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March 17, 2016

Board of Commissioners

Colorado Springs Urban Renewal Authority

Dear Board of Commissioners:

In order to document the understanding between us about the terms, objectives, and scope of our engagement and the nature and limitations of the services CliftonLarsonAllen LLP (CLA) will provide for Colorado Springs Urban Renewal Authority (“you,” “your,” or “the Authority”) for the year ended December 31, 2016, we are entering into this agreement. This agreement defines the services we will perform for you as well as your responsibilities under this agreement. The terms of our engagement **will apply to the initial and all subsequent periods, unless the agreement is changed in a communication that we both sign or terminated as permitted herein.**

Carrie Bartow is responsible for the performance of the compilation and preparation engagements and other services identified in this agreement. Thuy Dam is responsible for the daily activities of the engagement.

Scope of professional services

CLA will perform the following services for your Authority:

Ongoing normal accounting services:

- Outsourced accounting functions:
 - For each fund of the Authority, prepare and maintain the following accounting records:
 - Cash receipts journal;
 - Cash disbursements journal;
 - General ledger;
 - Accounts receivable journals and ledgers;
 - Deposits with banks and financial institutions;
 - Schedule of disbursements;
 - Bank account reconciliations;
 - Investment records;
 - Detailed development fee records.
 - Process accounts payable including the preparation and issuance of checks.
 - Prepare billings, record billings, enter cash receipts, and track revenues.
 - Reconcile certain accounts monthly and prepare journal entries.
 - Perform other accounting services as necessary.

- Outsourced accounting functions – controller:
 - Prepare December 31, 2015 and monthly financial statements and supplementary information and perform a compilation or preparation engagement with respect to those financial statements – additional information is provided below.
 - Prepare a schedule of cash position to manage the Authority’s cash deposits, funding for checks, and investment programs in accordance with policies established by the Authority’s board of commissioners.
 - Assist the Authority’s board of commissioners in monitoring actual expenditures against appropriation/budget.
 - Prepare the year-end financial statements (additional information is provided below) and related audit schedules for use by the Authority’s auditors.
 - Review claims for reimbursement from related parties prior to the board of commissioner’s review and approval.
 - Attend board meetings as requested.
 - Be available during the year to consult with you on any accounting matters related to the Authority.
 - Review and approve monthly reconciliations and journal entries prepared by staff.
 - Reconcile complex accounts monthly and prepare journal entries.
 - Analyze financial statements and present to management and the board of commissioners.
 - Develop and track key business metrics as requested and review periodically with the board of commissioners.
 - Document accounting processes and procedures.
 - Continue process and procedure improvement implementation.
 - Report and manage cash flows.
 - Assist with bank communications, negotiations and closing of accounts.
 - Perform other nonattest services, including litigation support, as necessary.
 - Other services needed to close out the Authority’s financial records and obligations.

Compilation services

We will prepare the December 31, 2015 and quarterly, financial statements of the Authority, which comprise the balance sheet – governmental funds and the related statement of revenues, expenditures, and changes in fund balance – general fund, and perform a compilation engagement with respect to those financial statements. The financial statements will not include the related notes to the financial statements; the government-wide financial statements; the statement of revenues, expenditures, and changes in fund balances – governmental funds; and required supplementary information.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the Authority’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information other than RSI accompanying the compiled financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The RSI and the supplementary information other than RSI will be subject to the compilation.

We will prepare the annual budget (for the subsequent year) of revenues, expenditures, and fund balance, including the estimate of comparative information (for the current year) and the actual comparative information (for the prior year), in the format prescribed by Colorado Revised Statutes C.R.S. 29-1-105, and perform a compilation engagement with respect to the annual budget.

Preparation services

We will prepare monthly financial reports and supplementary information as requested by the board of commissioners. In addition to the monthly financial reports, we will prepare the year-end financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the management's discussion and analysis, the basic financial statements of the Authority, and the related notes to the financial statements. The year-end financial statements, including the related notes to the financial statements, will be prepared for use by the Authority's auditors.

Engagement objectives and our responsibilities

The objectives of our engagement are to:

- a. Prepare financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), except for the departures from U.S. GAAP identified above, based on information provided by you and information generated through our outsourced accounting services.
- b. Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with U.S. GAAP, except for the departures from U.S. GAAP identified above.
- c. Prepare the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105 based on information provided by you.
- d. Apply accounting and financial reporting expertise to assist you in the presentation of the annual budget without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the annual budget in order for the annual budget to be in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105.
- e. Prepare the year-end financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) based on information provided by you.

We will conduct our compilation and preparation engagements in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

Engagement procedures and limitations

We are not required to, and will not, verify the accuracy or completeness of the information provided to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion.

Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements, the annual budget, the Application for Exemption from Audit (if an audit is not required), the year-end financial statements (if an audit is required), and the supplementary information.

