

AUDIT SERVICES AGREEMENT

AGREEMENT made this 15th day of February, 2018, by and between BAKER TILLY VIRCHOW KRAUSE, LLP, a limited liability partnership organized under the laws of the State of Illinois, having a place of business at 777 E. Wisconsin Avenue, 32nd Floor, Milwaukee, Wisconsin 53202 (“Contractor”) and the THE CITY OF MILWAUKEE, a body corporate and politic organized and existing under the laws of the State of Wisconsin and the ordinances of the City of Milwaukee, with principal offices 789 N. Water St., Suite 300, Milwaukee, Wisconsin 53202 (“City”).

I. RECITALS

A. Under s. 5-50 of the Milwaukee City Charter (the “Charter”), the City has established a Plan of Deferred Compensation (the “Plan”) intended to operate as an eligible plan pursuant to section 457(b) of the Internal Revenue Code, as amended (the “Code”). Under the Plan all deferred compensation held in the name of the City or a custodian for the exclusive benefit of participants and beneficiaries shall be invested at the direction of a Deferred Compensation Board (Board).

B. Under sec. 5-50-4 of the Charter, the Common Council may by ordinance establish a Board to supervise the Plan and serve as a fiduciary with respect to Plan assets. Under sec. 5-50-4 of the Charter, the proper City officers are authorized to execute on behalf of the City such agreements as are formulated by the Board in the implementation of the Plan.

C. Pursuant to sec. 320-17 of the City Code of Ordinances, an eleven-member board has been created to supervise the Plan.

D. The Board is interested in retaining Contractor as an independent auditor.

For the reasons recited above and in consideration of the mutual promises contained herein, the Board and the Contractor agree as follows:

II. SCOPE OF SERVICES

A. Scope and Statements of Work

1. Scope. This agreement sets forth the terms of the services (“Services”) to be performed by Contractor pursuant to one or more statements of work signed by both Parties (each, an “Engagement Letter”).

2. Engagement Letters. All services to be provided by Contractor to the Board will be confirmed in written Engagement Letters. Each Engagement Letter will be in the form set forth as Exhibit A, or such other form as the parties may mutually agree upon, and shall include the specific Services to be provided. No Engagement Letter will become effective unless executed by an authorized representative of each of the Parties.

3. Conflicts. In the event of any express conflict or inconsistency between the provisions of any Engagement Letter and any provisions of this Agreement, the applicable provisions of this Agreement will govern and control. The parties may modify the terms hereof in a writing which must satisfy the following criteria: (a) expressly supersede specified provisions of the Agreement and/or Engagement Letter(s); (b) clearly identify the section(s) of the Agreement and/or Engagement Letter(s) that they are intended to supersede; and (c) must be signed by both parties.

B. Audit.

1. Audit fieldwork shall commence following execution of this Agreement.

2. The Contractor’s ability to express an audit opinion and render audit reports, and the wording of Contractor’s opinion and reports, will be dependent on the facts and circumstances at the date of Contractor’s report. If conditions are discovered that lead to the belief that material errors, defalcations or other irregularities have occurred, Contractor shall promptly advise the Plan’s Executive Director, as well as the Chairperson of the Executive Finance Committee and the Board

Chair. Notwithstanding the foregoing, the City expressly acknowledges that Contractor cannot ensure that errors, fraud or other illegal acts, if present, will be detected. In the event that the Contractor contemplates rendering an opinion other than an unqualified opinion, Contractor shall promptly advise the Plan's Executive Director.

3. Contractor's auditing procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of key demographic, payroll, disbursement, and investment information with selected individuals, investment managers and employer. Contractor will request written representations from the Board's attorneys as part of this engagement, and the Board's attorneys may bill the Plan for responding to this inquiry.

C. Reporting.

1. For each calendar year covered by the contract, Contractor shall present to the Board a report on the audit of the Plans financial statements. Subject to compliance with applicable laws, regulations and professional standards and to the provisions of Article XIV of this contract, Contractor shall present such report no later than 60 days following completion of fieldwork or at a later date by mutual agreement. The audit is expected to commence by no later than May 30 of each calendar year unless a later date is mutually agreed upon prior to May 30. Such report shall contain an unqualified opinion with respect to the financial statements, or if an unqualified opinion cannot be expressed, a qualified opinion, adverse opinion or disclaimer of opinion with an explanation of the reasons therefore, subject to the provisions set forth in Article II-B-2. above. For each calendar year covered by the contract, Contractor shall perform limited procedures on the required supplementary information. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's

response to our inquiries, the financial statements, and other knowledge obtained during the audit.

