

**MINUTES OF THE SPECIAL MEETING OF THE
CITY COUNCIL OF THE CITY OF MOUNTAIN BROOK, ALABAMA
OCTOBER 1, 2019**

The City Council of the City of Mountain Brook, Alabama met in special public session at City Hall of the City of Mountain Brook on Tuesday, the 1st day of October 2019, at 12:00 p.m. The meeting was then called to order by the Council President and the roll was called with the following results:

Present: Virginia C. Smith, Council President
William S. Pritchard III, Council President Pro Tempore
Lloyd C. Shelton
Alice B. Womack

Absent: Philip E. Black
Stewart Welch III, Mayor

Also present were City Manager Sam Gaston and City Clerk Steven Boone.

1. CONSIDERATION OF AN ORDINANCE (NO. 2059) CANVASSING THE RETURNS OF THE SPECIAL MUNICIPAL TAX ELECTION HELD IN THE CITY ON SEPTEMBER 24, 2019 (APPENDIX 1)

Council President Smith stated that this was the date fixed by law for the canvass of the returns of the special municipal tax election held in the City on September 24, 2019, which had been called by Ordinance No. 2049, adopted on June 24, 2019. The Council, constituting a board of canvassers, thereupon proceeded to canvass the returns respecting the proposition submitted to the electors of the City at the said election, and upon completion of such canvass the following ordinance, together with the preambles thereto, was introduced in writing by Council President Smith:

“AN ORDINANCE CANVASSING AND DECLARING THE RESULTS OF A SPECIAL MUNICIPAL ELECTION HELD IN THE CITY OF MOUNTAIN BROOK, ALABAMA, ON TUESDAY, SEPTEMBER 24, 2019, REGARDING AN INCREASE IN THE RATE OF A PROPERTY TAX FOR PUBLIC SCHOOL PURPOSES

WHEREAS, at a meeting of the City Council ("the Council") of the City of Mountain Brook ("the City") in the State of Alabama held on June 24, 2019, Ordinance No. 2049 was duly adopted by the Council in which a special municipal election was called to be held in the City on September 24, 2019 (being the fourth Tuesday in the month of September), for the purpose of submitting to the qualified electors of the City to determine their will with respect to the following proposition:

Whether the City shall be authorized to levy and collect, in addition to all other taxes now or hereafter authorized, the special annual ad valorem tax at the per annum rate of 20.6 mills on each dollar of the assessed valuation of the taxable property in the City referred to in the notice of election set out in Section 3 of Ordinance No. 2049 adopted on June 24, 2019.

WHEREAS, notice of the said election was posted in four public places in the City (viz., the Mountain Brook City Hall, 56 Church Street; Cahaba River Walk, 3053 Overton Road; Overton Park, 3020 Overton Road; and Gilchrist, 2805 Cahaba Road, there being no newspaper published and having general circulation in the City, in the form provided in the said ordinance, said posting having been more than thirty days before the date of the said election, and having also been on or before the fourth Tuesday of the second month next preceding the month in which the said election was held;

WHEREAS, the said election was held in the City on September 24, 2019, in all respects as provided in the said notice between the hours of 7:00 o'clock, a.m., and 7:00 o'clock, p.m., being the legal hours provided by law for holding the said election, and the ballot used in the said election was in all respects in the form therefor set out in the said ordinance, and the officials who conducted the said election have duly made and duly filed with the Council their respective reports, returns, and certificates; and

WHEREAS, the Council is required by law to canvass the returns of the said election on the first Tuesday next after the said election, and declare the results thereof, and at a meeting of the Council held on October 1, 2019, the Council, acting as a board of canvassers, has duly canvassed the said returns and ascertained the results of the said election with respect to the said proposition;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Mountain Brook, acting as a board of canvassers for the purpose of canvassing the results of the said election, as follows:

- (1) the recitations contained in the foregoing preambles are hereby found and declared to be true and are hereby adopted as a part of this ordinance;
- (2) the said election was duly called, notice thereof was duly given, and the said election was duly held and the ballots used thereat were in all respects as provided by law;
- (3) at the said election on the said proposition, the canvass of the returns indicated the following::

