

RESOLUTION

Resolution 5849-2023: Approval of Engagement Agreement with Sikich LLP

WHEREAS, the Common Council did meet on March 13, 2023, in closed session, to review and consider the engagement letter presented by Sikich with regards to a special financial audit.

NOW, THEREFORE, BE IT RESOLVED that the Common Council of the City of Mayville does hereby approve the Sikich engagement letter, dated February 27, 2023.

Passed by the Common Council of the City of Mayville this 13th day of March, 2023.



John Guinn
Mayor

Attest:



Anastasia Gonstead
City Clerk



17335 Golf Parkway, Suite 500
Brookfield, WI 53045

262.754.9400

SIKICH.COM

February 27, 2023

Mr. John Guinn, Mayor
City of Mayville, Wisconsin
15 S. School Street
Mayville, WI 53050

Re: Forensic Review – Privileged and Confidential

Dear Mayor Guinn,

This engagement agreement (the "Agreement") between Sikich LLP, an Illinois limited liability partnership, ("Sikich," "we," "our," or "us") and the City of Mayville, Wisconsin ("Mayville" or "the City" or "you" or "your") sets forth the mutual agreements regarding Sikich's provision of professional forensic services (the "Services") to you in the Matter.

Our understanding is that you will direct our engagement including the scope of our Services and approve the Services we will provide under this Agreement. The purpose of the engagement is to conduct a review of various financial transactions and other issues identified by you for Fiscal Years 2020 through 2022 and Fiscal Year 2023 to date. If requested, Sikich will provide a report detailing the processes engaged in and relevant findings and recommendations.

General - Services and Fees

The total cost of the Services will be based upon the time spent providing the Services. The range of hourly rates is \$250 for senior staff, \$350 for director, and \$450 for partner. As the engagement progresses, related charges will be billed by Sikich to you monthly. While we will bill your firm directly monthly, it is understood that your client will be ultimately responsible for the payment of our fees. Payment is due upon receipt of the invoice.

If we encounter issues that would require us to expand the scope of the Services, we will discuss this with you before doing additional work. If issues are identified during the provision of Services that would cause our fee to change, we will notify you immediately. If you decide further review is required, fees for this phase of the analysis, should it be authorized, will be discussed at that time, and will be quoted based upon the circumstances at the rates quoted above.

During the engagement, if evidence is uncovered that points to possible unethical or fraudulent conduct, we will immediately stop the analysis and inform you and only continue the analysis with your express authority. If the analysis continues, with your knowledge and authority, we will implement procedures to continue the analysis applying appropriate examination techniques. Depending on the situation, these procedures will include the securing of evidence with attention to chain of custody and maintenance of originals, electronic imaging of digital devices and servers, coordination with legal counsel, and preparation of any appropriate insurance claims. Fees for this phase of the analysis, should it be authorized, will be discussed at that time, and will be quoted based upon the circumstances at the rates quoted above. Additional charges for the imaging of electronic evidence will be quoted at that time.

If you should disagree with or question any amount due under an invoice, you agree that you shall communicate such disagreement to us in writing within thirty (30) days of the invoice date. Disagreement with any amount not made known to us in writing within that period is considered invalid. We retain the right to discontinue Services (and at our option, terminate this Agreement) if the account balance becomes sixty (60) days past due. Services will be invoiced to you from time-to-time as work progresses. In accordance with Illinois Compiled Statutes, payments for all Services are due within sixty days of receipt of an invoice. Invoices not paid within sixty days are subject to finance charges of 1.0% per month (12% annually).

We will charge for out-of-pocket expenses incurred during the provision of Services, including, among others (as applicable), industry research reports and materials, travel and living expenses (meals, lodging, etc.), fees to professionals for consultation regarding the valuation or technical matters, messenger and delivery services, report preparation, copying, and other direct engagement expenses, if any. We will also charge for retaining other experts, if deemed necessary, but such experts will only be retained without your prior approval.

Our Services will be deemed to be completed upon written notification of termination by you, even if we have not completed our procedures or issued a report. You will be obligated to compensate us for the time expended to that point.

You agree to assume all management responsibilities for the non-attest services we provide in connection with this engagement; oversee these non-attest Services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of these Services; and accept responsibility for them.

We will not have any obligation to issue a report or other document, or communicate our research, analyses, or conclusions, unless all outstanding invoices are paid, or alternative arrangements have been mutually agreed to in writing. We will have no liability to you, or any other person, by reason of not issuing a report, appearing for, and/or providing testimony or other evidence because of a failure to pay all amounts owed to us, and you agree to indemnify us against such liability.