2. In addition to certain matters that are required to be communicated to the Board, as set forth in Exhibit A, the Contractor may also have other comments for the Board on matters observed by Contractor and possible ways to improve the efficiency of the Plan's operations or other recommendations concerning internal control.

D. Term. Under this Agreement auditor shall conduct audits of the financial statements and related reports for the fiscal years ending December 31, 2017 through December 31, 2019.

E. Miscellaneous.

1. Contractor shall advise Plan staff of current developments in public employee benefits accounting and practice as promulgated by the GASB relevant to the Plan. Contractor shall provide Plan staff annually with a training as requested related to GASB pronouncements and general GAAP updates relevant to the Plan totaling up to eight hours, subject to approval of the Plan's Executive Director.

2. Contractor at its own expense shall submit thirty (30) copies of each printed and bound report and each management letter to the Board.

3. Prior to the annual presentation to the Board, Contractor will hold an exit conference with appropriate Plan management to review audit findings. Draft copies of such reports will be reviewed by Plan management before such reports are presented to the Board.

III. DURATION

This Agreement shall cover audits and related reports for the fiscal years ending December 31, 2017 through December 31, 2019.

IV. COMPENSATION OF CONTRACTOR

A. Contractor shall be compensated on an all-inclusive annual flat rate basis as follows: \$38,500 for each of the fiscal years ending December 31, 2017, December 31, 2018 and December 31, 2019. These annual rates include all out-of-pocket expenses paid by Contractor. Contractor shall not be paid or otherwise compensated by the Plan for any purpose in any amount exceeding the rates noted above, unless mutually agreed upon in writing by the City and Contractor.

B. These rates are based upon the accounting and auditing pronouncements and interpretations pursuant to GASB, FASB, AICPA or other governing bodies that are effective as of the date of this agreement. Should new accounting and auditing pronouncements and/or interpretations be issued by these or other governing bodies and become effective during the duration of this contract, Contractor may request, pursuant to a written contract amendment, appropriate and mutually agreed upon adjustments in the above contract price.

C. Additional services may be requested from Contractor pursuant to a written contract amendment signed by the parties. The hourly fee for additional services shall be the same as listed in Article IV-D.

D. The Board may request billing statements, showing the number of hours expended by any or all Contractor personnel who provide services related to this Agreement at any time, but no more than monthly. For the purposes of these statements, hourly billing shall be to the quarter of an hour and the following hourly rate schedule shall be used:

Rates in \$	2017	2018	2019
Partner	410	425	445
Senior Manager	300	315	330
Manager	260	270	280
Senior	195	200	205
Staff	170	175	180
Clerical	122	126	130

V. COVENANTS OF THE CONTRACTOR

A. The audit shall be performed in accordance with generally accepted governmental auditing standards.

B. Contractor shall retain all audit work papers and reports, including electronic files as well as electronic mail, for a minimum period of seven years from the conclusion of the audit engagement or longer if requested in writing by the Board. Upon reasonable written notice to Contractor, the Board, and/or person(s) designated by the Board shall be entitled to inspect all Non-Proprietary Work Papers. As used in this section, Non-Proprietary Work Papers are those which are not, or do not contain, any of Contractor's proprietary or confidential information or trade secrets and which do not relate to Contractor's audit processes or audit procedures, as determined by Contractor. By way of example and not in limitation of the foregoing, the term Non-Proprietary Work Papers includes trial balances, work papers related primarily to the Plan's accounting policies or to the composition of particular accounts and excludes work papers relating principally to the conduct of the audit, such as audit programs and questionnaires, checklists, sample selections, tick mark explanations, audit planning and summary memoranda, memoranda documenting sensitive audit judgments, conclusions based upon audit processes or procedures and Contractor's administrative materials. The Contractor shall make the persons responsible for creating and maintaining Plan all audit work papers, whether proprietary or not, available to the Board during such review for the purpose of responding to the Board's reasonable inquiries.

In addition, the Contractor shall respond to the reasonable inquiries of successor auditors or other third party authorized by the Board, and shall allow such parties to review audit work papers relating to matters of continuing accounting significance, in accordance with, and to the extent required by applicable professional standards.

Upon termination of this Agreement and upon the Board's request, the Contractor shall tender records relevant to the audit services provided on this Agreement to the Board, provided, however, that the Contractor may retain copies of such records as needed to comply with legal, statutory, regulatory, or reporting obligations. Nothing in this section shall require the Contractor to tender records that are unrelated to the audit engagement and/or are proprietary, confidential, or trade secrets.

C. The Contractor covenants that it will maintain independence with respect to the City, the Plan, and the Board throughout the term of this agreement as required by professional standards.

