Kathleen M. Lamb
McGrann Shea Carnival Straughn & Lamb, Chartered
800 Nicollet Mall, Suite 2600
Minneapolis, MN 55402
612-338-2525

To assure consistent information shared with all proposers, all questions regarding this proposal should be directed only to Kathleen M. Lamb.

2. Submission of Proposals

The following material is required to be received by October 14, 2020 at 4:00 p.m. for a proposing firm to be considered:

a. An electronic copy of the proposal to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Letter of Transmittal

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to

perform the work within the time period, a statement why the firm believes it is best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for fiscal years 2020-2022. Provide the names of the person(s) who will be authorized to make representations for the proposer, their titles, addresses and telephone numbers.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

v. Executed copies of Proposer’s Guarantees and Proposer Warranties, attached to this request for proposal (Appendix B and Appendix C).

b. In addition, proposers should submit an electronic copy of a dollar cost proposal in a separate attachment marked as follows:

SEALED DOLLAR COST
PROPOSAL TO
THE DMCC AND EDA
FOR
PROFESSIONAL AUDITING SERVICES
2020 – 2022

c. The cost proposal should list separately the costs attributable to the DMCC audit and the costs attributable to the EDA audit.

Please note: in order to be considered by the review committee, the proposer must prepare a cost proposal for each of the DMCC and the EDA.

d. Proposers should send the completed proposal consisting of an email with two (2) separate attachments, clearly marked as the “Technical Proposal” and the “Sealed Dollar Cost Proposal” to the following address:

Kathleen M. Lamb
kml@mcgrannshea.com

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent

audit of the DMCC and the EDA in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the sealed dollar cost proposal). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional information may be presented, the following subjects, items 2 through 10, should be followed. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the DMCC and the EDA as defined by generally accepted auditing standards and the Governmental Accounting Standards Board.

The firm should also list and describe the firm's (or proposed subcontractors' if used) professional relationships involving the DMCC or the EDA, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the DMCC written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Minnesota

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Minnesota.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Minnesota. Provide information on the government experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the DMCC. However, in either case, the DMCC retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the DMCC, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the DMCC or EDA

List separately all engagements within the last three years, ranked on the basis of total staff hours, for the DMCC or EDA by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last two (2) years for governmental entities, including the City of Rochester, that are similar to the engagement described in this request for proposal.

These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP. In developing the work plan, reference should be made to such sources of information as DMCC's budget and related materials, the EDA's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE
TECHNICAL PROPOSAL

- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement

- f. Approach to be taken to gain and document an understanding of the DMCC's and EDA's respective internal control structures
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the DMCC, the EDA or the City.

10. Report Format

The proposal should include sample formats for required reports.

C. Sealed Dollar Cost Proposal

1. Costs for Each Audit

The sealed dollar cost proposal should contain all pricing information relative to performing the individual audits for the DMCC and EDA as described in this Request for Proposal. The maximum price to be bid for each entity is to contain all direct and indirect costs, including all out-of-pocket expenses from initial field work through and including final audit reports, management letter and presentation to the DMCC and EDA.

For any given option listed in Appendix D, please itemize the proposed costs for each segment of that option, resulting in the Grand Total.

Neither the DMCC or the EDA will be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost proposal. Such costs should not be included in the proposal.

The first page of the sealed dollar cost proposal should include the following:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the DMCC.
- c. A total cost for each audit for the 2020-2022 engagements, broken down as noted on Appendix D.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for each

The cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix D) that supports the total all-inclusive maximum price for the first year of the audit. Any additional costs to address items listed in section II.F. – Additional Accounting Services, of this Request for Proposal should be disclosed as separate components of the total all-inclusive maximum price by completing Appendix D.

3. Out-of-Pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

4. Rates for Additional Professional Services

If it should become necessary for either the DMCC or the EDA to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if agreed to between the DMCC or the EDA and the firm and shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

The auditor must bill the DMCC and the EDA separately, and each will be responsible for its own payments. Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month

VII. EVALUATION PROCEDURES

A. Review Committee

A review committee comprised of representatives of the DMCC, EDA and the City finance department staff will evaluate proposals submitted.