Standards and Confidentiality

The Services will be based on the data we are able to obtain within a reasonable time. We attempt to collect data from reliable sources but do not warrant the accuracy, completeness, or reliability of the data obtained. We will not audit, compile, or review any financial statements, forecasts, or financial data provided to us and will rely on such data without verification. The Services will be conducted according to the guidelines outlined by the AICPA and ACFE standards for consulting and fraud examination projects.

Our Services will be conducted in accordance with lawful fraud examination techniques, which include, but are not limited to, examination of books and records, voluntary interviews of appropriate personnel, and other such evidence-gathering procedures as necessary under the circumstances. We cannot provide assurances that fraud, if it exists, will be uncovered because of our examination. Our Services cannot be relied on to disclose all errors, fraud, or other illegal acts that may exist, nor will we be responsible for the impact on our Services of incomplete, missing, or withheld information, or mistaken or fraudulent data provided from any source or sources. We are unable to express an opinion on the guilt or innocence of any person or party.

All information and materials of any form or description collected by us during the Agreement shall constitute our work files and will at all times, during and after completion of our Services, remain in our exclusive possession. We shall have unlimited discretion to retain, discard, or dispose of our work files but will at all times maintain all information and materials provided by the Counsel in strictest confidence.

We will use reasonable efforts to keep strictly confidential our Services, its existence, and content, as well as your identity and other identifying information except as it will be used in the any related legal proceeding. We will nevertheless have no liability to you or any third party for information disclosed in, or pursuant to, any ruling,

order, or proceeding of any court or other judicial or non-judicial forum or of any regulatory agency or similar instrumentality.

In accordance with the final rules published by the Federal Trade Commission, commonly referred to as the Gramm-Leach-Bliley Act, the following disclosures are made: In the process of preparing the Services or other tasks included in the assignment, we may collect from you, or with your authorization, certain essential information which is non-public and personal, such as information concerning income, expenses, assets, liabilities, and other similar information. We follow reasonable standards for protecting the confidentiality and security of the non-public personal information collected. We will not disclose any non-public personal information about you to any third party, except as permitted by you or required by law or during any related legal proceeding.

You hereby acknowledge and consent to Sikich's use of third-party cloud computing services to store confidential and proprietary information and other data provided to Sikich in the performance of the Services and agree that Sikich's use of such cloud services coupled with the use of encrypted devices, password protections and firewall protection shall constitute the best efforts of Sikich to safeguard such information and data from unauthorized disclosure. You further agree that, subject to applicable law, Sikich shall only be liable if it has finally judicially been determined that Sikich did not take commercially reasonable measures to protect your confidential and proprietary information from unauthorized disclosure.

As a result of our prior or future services to you we might be requested or required to provide information or documents to you or a third party in a legal, administrative, regulatory inquiry or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request.

Disputes; Indemnification; Legally Binding Contract

This Agreement is a legally binding contract between you, the client and Sikich, and will be binding upon, and inure to the benefit of, their respective heirs, assigns, successors-in-interest, and legal representatives (as applicable). It may not be amended without the prior written consent of both parties.

You and your client shall indemnify and hold harmless Sikich and its partners, directors, employees, agents or subcontractors against all costs, damages, and liabilities (including reasonable attorneys' fees and costs) associated with any third-party claim or proceeding, relating to, or arising out of our provision of Services under this Agreement, other than as determined through arbitration to have been caused by the gross negligence or willful misconduct of Sikich.

In no event will Sikich be liable to you, your client, or any related party thereto, whether a claim be in tort, contract or otherwise, for any amount in excess of the total fees paid by you to Sikich pursuant to this Agreement, or for any consequential, indirect, lost profit or similar damages relating to our Services provided under this Agreement, other than as determined through arbitration to have been caused by the gross negligence or willful misconduct of Sikich.

The Parties agree to resolve contract disputes through binding arbitration by an arbitrator mutually agreeable to the Parties using the rules of the American Arbitration Association. If the Parties cannot mutually agree on the selection of an arbitrator, then application shall be made to the circuit court for appointment of an arbitrator by the Court which shall be its sole jurisdiction.

You acknowledge having read this Agreement in its entirety, have had full opportunity to consider its terms in consultation with their respective legal and financial advisors, have had full and satisfactory explanation of the same, and fully understands and agree to be legally bound by the terms of this Agreement.

Please indicate your understanding and acceptance of this Agreement by executing this Agreement in the space provided below where indicated and return it to our offices indicating your authorization for us to proceed on the above terms and conditions. Please retain the second copy of this Agreement for your files.

Sincerely,
Sikich LLP



Mary O'Connor, ASA, CFE
Partner, Forensic and Valuation Services

Acknowledged and Accepted:

Signed: _____

Date: _____

Mr. John Guinn, Mayor
City of Mayville, WI