D. Public Records Law Compliance.

1. Both parties understand that the City is bound by the Wisconsin Public Records Law, Wis. Stat. §§ 19.31-39 ("Public Records Law"), and as such, all terms of this Agreement are subject to and conditioned on that law. Under the Public Records Law, the Plan's audit work papers in the Plan's possession are subject to public disclosure, unless there is a statutory, common law, or public policy reason for nondisclosure (e.g., trade secrets exemption). The City acknowledges that the Contractor claims that all work papers other than Non-Proprietary Work Papers fall within the trade secrets exemption to the Public Records Law. The Contractor acknowledges that the City cannot verify this claim and will not defend such a claim in court, but will allow Contractor to do so (*see infra* Section V.B.4.).

2. The Contractor acknowledges and agrees that it must act in accordance with the retention and production requirements under the Wisconsin Public Records Law pursuant to Section 19.36(3) of the Public Records Law. The Contractor also acknowledges and agrees that it is obligated to provide reasonable assistance to the Board in retaining and producing records that are subject to the Wisconsin Public Records Law (specifically the production of records that are maintained by the Contractor in its capacity as a contractor, as required pursuant to Section

19.36(3) of the Public Records Law). Contractor agrees that it shall reasonably assist the Board and the Milwaukee City Attorney's Office in complying with the Public Records law.

3. The Contractor shall not make any claim against the City or the Board specifically relating to the City or the Board making available to the public any document or information the City or the Board received from the Contractor which is required to be made public by the City or the Board pursuant to a court order.

4. In the event the City or the Board receives a public records request for records relating to the Contractor, any information designated by the Contractor as its confidential and proprietary information will be considered in conjunction with a response by the City or the Board to the public records request. The City and the Board will allow the Contractor the opportunity to raise and support potential exemptions under the law from public disclosure. Decisions to withhold public disclosure of records subject to this law must be supported by a statement of the public-policy basis for denial. The Contractor agrees to cooperate with any reasonable request for assistance by the Board and the Milwaukee City Attorney's Office to support nondisclosure decisions described in this paragraph. Should such a nondisclosure decision by the City or the Board result in litigation, the Contractor agrees to cooperate and assist in that legal defense.

a. In the event that the City, the Board, and/or the Milwaukee City Attorney's Office in good faith determines that disclosure of records subject to this law is proper, and the Contractor disagrees and does not produce records demanded by the City or the Board, the Contractor will be solely responsible for litigation expenses and any related costs, fees, or other damages that result from the Contractor's nondisclosure decision including attorney's fees.

b. In the event that the City, the Board, and/or the Milwaukee City Attorney's Office in good faith determines disclosure of records subject to this law is proper, and the Contractor disagrees, files suit to prevent the disclosure or to seek damages after disclosure, and a court or other agreed-upon arbitrator later determines that the disclosure was proper, the Contractor will be reimburse the City for all litigation expenses and any related costs, fees, or other resulting damages including reasonable attorney's fees.

VI. COVENANTS OF THE BOARD

A. The Board understands that the proper and timely completion of Contractor's services hereunder requires the reasonable cooperation of the Board, including, without limitation, entities under its control, and their respective officers, directors, employees, other personnel and agents. The Board agrees to provide all such reasonable cooperation requested by the Contractor. Such cooperation shall include, without limitation, preparation of drafts of all necessary statements, notes and schedules, and typing of confirmations and representation letters and access to photocopying equipment.

B. Contractor will advise the Board about accounting principles and their application while the responsibility for the financial statements remains with Plan management.

C. Contractor will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal controls that management considers 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 material effect on the financial statements. Contractor will also obtain from certain members of management a representation letter which covers the

financial statements and which affirms that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

D. If the Board intends to publish or electronically reproduce in any document Contractor's report on the Plan's financial statements, or otherwise make reference to Contractor in a document that contains other information in addition to the audited financial statements, the Board agrees that prior to making any such use of Contractor's report, or reference to Contractor, the Plan's management will provide Contractor with a draft of the document to review and obtain Contractor's approval for the inclusion or incorporation of such report before the document is printed and distributed, subject to the requirements of the Public Records Law and Article III.D. above. The Board also agrees to publish the financial statements in their entirety.

VII. GOVERNING LAW AND VENUE

This Agreement and the rights and duties of the parties hereunder shall be governed by and construed, enforced, and performed in accordance with the laws of the state of Wisconsin without regard to principles of conflicts of law. The sole and exclusive venue for any disputes, claims or causes of action, legal or equitable, shall be the state courts of Wisconsin. This Section VII and its requirements shall survive the term or any extension terms of this Agreement.

VIII. INDEPENDENT CONTRACTOR

Contractor, its officers, agents and employees under this Agreement, constitute an independent contractor. Nothing contained in this Agreement shall be deemed or be construed to appoint such officers, agents or employees of Contractor as employees or agents of the City or the Board, nor shall anything in this Agreement be deemed or construed to appoint officers, agents or employees of the City or the Board as employees or agents of Contractor.