	St. Luke's Episcopal 01	City Hall 02	Brookwood Baptist Church 03	Mountain Brook Comm. Church 04	Canterbury United Methodist 05	Cherokee Bend Elem. 06	Absentee	Total
For Increase in Rate of School Tax	284	419	433	308	117	243	20	1,824
Provisional	0	0	0	0	0	0	0	0
	66.36%	63.10%	72.17%	65.95%	50.65%	64.97%	66.36%	65.3%
Against Increase in Rate of School Tax	144	245	167	159	114	131	8	968
Provisional	0	0	0	0	0	0	0	0
	33.64%	36.90%	27.83%	34.05%	49.35%	35.03%	66.36%	23.7%
	428	664	600	467	231	374	28	2,792
								100%
Registered voters	2,383	4,423	3,514	3,639	1,758	2,270	N/A	17,987
Voter turn-out	17.96%	15.06%	17.10%	12.83%	13.14%	16.56%	N/A	15.5%

Note: Over/under votes not counted have been omitted from the vote counts above

- (4) at the said election on the said proposition a total of 2,792 votes were received and cast; of the said votes so received and cast 1,824 votes were received and cast **for** the increase in the said special tax and 968 votes were received and cast **against** the increase in the said special tax; that the number of votes received and cast in the said election in favor of the increase in the said special tax **were greater than** the number of votes received and cast in the said election against the

increase in the said special tax; and that at the said election a majority of the qualified electors of the said City who voted thereat voted **for** of the increase in the said special tax.

BE IT FURTHER ORDAINED that this ordinance shall comprise the canvass and declaration by the Council of the results of the aforesaid election and shall be recorded in the minutes of the proceedings of the City.”

Councilmember Womack moved that the rules be suspended and unanimous consent be given for immediate consideration of and action on the said ordinance, which motion was seconded by Council President Pro Tempore Pritchard and, upon the same being put to vote, the following vote was recorded:

Ayes: Virginia C. Smith, Council President
William S. Pritchard, III, Council President Pro Tempore
Lloyd C. Shelton
Alice B. Womack

Nays: None

Council President Smith thereupon declared that the motion for unanimous consent for immediate consideration of and action on the said ordinance had been unanimously carried. Council President Pro Tempore Pritchard thereupon moved that the foregoing ordinance be adopted, which motion was seconded by Councilmember Shelton and, upon the same being put to vote, the following vote was recorded:

Ayes: Virginia C. Smith, Council President
William S. Pritchard, III, Council President Pro Tempore
Lloyd C. Shelton
Alice B. Womack

Nays: None

Council President Smith thereupon declared that motion for the adoption of said Ordinance (No. 2059) carried by a vote of 4—0 and as evidence thereof she signed the same.

2. CONSIDERATION OF A RESOLUTION (NO. 2019-142) AUTHORIZING THE EXECUTION OF THE AUDIT ENGAGEMENT LETTER, IN THE FORM ATTACHED HERETO AS EXHIBIT A, WITH RESPECT TO THE CITY’S ANNUAL INDEPENDENT FINANCIAL AUDIT (EXHIBIT 1, APPENDIX 2)

The resolution and engagement letter were introduced in writing by Council President Smith who then invited comments. There being no comments or questions, President Smith called for a motion. Council member Shelton made a motion for adoption of the resolution. The motion was seconded by Council President Smith. Thereupon, Council President Smith called for vote with the following results:

Ayes: Virginia C. Smith
William S. Pritchard, III
Philip E. Black
Lloyd C. Shelton

Nays: None

Council President Smith thereupon declared that motion for the adoption of said resolution (No. 2019-142) carried by a vote of 4—0 and as evidence thereof she signed the same.

3. ANNOUNCEMENT

The next regular meeting of the City Council will be October 14, 2019, at 7:00 p.m. in the Council Chamber of City Hall located at 56 Church Street, Mountain Brook, AL 35213.

4. ADJOURNMENT

There being no further business to come before the City Council, Council President Smith adjourned the meeting at approximately 12:05 p.m.

5. CERTIFICATION

I, Steven Boone, City Clerk of the City of Mountain Brook, Alabama, certify the above is a true and correct transcript of the regular meeting of the City Council of the City of Mountain Brook, Alabama held at City Hall, City Hall Pre-Council Room (A106) on October 1, 2019, and that the meeting was duly called and held in all respects in accordance with the laws of the State of Alabama and bylaws of the City and that a quorum was present.