Our engagement, which is not an audit of the Authority's financial statements, cannot be relied upon to identify or disclose any misstatements in the monthly or quarterly financial statement, the annual budget, the Application for Exemption from Audit, and the year-end financial statements, including misstatements caused by fraud or error, or to identify or disclose any wrongdoing within the Authority or noncompliance with laws and regulations. We have no responsibility to identify and communicate deficiencies in internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the Authority's financial statements, the annual budget, the Application for Exemption from Audit, and the year-end financial statements that we may not identify as a result of misrepresentations made to us.

Our report

As part of our compilation engagements, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. We will disclose that we are not independent in our report.

The report on the financial statements will indicate that management has elected to omit substantially all the disclosures; the government-wide financial statements required by U.S. GAAP; and the statement of revenues, expenditures, and changes in fund balances – governmental funds; and that if the omitted disclosures, the government-wide financial statements, and the statement of revenues, expenditures, and changes in fund balances – governmental funds were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, changes in financial position; and that the financial statements are not designed for those who are not informed about such matters.

The report will indicate that management has omitted the required supplementary information and that such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The report on financial statements will state that the accompanying annual budget information presented in comparison with the statement of revenues, expenditures, and changes in fund balance (general fund and debt service fund) has not been compiled or examined by us, and accordingly, we do not express an opinion or any other form of assurance on it. The report will also state that management has elected to omit the summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements; that if the omitted summaries were included in the annual budget information, they might influence the user's conclusions about the Authority's annual budget information; and that the annual budget information is not designed for those who are not informed about such matters.

The report will also state that the accompanying historical supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements; the information is the representation of management; and the historical supplementary information was subject to our compilation engagement; however, we have not audited or reviewed the historical supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on the historical supplementary information.

The report on the year-end financial statements will also state that the supplementary budget information is presented for purposes of additional analysis and is not a required part of the basic financial statements; the information is the representation of management; and the supplementary budget information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary budget information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on the supplementary budget information.

The report on the annual budget will state that management is responsible for the accompanying budget (for the subsequent year) of revenues, expenditures, and fund balances, including the estimate of comparative information (for the current year) and the actual comparative information (for the prior year) in the format prescribed by Colorado Revised Statutes C.R.S. 29-1-105, that we performed a compilation of the annual budget, that we did not audit or review the annual budget and that, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it. The report will also state that the budget is presented in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

There may be circumstances in which the report may differ from its expected form and content. If, for any reason, we are unable to complete the compilations of your financial statements, the annual budget, or the year-end financial statements, we will not issue reports on such statements, the annual budget, or the year-end financial statements, as a result of this engagement.

No assurance statement

The year-end financial statements prepared for use by the Authority's auditors will not be accompanied by a report. However, management agrees that each page of the year-end financial statements will include a statement clearly indicating that no assurance is provided on them.

Management responsibilities

The financial statement engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with U.S. GAAP and assist management in the presentation of the financial statements in accordance with U.S. GAAP, except for the departures from U.S. GAAP identified above.

The annual budget engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105.

We are required by professional standards to identify management's responsibilities in this agreement. Professional standards define management as the persons with executive responsibility for the conduct of the Authority's operations, and may include some or all of those charged with governance. Those standards require that you acknowledge and understand that management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARSs:

- a. The selection of the financial reporting framework to be applied in the preparation of the financial statements and the annual budget.
- b. The preparation and fair presentation of the financial statements in accordance with U.S. GAAP, except as identified above, the preparation and fair presentation of the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105.
- c. The presentation of the supplementary information.
- d. The presentation of the required supplementary information.
- e. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and the annual budget, that are free from material misstatement, whether due to fraud or error.
- f. The prevention and detection of fraud.
- g. To ensure that the Authority complies with the laws and regulations applicable to its activities.
- h. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.

- i. To provide us with the following:
 - i. Access to all information relevant to the preparation and fair presentation of the financial statements and the annual budget, such as records, documentation, and other matters;
 - ii. Additional information that may be requested for the purpose of the engagement;
 - iii. Unrestricted access to persons within the Authority with whom we determine it necessary to communicate.

We understand that you are engaging us to make recommendations and perform services to help you meet your responsibilities relevant to the preparation and fair presentation of the financial statements and the annual budget, as detailed in the "scope of professional services" section of this agreement.

For all accounting services we may provide to you, including the preparation of your financial statements and the annual budget,, management agrees to: assume all management responsibilities; oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

Fees, time estimates, and terms

Our current fees for services are listed in Addendum A.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf. You and your attorney will receive a copy of every subpoena or request we are asked to respond to.

Finance charges and collection expenses

You agree that if any statement is not paid within 60 days from its date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Use of financial statements and the annual budget

The financial statements and our compilation reports thereon are for management's use. If you intend to reproduce and publish the financial statements and the annual budget and our reports thereon, they must be reproduced in their entirety. Inclusion of the financial statements and the annual budget in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

With regard to the electronic dissemination of financial statement and the annual budgets that have been subjected to a compilation engagement, including these documents which may be published electronically on a website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained on those sites or to consider the consistency, or lack thereof, of other information on the electronic sites containing the original document(s).