The Contractor, and all subcontractors, if any, shall provide to the Board an affidavit or other satisfactory proof which the Board may require evidencing that the Contractor and all subcontractors have obtained worker's compensation insurance for all persons performing any work or services under the contract or subcontract as is required by the Worker's Compensation Act of the State of Wisconsin. No payments or disbursements under the contract shall be made if such requested proof has not been furnished.

IX. SUBCONTRACTING

Except as herein provided, the Contractor may not subcontract any portion of this engagement unless otherwise agreed to in writing by the City. Any subcontractor relationship will be reviewed annually by Plan management and Contractor as part of engagement planning.

X. TERMINATION

A. For Cause. If, through any cause, the Contractor shall fail to fulfill in timely and proper manner its obligations under this contract, or if the Contractor shall violate any of the material covenants, agreements or stipulations of this contract, the City or the Board shall thereupon have the right to terminate this contract by giving written notice to the Contractor specifying the nature of the alleged defect or failure of performance and specifying the effective date of termination, at least 15 business days before the effective date of such termination. The Contractor shall have 15 business days after receipt of such notice to cure such alleged defect or failure of performance. Notwithstanding the above, the Contractor shall not be relieved of liability to the City, the Board or the Plan for damages sustained by virtue of any breach of the contract by the Contractor, and the City may withhold any payments to the Contractor for the purpose of offset until such time as the exact amount of damages due to the City from the Contractor is determined.

B. Without Cause. The City or the Board may terminate this contract at any time by giving at least ten days' notice in writing to the Contractor. If the Contractor is terminated as provided in this paragraph without fault by the City or the Board, during the performance of services for a contract year, the Contractor shall be paid a pro rata share of the annual flat rate contract price for the contract year equal to the ratio of the services actually performed for the contract year as compared to the total services to be performed by the Contractor for the contract year, less any prior payments for that year. Provided, however, that if less than sixty percent (60%) of the services to be performed during a contract year have been performed upon the effective date of such termination, the Contractor shall be reimbursed (in addition to the above payment) for that portion of the actual out-of-pocket expenses (not otherwise reimbursed under the contract) incurred by the Contractor during the contract period which are directly attributable to the uncompleted portion of the services covered by this contract. If the contract is terminated by the City or the Board under this paragraph before the commencement of performance of services for a contract year, no compensation shall be paid under this paragraph.

C. Contractor may resign as auditor of the Plan and terminate this contract at any time only if such resignation is required under applicable laws, regulations and professional standards.

XI. ENTIRE AGREEMENT

This Agreement, in addition to **Exhibit A** (Contractor's Engagement Letter), sets forth all the covenants, provisions, agreements, conditions and understandings between the parties, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are set forth herein and in the Contractor's Engagement Letter.

XII. INDEMNITY, INSURANCE AND LIMITATION OF LIABILITY

A. Indemnity. Contractor shall indemnify the Plan and the Board and all of its trustees, officers, and employees, (collectively, "Covered Persons") from and against any and all liabilities, losses, injuries, suits, costs, expenses, charges, judgments, fines, penalties, expenses (including, without limitation, defense costs and attorney's fees), and claims for damages including claims related to bodily injury, death, personal injury, or tangible personal property damage (including, without limitation, any workers' compensation suits, liability or expense), (collectively, "Claims") arising from work performed by, or on behalf of Contractor, by any person pursuant to this Agreement, to the extent actually and directly caused by negligence of Contractor in its performance of the services provided to Plan or actually and directly caused by material breach of this Agreement by Contractor. If and when a lawsuit is brought against a Covered Person(s) seeking damages that a Covered Person(s) reasonably believes are attributable to negligence or malpractice of Contractor in its performance of legal work for Plan or to material breach of this Agreement (an "Underlying Lawsuit") and if a Covered Person(s) requests Contractor to defend a Covered Person(s) in regard to such Underlying Lawsuit, Contractor agrees to meet and confer in good faith with the Covered Person(s) in regard to the Covered Person(s)' request and to consider in good faith such a request. If Contractor agrees to defend the Covered Person(s) in such Underlying Lawsuit, it shall control the defense and settlement thereof; provided no such settlement or compromise shall be entered into without the Covered Person(s)' prior written consent, which consent shall not be unreasonably withheld or delayed except that Covered Person(s)' consent may be withheld for any reason or no reason, if such settlement or compromise involves the issuance of injunctive or other non-monetary relief binding upon the Covered Person(s) or a plea of guilty or nolo contendere on the part of the Covered Person(s) in any criminal or quasi-criminal proceeding, or which involves any admission of liability or