B. Review of Proposals

The review committee will use a point formula during the review process to score proposals. Each member of the selection committee will first score each proposal based on mandatory elements, technical qualifications, and price. The review committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite score for each firm. Firms

with an unacceptably low technical score will be eliminated from further consideration.

NOTE: Cost will not be the primary factor in the selection of an audit firm.

C. Oral Presentations

During the evaluation process, the review committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the review committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The DMCC will make the final selection of a firm following a recommendation of the review committee. It is anticipated that a firm will be selected by November 19, 2020. Following notification of the firm selected, it is expected a contract will be executed between both parties on or before December 15, 2020.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the DMCC and the firm selected.

The DMCC reserves the right without prejudice to reject any or all proposals.

VIII. APPENDICES

- A. DMCC/EDA Accounts and Flow of Funds**
- B. Proposer Guarantees**
- C. Proposer Warranties**
- D. Format for Cost Proposal and Schedule of Professional Fees and Expenses**

CONTRACT TERMS AND CONDITIONS

No reimbursement will be made by the DMCC or the EDA for any costs incurred prior to the award of a contract as a result of this solicitation. The following clauses will be included in any contract between the DMCC and the Firm that has been chosen to provide the services described herein and in the Firm's proposal.

Insurance:

During the term of the contract, the Firm shall maintain the following minimum insurance coverage:

- A. Comprehensive General Liability Insurance: Bodily injury in the amount of at least \$1,000,000 per individual and \$1,000,000 for injuries or death arising out of each occurrence. Property damage liability in the amount of \$1,000,000 for each occurrence.
- B. Automobile Liability Insurance: At least \$300,000 per individual and \$1,000,000 per occurrence for any injuries, including death, arising out of each occurrence, and property damage coverage of \$1,000,000 for each occurrence.
- C. Worker's Compensation Insurance as required by Minnesota Statutes, Section 176.181, subd 2.
- D. Professional Liability Insurance in the amount of \$1,000,000 during the term of the contract.

Certificates of Insurance must be filed with the DMCC and the EDA before any work under the contract may commence. The DMCC and the EDA shall be named as an additional insureds on the general liability insurance policies. All such certificates shall state that the insurance company shall give the DMCC and the EDA thirty (30) days written notice of cancellation, non-renewal or any material change to the policy.

Rights of Use:

The Firm shall agree that the DMCC and the EDA will own and have the right to use, reproduce, and apply as it desires, any data, reports, analyses and materials which are collected or developed by the Firm or anyone acting on behalf of the Firm as a result of this contract.

Indemnification:

The Firm shall defend, indemnify and hold harmless the DMCC, the EDA, and their respective officials, agents and employees from and against all claims, damages, losses and expenses, including attorney's fees arising out of or resulting from the Firm's (including its officials, agents) performance of the duties required under the contract, provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease, death or to the injury to or the destruction of property, including a loss of use resulting there from, and is caused in whole or in part by any negligent act or omission or misconduct of the Firm.

Independent Contractor:

It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of co-partners between the parties hereto or as constituting the Firm's as the agents, representatives or employees of the DMCC or the EDA for any purpose or in any manner whatsoever. The Firm and its staff are to be and shall remain an independent contractor with respect to all services performed under this contract. The Firm represents that it has, or will secure at its own expense, all personnel required in performing services under this contract. Any and all personnel of the Firm or other persons, while engaged in the performance of any work or services required by the Firm under this contract, shall have no contractual relationship with the DMCC or the EDA and shall not be considered employees of the DMCC, the EDA, and any and all claims that may arise under the Workers' Compensation

Act of the State of Minnesota on behalf of said personnel or other persons while so engaged, and any and all claims whatsoever on behalf of any such person or personnel arising out of employment or alleged employment including, without limitation, claims of discrimination against the Firm, its officers, agents, contractors or employees shall in no way be the responsibility of the DMCC or the EDA; and the Firm shall defend, indemnify and hold the DMCC, the EDA, their respective officers, agents and employees harmless from any and all such claims regardless of any determination of any pertinent tribunal, agency, board, commission or court. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from the DMCC or the EDA, including, without limitation, tenure rights, medical and hospital care, sick and vacation leave, Workers' Compensation, Unemployment Compensation, disability, severance pay and PERA.

