
*The Industrial Development Board of the County of Knox
The Industrial Development Board of the City of Knoxville
The Industrial Development Board of the City of Knoxville for the Downtown Cinema, Inc.
The Health, Educational and Housing Facility Board of the County of Knox*
Audit & Tax Services Request for Proposal

1.0 Background

The Industrial Development Board of the County of Knox (County IDB) and The Industrial Development Board of the City of Knoxville (City IDB) are industrial development corporations formed pursuant to specific authority granted by the Tennessee Industrial Development Corporation Act (“ACT”) at Tennessee Code Annotated Section 7-53-101 et seq. Industrial development corporations are nonprofit quasi-governmental corporations. Industrial development corporations perform public functions on behalf of the municipality that they serve. Industrial development corporation’s purpose includes financing, owning, and leasing certain real and personal properties, as well as undertaking the financing and development of projects deemed by the ACT to promote industry, trade, commerce, tourism and recreation, and housing construction. As a public corporation, an industrial development corporation is subject to the open records laws and the public meetings laws. An industrial development corporation board is a special nonprofit corporation, and no part of its net earnings can inure to the benefit of any individual, firm or corporation, but that limitation does not prevent the board of directors of the industrial development corporation from transferring all or part of its property in accordance with any lease, sales contract, loan agreement mortgage or deed of trust entered into by it. Any excess cash of the industrial development corporation is transferred to the municipality with respect to which it was formed, and the assets of the industrial development corporation pass to the municipality upon dissolution. Both the County IDB and City IDB serve as non-recourse conduit lenders for taxable and non-taxable revenue bond issues for eligible projects.

The Industrial Development Board of the City of Knoxville for the Downtown Cinema Inc. (Cinema IDB) operates under the same authority as the City IDB and County IDB; however, the Cinema IDB was organized to finance, pledge, mortgage, acquire, own and lease the Regal Riviera 8 Cinema located in Downtown Knoxville. The Cinema IDB is a blended component unit of the City IDB.

The Knox County Property Tax Incentive Program (PTIP) is administered for Knox County by the County IDB. Knox County established the PTIP to consider and evaluate on a case-by-case basis certain economic and business development opportunities. There are guidelines and criteria including a grading matrix that are utilized for the Program.

The Health, Educational & Housing Facility Board of the County of Knox (County Health & Ed Board) was formed pursuant to the specific authority granted at Tennessee Code Annotated § 48-101-301 et seq. Municipalities are authorized to create health, educational and housing facility corporations for the purpose of improving health and higher education. Such corporations are authorized to plan and implement projects, including the construction of multi-family low or moderate income housing facilities. The County Health & Ed Board serves as a non-recourse conduit lender for taxable and non-taxable revenue bond issues for eligible projects.

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The Development Corporation of Knox County (“The Development Corporation”) staff provides administrative services to the four separate aforementioned entities through an Administrative Services Agreement, and as such, will be handling this request for proposal on their behalf.

2.0 Scope of Work

Proposals are being sought for the following services for the four separate entities.

1. Audit Services – Audit and report on the financial statements of all four separate entities. The audit must be planned and performed in accordance with auditing standards generally accepted in the U.S. and the standards applicable to financial audits contained in Government Auditing Standards, where applicable, including an evaluation of internal controls, accounting principles used and the overall financial statement presentation.

Please note the following:

County IDB: Services provided to the County IDB will include a separate Agreed-Upon Procedures Review of the Knox County Property Tax Incentive Program. The audit firm will review the performance under the agreements and report its findings to the Performance Evaluation Committee of the County IDB and the Board of the Directors of the County IDB separate from the presentation of the audited financial statements. Copies of the last PILOT Performance Review (also known as Agreed-Upon Procedures Review) will be made available at the Pre-Proposal Conference. Please provide a separate fee schedule for the PILOT Performance/Agreed-Upon Procedures Review.

The scope of the audit for County IDB will also include an analysis of conduit revenue bonds issued during each fiscal year (beginning with the 2018 fiscal year and for each fiscal year thereafter) in order to expand disclosure regarding such bond issues which shall be set forth in the notes to the audited financial statements. The expanded disclosure will provide an estimate of the outstanding aggregate principal balance as of the end of the fiscal year covered by such audited financial statements and other relevant information for each such bond issue. The following data will be collected and provided to the audit firm for each such bond issue in order to be included in such disclosure: the date of issuance of the bonds, name of the bond issue, the scheduled principal amortization of the bonds, interest rate applicable to the bonds as of the date of issuance, and, if applicable, the trustee.

City IDB: The scope of the audit for City IDB will also include an analysis of conduit revenue bonds issued during each fiscal year (beginning with the 2018 fiscal year and for each fiscal year thereafter) in order to expand disclosure regarding such bond issues which shall be set forth in the notes to the audited financial statements. The expanded disclosure will provide an estimate of the outstanding aggregate principal balance as of the end of the fiscal year covered by such audited financial statements and other relevant information for each such bond issue. The following data will be collected and provided to the audit firm

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Cinema IDB: The Cinema IDB is a blended component unit of the City IDB, the board of both entities has elected to combine the audit report of the entities into one report.

County Health & Ed: The scope of the audit for the Health & Ed Board will also include an analysis of conduit revenue bonds issued during each fiscal year (beginning with the 2018 fiscal year and for each fiscal year thereafter) in order to expand disclosure regarding such bond issues which shall be set forth in the notes to the audited financial statements. The expanded disclosure will provide an estimate of the outstanding aggregate principal balance as of the end of the fiscal year covered by such audited financial statements and other relevant information for each such bond issue. The following data will be collected and provided to the audit firm for each such bond issue in order to be included in such disclosure: the date of issuance of the bonds, name of the bond issue, the scheduled principal amortization of the bonds, interest rate applicable to the bonds as of the date of issuance, and, if applicable, the trustee.