culpability on the part of the Covered Person(s), or which has any collateral estoppel effect on the Covered Person(s). If Contractor does not agree to defend the Covered Person(s) in such Underlying Lawsuit, then Contractor shall reimburse the Covered Person(s) for the portion of Plan's reasonable and necessary defense costs incurred in the Underlying Lawsuit that are finally judicially determined to be attributable to the established and direct negligence or malpractice of Contractor or to a material breach of this Agreement by Contractor directly relating to such Claim. This indemnification provision shall in no event require Contractor to be responsible for damage or defense costs not caused by and specifically attributable to Contractor's negligence or malpractice or material breach of this Agreement, and nothing herein is intended to release the Covered Person(s) from the consequences of and responsibility for its own negligence, including the consequences of its own contributory or comparative negligence and its responsibility for any damage or portion of damage actually caused by its own negligence.

This indemnification provision shall not nullify, extend or expand any statute of limitations that is otherwise applicable to any negligence or other claim against Contractor. This provision is not intended to, and does not alter or interfere with any duties that Contractor may have under its insurance agreements. This indemnification provision is solely for the benefit of the Covered Person(s) and no third party beneficiary or other rights shall be created under this provision.

Nothing in this section shall be construed as limiting any claims that may be asserted against Contractor by the Covered Person(s) or other rights or remedies available to the Covered Person(s) under federal or state statutory or common law in addition to the indemnity provided under this section, including but not limited to claims and remedies based on professional negligence, fraud, misrepresentation, breach of contract or duty.

Notwithstanding the foregoing, the Contractor, its subsidiaries and their present or former partners, principals, employees, officers and agents shall not be liable to the City or any Covered Person for any costs, fees, expenses, damages and liabilities (including attorneys' fees and all defense costs) finally judicially determined to be related to or arising as a result of the acts or omissions of the City or such Covered Person. Furthermore, because of the importance of the information that the Board and the Plan provides to Contractor with respect to Contractor's ability to perform the services, the Contractor and its present and former partners, principals, agents and employees shall not be liable to the City or any Covered Person for costs, fees, expenses, damages and liabilities (including attorneys' fees and all defense costs) arising from the services related to or arising from any information, including representations by management, provided by the City, the Board, Plan personnel or agents, that is finally judicially determined to be incomplete, inaccurate or not current.

B. Insurance.

Contractor and its subcontractor will verify that the following types and amounts of insurance coverage are in effect. In the absence of the required insurance coverages, Contractor and its subcontractor will provide proof that it has the financial ability to respond for all loss and expense costs which arise from or are connected with claims of tort, statutes and benefits under the State of Wisconsin Workers' Compensation Law and/or vicarious liability for employees.

Certificates of insurance which verify that the following coverages are in effect will be provided prior to the start of the project:

TYPE OF COVERAGE		COVERAGE AMOUNTS
<u>Workers' Compensation and Employers' Liability:</u>		
Workers' Compensation		Statutory
Employer's Liability:		
Bodily Injury by accident	Each accident	\$100,000
Bodily Injury by disease	Each employee	\$100,000

Policy limit \$500,000

To Include

Other states coverage

General Liability:

Bodily Injury/ Property Damage	Each occurrence	\$1,000,000
	General aggregate	\$1,000,000
	Products/completed operations aggregate	\$1,000,000
Personal Injury	Aggregate	\$1,000,000

To Include

Personal Injury form should include libel, slander, discrimination, invasion of the right of privacy, humiliation, mental anguish and emotional distress. Contractual liability for risks assumed in this Agreement.

Automobile Liability:

Bodily Injury/ Property Damage	Each accident	\$1,000,000
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To Include

Coverage is to apply for the operation of any vehicle.

Umbrella Liability:

Bodily Injury/Property Damage/Personal Injury	Each occurrence	\$5,000,000
	General aggregate	\$5,000,000
	Products/completed operations aggregate	\$5,000,000

Professional Liability:

Wrongful Act	Each claim	\$15,000,000
	Aggregate	\$15,000,000

To Include:

If the policy provides claims made coverage, contractor shall certify that the retroactive date will not change during the term of the Contract or will warrant that

the extended reporting period option will be exercised without cost to the City if the retro date is changed.

- Contractor must warrant that evidence of professional liability coverage will be provided during the term of the Contract and for three years after the end of the contract.
- The City is to be an additional insured with respect to all of the preceding coverage except Workers' Compensation, Employer's Liability and Professional Liability
- Insurance certificates shall be in the Industry Standards Accord form.
- Written notice will be provided to the Board as soon as practicable prior to termination, non-renewal or modification in the terms of the coverage, in accordance with the policy provisions.

