

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION**

BUSINESS - ITEM


PREPARED BY: Mark Murchison CFO June 25, 2018

SUBJECT: Discuss and Consider Change Order to the Agreed on Fees for the 2018 Financial Audit performed by RSM US, LLC

BACKGROUND: The Board of Trustees engaged RSM US, LLC to perform the Port's annual Financial Audit for the Year Ending December 31, 2018. The Audit was substantially complete and scheduled to be presented at the March 26, 2019 Board meeting. The presentation was delayed and rescheduled for April 23, 2019 Board Meeting. On or about April 15, 2019 RSM US, LLP encountered an unusual and unexpected situation which could have materially affect the financial statements. This required additional time and resources to assess the situation and related information. RSM's additional review of the issues had no direct impact and resulted in no changes to the 2018 audit. Due to the time required to evaluate the questions raised, RSM US, LLC is requesting additional payment based on actual hours required to be billed at their discounted rate. Travel expenses (if applicable) and other out of pocket expenses will be billed at actual cost.

RECOMMENDATIONS: The Board of Trustees is respectfully requested to listen to the briefing of the Port Director and Port staff and approve the additional payment based on actual time and expenses to RSM US, LLC. Estimated cost as of June 25, 2019 is not expected to exceed \$15,000.

Respectfully Submitted By:


Rodger Rees, Port Director / CEO

DATE ACTION TAKEN: _____

Approved: _____
Disapproved: _____
Deferred To: _____
Incorporated into Minutes: _____

Motion By: _____
Seconded By: _____
Unanimous: Yes _____ No _____
By: _____



RSM US LLP

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June 1, 2019

To the Board of Trustees of the
Galveston Wharves
123 Rosenberg Ave.
Galveston, TX 77553

Subject: Change order addendum to arrangement letter dated September 18, 2018:

In accordance with the subject arrangement letter, our fee estimate and completion of our work was based upon certain criteria, which included the assumption that unexpected circumstances would not be encountered during the engagement that would change the scope of work.

On April 15, 2019, management and RSM US LLP encountered an unusual and unexpected situation which information could materially affect the financial statements of the Galveston Wharves (the Port of Galveston). As a result, additional and unexpected time and effort has been necessary to assess the situation and related information with the Board of Trustees, management as well as conference calls with all parties involved, which included individuals not directly employed by the Port of Galveston.

This change order addendum is being prepared and issued due to the situation described above.

The signed arrangement letter indicated additional services would be billed based on our standard hourly rates. However, in an effort to continue to invest in our relationship with the Port of Galveston, this change order billings will be based upon actual hours incurred at our discounted hourly rates noted in the rate structure below:

Description	Standard Rate	Discounted Rate
Partners	\$ 600	\$ 350
Managers	\$ 300	\$ 200
Seniors	\$ 190	\$ 135
Assistants	\$ 170	\$ 120

Travel expenses (if applicable) and other out-of-pocket expenses will be billed at actual cost and are in addition to the above. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

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The Board of Trustees of the Galveston
Wharves
June 1, 2019
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Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for the additional scope of work.

RSM US LLP



Joel Perez, Jr., Partner

Confirmed on behalf of the Board of Trustees of the Galveston Wharves (the Port of Galveston):

Rodger Rees, Port Director/CEO

Date

Mark Murchison, CFO

Date