City Clerk

Approved by City Council October 14, 2019

EXHIBIT 1**RESOLUTION NO. 2019-142**

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama, that the City Council hereby authorizes either the Mayor or City Manager to execute, for and on behalf of the City Council, the audit engagement letter, in the form attached hereto as Exhibit A, with respect to the City's annual independent financial audit.

APPENDIX 2

Minute Book 92 SPECIAL MUNICIPAL TAX ELECTION
OFFICIAL BALLOT 10 MILL INCREASE IN EXISTING 10.6 MILL SCHOOL TAX
 CITY OF MOUNTAIN BROOK, ALABAMA

1125
 2059

A SPECIAL MUNICIPAL TAX ELECTION B CITY OF MOUNTAIN BROOK, ALABAMA C SEPTEMBER 24, 2019

INSTRUCTIONS TO VOTER

TO VOTE YOU MUST BLACKEN THE OVAL (●) COMPLETELY! DO NOT MAKE AN X.
 IF YOU SPOIL YOUR BALLOT, DO NOT ERASE, BUT ASK FOR A NEW BALLOT.

PROPOSITION

Shall the City of Mountain Brook be authorized to levy and collect, at the rate of 2.06% (or 20.6 mills on each dollar) of the assessed value of taxable property in the City (being an increase of 10 mills), the special ad valorem tax authorized at an election held on May 20, 1947, and now being levied at the rate of 10.6 mills; said tax to be levied and the proceeds thereof used for public school purposes in the City; said increase to be effective for each tax year of the City commencing with the tax year for which taxes of the City will become due and payable on October 1, 2020, and continuing for each successive tax year thereafter?

FOR said proposed 10 mill increase in existing 10.6 mill tax, resulting in said 2.06% (or 20.6 mills) additional rate of taxation

AGAINST said proposed 10 mill increase in existing 10.6 mill tax, resulting in said 2.06% (or 20.6 mills) additional rate of taxation

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AGAINST said proposed 10 mill increase in existing 10.6 mill tax, resulting in said 2.06% (or 20.6 mills) additional rate of taxation

A Typ:01 Seq:0001 Spl:01 B END OF BALLOT C BALLOT STYLE - 1

APPENDIX 1

PRECINCT REPORT SPECIAL MUNICIPAL ELECTION
 SEPTEMBER 24, 2019
 WOFFICIAL BALLOT

000 DATE:09/24/19 06:13 PM

0000 CHAIRMAN/CHIEF CLERK

	NOTES	PERCENT
REGISTERED VOTERS - TOTAL	176	
BALLOTS CAST - TOTAL	131	13.14
VOTES PROXIMATE - TOTAL		

HOWEVER UNDER THE PROPORTION

	FOR	PERCENT
FOR ONE	117	58.82
AGAINST	14	6.90

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PRECINCT REPORT SPECIAL MUNICIPAL ELECTION
 SEPTEMBER 24, 2019
 WOFFICIAL BALLOT

000 DATE:09/24/19 06:13 PM

0000 CHAIRMAN/CHIEF CLERK

	NOTES	PERCENT
REGISTERED VOTERS - TOTAL	276	
BALLOTS CAST - TOTAL	276	14.54
VOTES PROXIMATE - TOTAL		

HOWEVER UNDER THE PROPORTION

	FOR	PERCENT
FOR ONE	263	58.82
AGAINST	13	2.82

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PRECINCT REPORT SPECIAL MUNICIPAL ELECTION
 SEPTEMBER 24, 2019
 WOFFICIAL BALLOT

000 DATE:09/24/19 06:13 PM

0000 CHAIRMAN/CHIEF CLERK

	NOTES	PERCENT
REGISTERED VOTERS - TOTAL	2	
BALLOTS CAST - TOTAL	2	25
VOTES PROXIMATE - TOTAL		

HOWEVER UNDER THE PROPORTION

	FOR	PERCENT
FOR ONE	2	71.43
AGAINST	0	23.17

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PRECINCT REPORT SPECIAL MUNICIPAL ELECTION
 SEPTEMBER 24, 2019
 WOFFICIAL BALLOT