C. Limitation of Liability.

The liability (including attorney's fees and all other costs) of Contractor and its present or former partners, principals, agents or employees for damages relating to the services performed under this Agreement and an engagement letter executed substantially contemporaneously herewith shall not exceed the fees paid to Contractor for the portion of the work to which the claim relates, except to the extent such liability resulted from intentional, willful, or fraudulent misconduct. Additionally, in no event shall Contractor and its present or former partners, principals, agents or employees be liable for any lost profits, lost business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages, delays or interruptions arising out of or related to the services performed under this Agreement and an engagement letter executed substantially contemporaneously herewith, even if Contractor was advised of the possibility of such damages, except to the extent such liability resulted from intentional, willful, or fraudulent misconduct.

The Contractor and its present or former partners, principals, agents or employees shall not be liable for damages (including attorney's fees and all other costs) relating to or arising as a result of the acts or omissions of the City or any Covered Persons.

These limitations of liability are intended to apply to the full extent allowed by law. These terms shall also continue to apply after any termination of this Agreement.

XIII. FORCE MAJEURE

Notwithstanding any other provision in this Agreement, neither party shall be liable or held responsible for any failure to perform or delays in performing its obligations under this Agreement, including but not limited to, the completion of the audit and issuance of its report thereon, which result from circumstances or causes beyond the party's reasonable control, including, without limitation, acts or omissions of the other party or third parties, fire or casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

XIV. NOTICES

Any and all notices shall be in writing and deemed served upon depositing same with the United States Postal Services as "Certified Mail, Return Receipt Requested" addressed to the Contractor at:

Baker Tilly Virchow Krause, LLP
205 N. Michigan Ave.
Chicago, IL 60601
Attn: Office of the General Counsel

and to the City at:

Bernard J. Allen, Chairman
Deferred Compensation Board
200 East Wells Street, Room 404D
Milwaukee, WI 53202-3566

and

Beth Conradson Cleary, Executive Director
Deferred Compensation Plan
200 East Wells Street, Room 404D
Milwaukee, WI 53202-3567

All other correspondence shall be addressed as above, but may be sent "Regular Mail" and shall be deemed delivered upon receipt by the addressee.

XV. CONFLICT OF INTEREST

A. Interest in Contract. No officer, employee or agent of the City who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which this Contract pertains, shall have any personal interest, direct or indirect in this Contract.

B. Interest of Other Local Public Officials. No member of the governing body of the locality and no other public official of such locality who exercises any functions or responsibilities in the review or approval of the carrying out of this Contract, shall have any personal interest, direct or indirect, in this Contract.

C. Interest of Contractor and Employees. The Contractor covenants that, to the best of its knowledge and belief, no person who presently exercises any functions or responsibilities in connection with the Contract has any personal financial interest, direct or indirect, in this Contract. The Contractor further covenants that he presently has no interest which would conflict in any manner or degree with the performance of his services hereunder. An interest on the part of the Contractor or his employees must be disclosed to the City. Provided, however, that this paragraph shall be interpreted in such a manner so as not to unreasonably impede the statutory requirement that maximum opportunity be provided for employment of and participation by residents of the area.

XVI. DISCRIMINATION PROHIBITED

A. In all hiring or employment made possible by or resulting from this Contract there (1) will not be any discrimination against any employee or applicant for employment because of race, color, sexual orientation or familial status, religion, sex, national origin or ancestry, age disability, lawful source of income, or marital status and (2) affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sexual orientation or familial status, sex, national origin or ancestry, age,

disability, lawful source of income, or marital status. This requirement shall apply to but not be limited to the following: employment, upgrading, demotion or transfer, recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. There shall be posted in conspicuous places available to employees and applicants for employment, notices required or to be provided by federal or state agencies involved setting forth the provisions of the clause. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex orientation, sex or national origin.

B. No person in the United States shall, on the ground of race, color, sex orientation, religion, sex or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Contract. The City and each employer will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VI of the Civil Rights Act of 1964.

C. The Contractor will cause the foregoing provisions to be inserted in all subcontracts, if any, for any work covered by this Contract so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

D. Contractor agrees that they will comply with all applicable requirements of the Americans with Disability Act of 1990, 42 U.S.C. 12101, *et seq.*

IN WITNESS WHEREOF, The parties hereto have executed this Agreement on the day and year first above written.

IN THE PRESENCE OF:

BAKER TILLY VIRCHOW KRAUSE, LLP

Warrene Middleman

W. T. V. K.

Sr. Manager

PARTNER

IN THE PRESENCE OF:

CITY OF MILWAUKEE

A. Peterson

Tom Barrett
Mayor

Debra Fowler

[Signature]
City Clerk

Jan Wills

[Signature]
Deferred Compensation Board Chair

Sharon Kraft

COUNTERSIGNED:

[Signature]
Comptroller

Examined and approved as to form and execution this

13 day of March, 2018.