Revenue sources for the four (4) entities include agenda fees, program income, leases, and interest on cash reserves. Each entity issues approximately 45 checks per year to approximately 15 vendors.

Copies of the last audited financial statements for the four entities will be made available upon request.

The fiscal year of the four entities are listed below:

County IDB	April 1 to March 31
County Health & Ed Board	April 1 to March 31
City IDB	January 1 to December 31
Cinema IDB	January 1 to December 31

The first audit engagement for each entity under this proposal would be for the following fiscal year end:

County IDB	March 31, 2018
PILOT Performance/Agreed Upon Procedures Review	December 31, 2017
County Health & Ed Board	March 31, 2018

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City IDB
Cinema IDB

December 31, 2017
December 31, 2017

The audit of each entity must be completed and a report made to the four (4) boards separately. However, it shall be noted that, the County IDB and the County Health & Ed Board hold their meetings back-to-back on the same date, and that the City IDB and the Cinema IDB hold their Board meetings back-to-back on the same date. Any significant deficiencies in internal control or suggestions to improve controls and business operations must be communicated to each board during the presentation of the audit.

2. Tax Services - These services shall include advising the four entities of applicable changes in laws, rules and regulations to the extent required by professional standards. Services shall include advice on tax reporting requirements for each entity.

3.0 Liability and Reserved Rights

This RFP does not commit the entities to pay any cost incurred in the preparation or submission of any proposal or to procure or contract for any services. The Development Corporation staff on behalf of each Board of Directors will, at its discretion, recommend the award of the contract to the responsible firm submitting the best proposal that complies with the RFP. The Development Corporation staff on behalf of each Board may, at its sole discretion, reject any or all proposals received or waive minor defects, irregularities, or informalities therein.

The Development Corporation staff reserves the right to amend this RFP by an addendum issued up to two (2) business days prior to the date set for receipt of proposals. If revisions are of such a magnitude to warrant, in The Development Corporation staff's opinion, the postponement of the date for receipt of proposals, an addendum will be issued announcing the new date.

4.0 Issuing Authority

This RFP is issued on behalf of the four (4) entities by:

The Development Corporation
Attention: Brenda W. Spence
17 Market Square, #201
Knoxville, Tennessee 37902-1405
Phone: (865) 546-5887, Fax: (865) 546-6170
Email: bwspence@knoxdevelopment.org

5.0 Mandatory Pre-Proposal Conference

All firms interested in responding to this RFP are strongly encouraged to attend the Mandatory Pre-Proposal Conference at The Development Corporation's Offices located at 17 Market Square, #201, on Thursday, January 25, 2018 from 9:00 a.m. to 10:00 a.m.

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In order to have questions fully addressed at the Pre-Proposal Conference, firms should forward them to Brenda Spence no later than 5:00 p.m. on Tuesday, January 23, 2018 to allow time for answer preparation. A copy of answers to submitted questions will be provided at the conference.

Reservations for the Pre-Proposal Conference must be made by notifying Brenda Spence via email at bwspence@knoxdevelopment.org or by phone at (865) 546-5887. If your firm cannot attend the Conference but intends to submit a proposal, your firm should contact Brenda Spence of your intent to submit.

6.0 Preparation of Proposals

6.1 Proposal Format

Separate fee schedules including hourly rates exclusive of out-of-pocket expenses must be included for the four (4) separate entities for a three-year (3-year) contract period with two (2) optional one (1) year renewal periods. Also, include a separate fee schedule for the County IDB Agreed-Upon Procedures Review as well as a summarized fee schedule for the above. Please detail and explain any exceptions taken to the requirements of the RFP. Describe your Project Implementation process and provide a sample timeline.

6.2 Executive Summary

Please include an Executive Summary highlighting your offer and outlining the benefits to the four (4) separate entities. Please cite your company's experience with non-profit organizations and governmental entities including references; state your staff's size and qualifications; provide a statement of independence in fact under both AICPA and Government Auditing Standards; and identify and present any known or potential conflicts of interest.

6.3 Proposal Due Date

*Four (4) complete copies of the proposal must be received no later than **12:00 p.m. on Tuesday, February 6, 2018**, and must be labeled: **Response to Audit & Tax Services Request for Proposal.***

6.4 Standard Agreements

The firm must provide a copy of their standard engagement agreement that each entity will be asked to sign should the bid be awarded to the firm.

6.5 Proposal Accuracy

A proposal that is in any way incomplete or conditional will not be accepted unless approved in advance by The Development Corporation staff. By submitting a proposal, firms agree that any significant inaccuracy in information given by the firm to The Development Corporation staff will constitute good and sufficient cause for rejection of the proposal.

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7.0 Procedures for Evaluating and Awarding the Bid

The proposals will be evaluated based on the following criteria:

1. Contract may be awarded to one (1) firm for all four (4) entities or separate contracts awarded for both County entities (County IDB and County Health & Ed Board) and both City entities (City IDB and Cinema IDB).
2. Proposals will be examined for compliance with all the requirements in the sections of this RFP.
3. A best and final offer may be requested from some or all firms. This will be the only opportunity offered to make changes in the proposal.
4. Proposals will be evaluated based upon the firm's experience, price, contract terms and customer service.
5. The Development Corporation staff will notify all proposers in writing when a selection has been made.

9.0 Timeline

Activity	Date
RFP released to qualified firms	1/16/18
Written Questions Regarding RFP Due	1/23/18
Pre-Proposal Conference	1/25/18
Proposal delivery to TDC	2/6/18 @12:00 p.m.
Notification of selection	2/16/18