We may issue preliminary drafts to you for your review. Any preliminary drafts should not be relied upon, nor should they be distributed without our consent.

Municipal advisors

CliftonLarsonAllen Municipal Advisors (“CLAMA”) is a registered municipal advisor. Municipal advisor services provided by CLAMA will be covered by a separate engagement letter.

The Authority is not engaging CLA as a municipal advisor, and CLA is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 15B of the Securities Exchange Act of 1934 (the “Act”). CLA is not recommending an action to you, is not acting as an advisor to you, and does not owe a fiduciary duty pursuant to Section 15B of the Act to you with respect to the information and material contained in the deliverables issued under this engagement. You should discuss any information and material contained in the deliverables with any and all internal and external advisors that you deem appropriate before acting on this information or material.

Service satisfaction

To ensure that our services remain responsive to your needs, as well as fair to both parties, we will meet with you throughout the term of the agreement and, if necessary, revise or adjust the scope of the services to be provided and the fees to be charged.

Furthermore, it is understood that either party may terminate this agreement at any time, for any reason, by giving 60 days written notice to the other party. In that event, the provisions of this agreement shall continue to apply to all services rendered prior to termination. It is understood that any unpaid fees that are owed or invoices that are outstanding at the date of termination are to be paid in accordance with the terms of this agreement.

Other provisions

Except as permitted by the “Consent” section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the Authority to any persons without the written authorization of Authority management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to Regulators for their regulatory oversight purposes. We will notify you of any such request. Access to the requested workpapers will be provided to the Regulators under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to such Regulators. The Regulators may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will be responsible for our own property and casualty, general liability, and workers compensation insurance, taxes, professional training, and other personnel costs related to the operation of our business.

The relationship of CLA with the Authority shall be solely that of an independent contractor and nothing in this agreement shall be construed to create or imply any relationship of employment, agency, partnership, or any relationship other than an independent contractor.

Accounting standards and procedures will be suggested and applied that are consistent with those normally utilized in an entity of your size and nature. Internal controls may be recommended relating to the safeguarding of the Authority’s assets. If fraud is initiated by your employees or other service providers, your insurance is responsible for covering any losses.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The Authority agrees that CLA will not be assuming any fiduciary responsibility on your behalf during the course of this engagement.

Additional provisions required by CRS 8-17.5-102(2)(a)(I) and (II)

Unlawful employees, contractors, and subcontractors

CliftonLarsonAllen LLP (Contractor) shall not knowingly employ or contract with an illegal alien to perform work under this contract. Contractor shall not knowingly contract with a subcontractor that (a) knowingly employs or contracts with an illegal alien to perform work under this contract or (b) fails to certify to the Contractor that the subcontractor will not knowingly employ or contract with an illegal alien to perform work under this contract. [CRS 8-17.5-102(2)(a)(I) and (II)]

Verification regarding illegal aliens

Contractor has verified or attempted to verify through participation in the E-Verify Program or the Department Program [as defined in CRS 8-17.5-101(3.3) and (3.7)] of the state of Colorado that Contractor does not employ any illegal aliens.

Limitation regarding E-Verify Program and the Department Program

Contractor shall not use the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while performing this contract. [CRS 8-17.5-102(2)(b)(II)]

Duty to terminate a subcontractor and exceptions

If Contractor obtains actual knowledge that a subcontractor performing work under this contract knowingly employs or contracts with an illegal alien, the Contractor shall, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien:

- (1) Notify the subcontractor and the Authority within three days that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
- (2) Terminate the subcontract with the subcontractor if, within three days of receiving notice that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien, the subcontractor does not stop employing or contracting with the illegal alien. [CRS 8-17.5-102(2)(b)(III)(A) and (B)]

Duty to comply with state investigation

Contractor shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation pursuant to CRS 8-17.5-102(5). [CRS 8-17.5-102(2)(b)(IV)]

Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using data obtained through our client engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of the Authority's information in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between us. 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, date, and return the signed copy to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our engagement to prepare your monthly or quarterly financial statements and perform a compilation engagement with respect to those same financial statements, to prepare your annual budget and perform a compilation engagement with respect to the same annual budget, and to prepare the year-end financial statements for use by the Authority's auditors, and our respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP



Carrie Bartow, CPA, CGMA
Principal
303.779.5710
carrie.bartow@CLAconnect.com

Enclosure

Response:

This letter correctly sets forth the understanding of Colorado Springs Urban Renewal Authority.

Authorized signature: _____

Title: _____

Date: _____

ADDENDUM A: FEES (ACCOUNTING)

Fees, time estimates, and terms

Our fees for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. 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 60 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 even if we have not issued 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.

The hourly rates currently in effect for our accounting services are as follows:

Principal/Chief Financial Officer	\$230 - \$355
Controller	\$160 - \$200
Senior Accountant	\$130 - \$150
Staff Accountant	\$ 90 - \$120
Accounts Payable Specialist	\$ 75 - \$ 85
Administrative support	\$ 70 - \$100

As our rates change over time, we will provide an updated rate schedule.