000 DATE:09/24/19 06:13 PM

0000 PROVISIONAL

	NOTES	PERCENT
REGISTERED VOTERS - TOTAL	0	
BALLOTS CAST - TOTAL	0	
VOTES PROXIMATE - TOTAL		

HOWEVER UNDER THE PROPORTION

	FOR	PERCENT
FOR ONE	0	
AGAINST	0	

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2019-142



Carr Riggs & Ingram, LLC
3700 Coliseum Parkway
Suite 300
Birmingham, AL 35211
(205) 818-7822
(205) 254-7744 (fax)
www.cri.com

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September 30, 2019

City of Mountain Brook
56 Church Street
Mountain Brook, AL 35213

We are pleased to confirm our understanding of the services we are to provide the City of Mountain Brook (the "City") for the year ended September 30, 2019. We will audit the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year ended September 30, 2019.

- 1) Management's Discussion and Analysis.
2) Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.
3) Schedule of Changes in the Net Pension Liability and Related Ratios.
4) Schedule of Employer Contributions - Pension.
5) Schedule of Changes in the OPEB Liability and Related Ratios.
6) Schedule of Employer Contributions - OPEB.
7) Schedule of Investment Returns.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and individual fund statements and schedules.
2) Schedule of general fund revenues by source.
3) Comparative statements for individual funds.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the Mayor and City Council of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures-General

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

APPENDIX 2

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

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

Audit Procedures-Internal Control

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Audit Procedures-Compliance

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

Other Services

We may, from time to time, provide permitted non-attest services at management's request. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in

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accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

You agree to assume all management responsibilities relating to any nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the nonaudit services, and that you have reviewed and approved the nonaudit services and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, Steven Boone, Finance Director, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Dispute Resolution

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or other dispute resolution procedure, they will first try, in good faith, to resolve the dispute through non-binding mediation. All parties agree that an alternative form of dispute resolution shall not be undertaken by either party until the expiration of fifteen (15) calendar days following notice being provided to the other party indicating that the dispute cannot be settled through mediation. The mediation will be administered by the American Arbitration Association under its Dispute Resolution Rules for Professional Accounting and Related Services Disputes. The costs of any mediation proceedings shall be shared equally by all parties.

Governing Law; Venue

This agreement and performance hereunder shall be governed by the laws of the State of Alabama, without reference to any conflict of laws rules or principles. Any action or proceeding arising from or relating to this agreement must be brought in a state or federal court having jurisdiction in Coffee County, Alabama, and each party irrevocably submits to the jurisdiction and venue of any such court in any such action or proceeding and agrees to waive any defenses to venue and jurisdiction including *forum non conveniens*.

Statute of Limitations

The parties agree that there shall be a one-year statute of limitation (from the delivery of the service or termination of the contract) for the filing of any requests for arbitration, lawsuit, or proceeding related to this agreement. If such a claim is filed more than one year, or the minimum durational period having been determined as permissible by applicable statutory law or by a court of competent jurisdiction, subsequent to the delivery of the service or termination of the contract, whichever occurs first in time, then it shall be precluded by this provision, regardless of whether or not the claim has accrued at that time.

Electronic Data Communication and Storage and Use of Third Party Service Provider

In the interest of facilitating our services to your company, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your company may be transmitted or stored using these methods. We may use third-party service providers to

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store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over, and shall not be responsible for, the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records. In the event you suffer a loss of any files or records due to accident, inadvertent mistake, or Act of God, copies of which you have provided to us pursuant to this agreement, we shall not be responsible or obligated to provide you a copy of any such file or record which we may retain in our possession.

Engagement Administration, Fees, and Other

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

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

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Carr, Riggs & Ingram, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a Cognizant or

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Grantor Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Carr, Riggs & Ingram, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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

Jason Harpe is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$55,000 for the City's audit and \$8,000 for a Single Audit, if required under OMB regulations. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our most current peer review report is located at <https://www.cricpa.com/cri-peer-review-report-request/>.

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

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.

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RESPONSE:

This letter correctly sets forth the understanding of the City

Management signature: *Sam S. Mastin*

Title: *City Manager*

Date: *10/1/2019*

Governance signature: *Blaine W. Harpe*

Title: *Mayor*

Date: *10/1/2019*

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