[Signature]

Assistant City Attorney

This Agreement was drafted by
the Office of the City Attorney.

EXHIBIT A
[ENGAGEMENT LETTER]

February 8, 2018

To the Deferred Compensation Board
City of Milwaukee Deferred Compensation Plan
City Hall, Room 404D
200 East Wells Street
Milwaukee, Wisconsin 53202

Thank you for using Baker Tilly Virchow Krause, LLP ("Baker Tilly" or "we" or "our") as your auditors.

The purpose of this letter (the "Engagement Letter") is to confirm our understanding of the terms and objectives of our engagement as independent accountants of the City of Milwaukee Deferred Compensation Plan (the "Plan" or "you" or "your").

Service and Related Report

We will audit the statement of fiduciary net position and the related statement of changes in fiduciary net position of the Plan at December 31, 2017, December 31, 2018 and December 31, 2019, and for the years then ended. Upon completion of our audit, we will provide you with our audit report on the financial statements referred to above. If for any reasons caused by or relating to the affairs or management of the Plan, we are unable to complete the audit, we may take any course of action permitted by professional standards or regulatory requirements, including declining to express an opinion or issue a report or withdrawing from the engagement.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the Plan's financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Plan's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- > Management's Discussion and Analysis

Our Responsibilities and Limitations

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for performing the audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. Our audit does not relieve management and the audit committee or equivalent group charged with governance of their responsibilities.

The audit will include obtaining an understanding of the Plan and its environment, including internal controls over financial reporting, sufficient to assess the risks of material misstatement of the financial statements and to determine the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the audit committee or equivalent group charged with governance internal control matters that are required to be communicated under professional standards.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect error or fraud that is immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Our audit is not a guarantee of the accuracy of the financial statements and, therefore, is subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with GAAS may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons we cannot ensure that errors, fraud or other illegal acts, including prohibited transactions with parties in interest and other violations of ERISA rules and regulations, if present, will be detected. However, we will communicate to you, as appropriate, any such matters that we identify during our audit.

We will perform certain procedures directed at considering the Plan's compliance with Internal Revenue Code ("IRC") requirements for tax-exempt status, including inspecting the Plan's latest tax determination letter from the Internal Revenue Service ("IRS"). As we perform our audit, we will be aware of the possibility that events affecting the Plan's tax status may have occurred. Similarly, we will be aware of the possibility that events affecting the Plan's compliance with the requirements of ERISA may have occurred. These procedures do not constitute an examination or review for the purpose of determining compliance with the IRC. However, any instances of tax non-compliance identified during our audit will be communicated to management and the audit committee or equivalent group charged with governance of their responsibilities.

We are also responsible for determining that the audit committee or equivalent group charged with governance is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under GAAS, (ii) an overview of the planned scope and timing of the audit and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of the Plan's significant accounting practices, accounting estimates and financial statement disclosures, (b) difficulties encountered in performing the audit, (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to the Plan's financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee or equivalent group charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal controls or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Management's Responsibilities

The Plan's management is responsible for the financial statements and required supplementary information referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls over financial reporting, the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records and for reporting financial information in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us (i) about all known or suspected fraud affecting the Plan involving (a) management, (b) employees who have significant roles in internal control over financial reporting and (c) others where the fraud could have a material effect on the financial statements and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees or others.

Management is responsible for (i) adjusting the financial statements to correct material misstatements and for affirming to us that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the year under audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of the Plan's internal control over financial reporting that are reasonably likely to adversely affect the Plan's ability to record, process, summarize and report external financial data reliably in accordance with generally accepted accounting principles. Management also is responsible for identifying and ensuring that the Plan complies with the laws and regulations applicable to its activities.

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As part of management's responsibility for the financial statements and the effectiveness of its internal controls over financial reporting, management is responsible for making available to us, on a timely basis, all of the Plan's original accounting records and related information and personnel to whom we may direct inquiries. As required by GAAS, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. GAAS also requires that we obtain written representations covering the audited financial statements from certain members of management. The results of our audit tests, the responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

Nonattest Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services. For purposes of this letter, nonattest services include services that *Government Auditing Standards* refers to as nonaudit services.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge and/or experience, preferably within senior management, to oversee the nonattest services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.
- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

Other Documents

GAAS also requires that we read any annual report that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

If you intend to reproduce or publish the financial statements, and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

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With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The documentation for this engagement, including the workpapers, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to regulators, the Plan hereby authorizes us to do so.