Non-Discrimination:

During the performance of this contract, the Firm will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, sexual orientation, disability, age, marital status, or status with regard to public assistance. The Firm will take affirmative action to insure that all employment practices are free of such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Firm agrees to post in places that are available to employees and applicants for employment, notices that set forth the provisions of this nondiscrimination clause. The notices shall inform all persons that any complaints regarding Firm compliance with the nondiscrimination clause may be reported to the DMCC.

Human Rights:

The Firm agrees to comply with the Minnesota State Human Rights Act, Minnesota Statutes, Section 363.

ADA:

The Firm agrees to comply with the Americans with Disabilities Act Section 504 of the Rehabilitation Act of 1973 and not discriminate on the basis of disability in the admission or access to, or treatment of employment in its services, programs, or activities. The Firm agrees to hold harmless and indemnify the DMCC and EDA from costs, including but not limited to damages, attorney's fees, and staff time, in any action or proceeding brought alleging a violation of ADA and/or Section 504 caused by the Firm.

Sublet/Assign:

The contract shall not be assignable except at the written consent of the DMCC.

Sub-Contractor Payment:

The Firm agrees that it must pay any subcontractor within ten days of the prime firm's receipt of payment from the DMCC or the EDA for undisputed services provided by the subcontractor.

The Firm agrees that it must pay interest of 1-1/2 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the prime firm shall pay the actual penalty due to the subcontractor. A subcontractor who prevails in a civil action to collect interest penalties from a prime contractor must be awarded its costs and disbursements, including attorney's fees, incurred in bringing this action.

Data Practices:

The Firm will comply with all applicable provisions of the Minnesota Government Data Practices Act, Chapter 13, of Minnesota Statutes.

Audit:

All books, records, documents, and accounting procedures of the Firm, relevant to the contract, are subject to examination by the DMCC and either the legislative or state auditor as appropriate, pursuant to Minnesota Statutes, Section 16C.05, subd. 5.

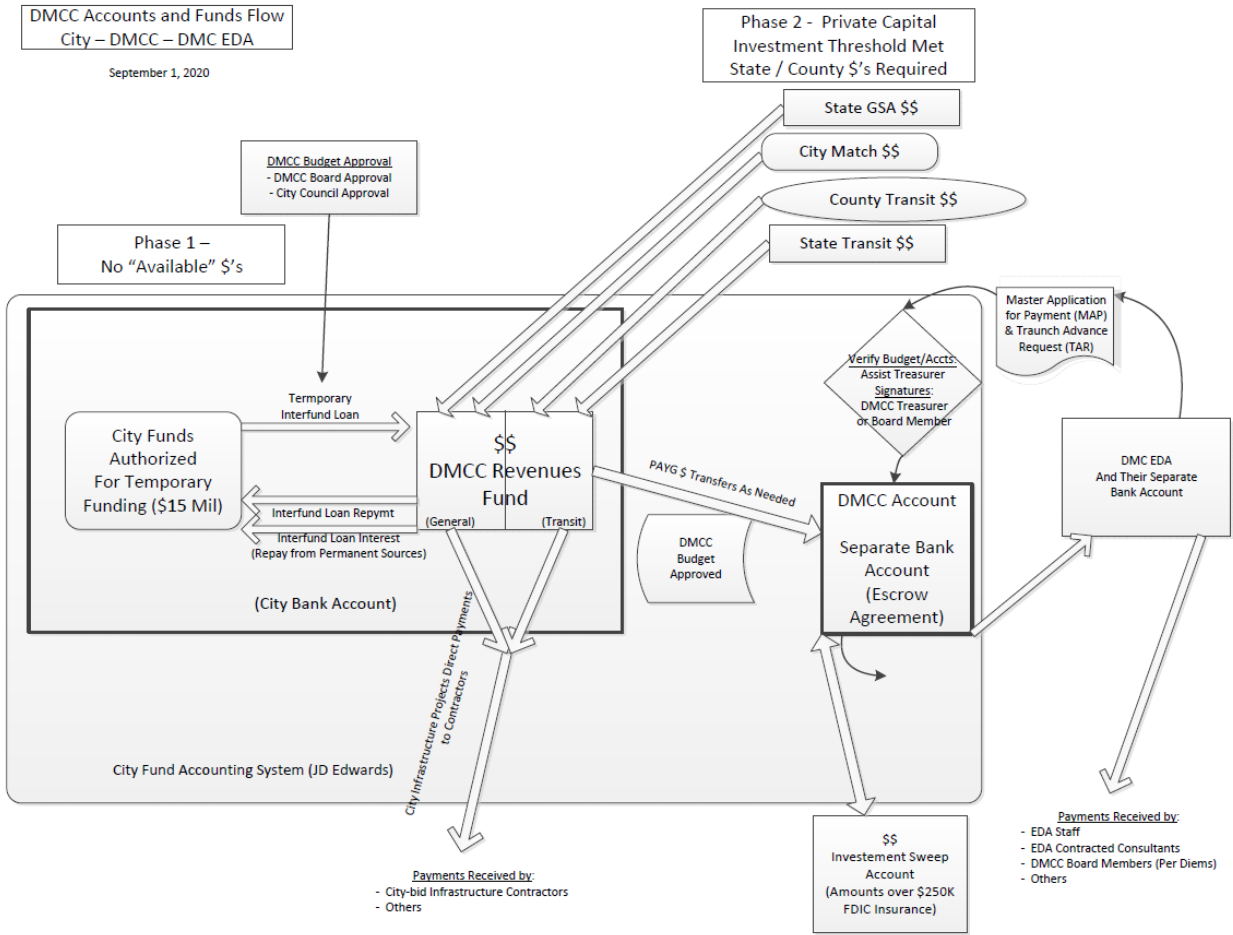
Laws:

The Firm will comply with all applicable local, state and Federal laws, rules and regulations in the performance of the duties of the contract. The Firm will comply with and be governed by all laws of the State of Minnesota.

Termination:

The contract may be terminated for any reason upon giving thirty (30) days' advance written notice to the other party. The DMCC reserves the right to cancel this contract at any time in the event of default or violation by the Firm of any provision of the contract. The DMCC may take whatever action at law or in equity that may appear necessary or desirable to collect damages arising from a default or violation or to enforce performance of the contract.

APPENDIX A



APPENDIX B

PROPOSER GUARANTEES

1. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Minnesota laws with respect to foreign (non-state of Minnesota) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Destination Medical Center Corporation.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

**Destination Medical Center Corporation (“DMCC”)
And
Destination Medical Center Economic Development Agency (“EDA”)
Request for Proposal for Professional Auditing Services
For services described in Section II, A-G of the RFP**

*NOTE: PLEASE COMPLETE BOTH PAGES OF THIS APPENDIX D

I. PROPOSAL TO DMCC

<u>Audit Year:</u>	2020	2021	2022
<u>Service Provided:</u>			
DMCC general audit costs			
DMCC tax preparation and filing costs			
DMCC Annual Charitable Organizations Report			
DMCC procedures audit for DEED			
Grand Total			

<u>Year:</u>	2021	2022	2023
	<u>Quoted Hourly Rate</u>	<u>Quoted Hourly Rate</u>	<u>Quoted Hourly Rate</u>
<u>Service provided by:</u>			
Partners/Principals	_____	_____	_____
Managers	_____	_____	_____
Supervisory Staff	_____	_____	_____
Staff	_____	_____	_____
Other (specify)	_____	_____	_____

	<u>Quoted Daily Rate</u>	<u>Quoted Daily Rate</u>	<u>Quoted Daily Rate</u>
<u>Out-of-Pocket Expenses:</u>			
Meals (per employee)	_____	_____	_____
Lodging (per employee)	_____	_____	_____
Transportation (per trip)	_____	_____	_____
Other (specify)	_____	_____	_____

II. PROPOSAL TO EDA

<u>Audit Year:</u>	2020	2021	2022
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Service Provided:

EDA general audit costs
 EDA tax preparation and filing costs
 Grand Total

<u>Year:</u>	2021	2022	2023
	<u>Quoted Hourly Rate</u>	<u>Quoted Hourly Rate</u>	<u>Quoted Hourly Rate</u>

Service provided by:

Partners/Principals
 Managers
 Supervisory Staff
 Staff
 Other (specify)

<u>Quoted Daily Rate</u>	<u>Quoted Daily Rate</u>	<u>Quoted Daily Rate</u>
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Out-of-Pocket Expenses:

Meals (per employee)
 Lodging (per employee)
 Transportation (per trip)
 Other (specify)