Timing and Fees

Completion of our work is subject to, among other things, (i) appropriate cooperation from Plan personnel, including timely preparation of necessary schedules, (ii) timely responses to our inquiries and (iii) timely communication of all significant accounting and financial reporting matters. When and if for any reason the Plan is unable to provide such schedules, information and assistance, Baker Tilly and you will mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our audit report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees. Revisions to the scope of our work will be set forth in the form of an "Amendment to Existing Engagement Letter." In addition, if we discover compliance issues that require us to perform additional procedures and/or provide assistance with these matters, fees at our standard hourly rates apply.

Invoices for these fees will be rendered each month as work progresses and are payable on presentation. A charge of 1.5% per month shall be imposed on accounts not paid within 30 days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will 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 notice 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 expenditures through the date of termination.

We estimate that our fees for these audit services will be \$38,500 for each of the years ended December 31, 2017, December 31, 2018 and December 31, 2019.

Additionally, we may from time to time, and depending on the circumstances, use service providers (e.g., to act as a specialist or audit an element of the financial statements) in serving your account. We may share confidential information about you with these service providers, but are committed to maintaining the confidentiality and security of your information.

Any additional services that may be requested and we agree to provide will be the subject of a separate engagement letter.

We may be required to disclose confidential information to federal, state and international regulatory bodies or a court in criminal or other civil litigation. In the event that we receive a request from a third party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify the Plan, unless otherwise prohibited. In the event we are requested by the Plan or required by government regulation, subpoena or other legal process to produce our engagement working papers or our personnel as witnesses with respect to services rendered to the Plan, so long as we are not a party to the proceeding in which the information is sought, the Plan will reimburse Baker Tilly for its professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

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We may be required to disclose confidential information with respect to complying with certain professional obligations, such as peer review programs. All participants in such peer review programs are bound by the same confidentiality requirements as Baker Tilly and its employees. Baker Tilly will not be required to notify the Plan if disclosure of confidential information is necessary for peer review purposes.

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course be happy to provide the Plan with any other services you may find necessary or desirable.

Other Matters

Neither this Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Engagement Letter.

Our dedication to client service is carried out through our employees who are integral in meeting this objective. In recognition of the importance of our employees it is hereby agreed that the Plan will not solicit our employees for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Baker Tilly for a period of twelve months following the date of the conclusion of this engagement. If the Plan violates this non-solicitation clause, the Plan agrees to pay to Baker Tilly a fee equal to the hired person's annual salary at the time of the violation so as to reimburse Baker Tilly for the costs of hiring and training a replacement.

Baker Tilly Virchow Krause, LLP is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly Virchow Krause, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Virchow Krause, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

This Engagement Letter is executed contemporaneously herewith an Audit Services Agreement. This Engagement Letter and the Audit Services Agreement together constitute the entire agreement between the Plan and Baker Tilly regarding the services described in this Engagement Letter and the Audit Services Agreement and together, these documents supersede and incorporate all prior or contemporaneous representations, understandings or agreements, and may not be modified or amended except by an agreement in writing signed between the parties hereto. Should there be any conflict between the Engagement Letter and the Audit Services Agreement, the Audit Services Agreement shall govern.

The provisions of this Engagement Letter, which expressly or by implication are intended to survive its termination or expiration, will survive and continue to bind both parties. If any provision of this Engagement Letter is declared or found to be illegal, unenforceable or void, then both parties shall be relieved of all obligations arising under such provision, but if the remainder of this Engagement Letter shall not be affected by such declaration or finding and is capable of substantial performance, then each provision not so affected shall be enforced to the extent permitted by law or applicable professional standards.

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If because of a change in the Plan's status or due to any other reason, any provision in this Engagement Letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, commissions or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

We appreciate the opportunity to be of service to you.

If there are any questions regarding this Engagement Letter, please contact Wayne Morgan, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and determining that the engagement has been completed in accordance with professional standards. Wayne Morgan is available at 414.777.5400 or at Wayne.Morgan@bakertilly.com.

Sincerely,

IN THE PRESENCE OF:

BAKER TILLY VIRCHOW KRAUSE, LLP,

Janene Middleman

[NAME]
[TITLE]

W. J. Morgan
PARTNER

IN THE PRESENCE OF:

CITY OF MILWAUKEE, a municipal

A. Peterson

MAYOR

Tom Barrett

Debra Fowler

CITY CLERK

[Signature]

Sharon Kraft

COMPTROLLER

Maureen Matson

Jan Willis

DEFERRED COMPENSATION BOARD CHAIR

[Signature]

Approved as to Form and Execution

This 13 day of March, 2018

[Signature]
Ass't City Attorney