

**VIRGIN ISLANDS WATER & POWER AUTHORITY  
REQUEST FOR PROPOSALS  
FOR INDEPENDENT AUDIT SERVICES**



**INDEPENDENT (EXTERNAL) AUDIT**  
**SERVICES**

**REQUEST FOR PROPOSAL**

**PR-14-19**

Prepared By **Finance Administration**  
November, 2018

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**BACKGROUND ON THE AUTHORITY**

The Authority was created in 1964 by the Virgin Island Water and Power Authority Act, Chapter 5 of Title 30 of the Virgin Islands Code. It was created as a body corporate and politic constituting a public corporation and autonomous governmental instrumentality of the Government of the U. S. Virgin Islands ("Government"). It was created for the purpose of developing, utilizing and aiding in the development and utilization of adequate water and electric power systems for the people of the Virgin Islands.

The Authority provides service to approximately 54,000 electric customers in the United States Virgin Islands, which include St. Thomas, St. John and St. Croix, along with Hassel Island and Water Island, located near St. Thomas harbor. Except for limited number of commercial and industrial entities, which generate a part or all of their own electricity, the Authority currently is the sole producer, distributor and supplier of electric power for sale in the U.S. Virgin Islands.

The Authority also serves approximately 12,000 potable water customers. Because of mountainous and rocky terrain, the construction of a water distribution system is both difficult and costly. As a result, most residential and commercial use is supplied by rainwater collected in cisterns. Almost all large users supply their own water using small desalination or reverse osmosis plants.

Both the electricity and potable water rates are regulated by the Virgin Islands Public Services Commission ("PSC").

The two Systems do share common administrative and operating personnel and substantial portion of each System's operating expenses is incurred initially by the Electric System, which charges the Water System for its share. The Electric System and Water System also share dual-purpose facilities for the production of electricity and water. Joint expenses for shared or integrated facilities are allocated between the Systems based on an independent engineering study approved by the PSC.

The latest audited financial statements of the Authority are for the fiscal year ending June 30, 2017, which are available at [www.viwapa.vi](http://www.viwapa.vi). During the fiscal year ended June 30, 2017, the Electric System sold 638,691 megawatt hours of electric energy to approximately 55,000 customers and earned total operating revenues of \$244.2 million. Electric System assets at fiscal year-end totaled \$779.7 million. During the same fiscal year, the Water System sold approximately 1.0

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billion gallons of potable water and earned total operating revenues of 31.2 million. Assets at fiscal year-end totaled \$107.5 million.

**SCOPE OF WORK**

To audit the financial statements of the Electric and Water System of the Virgin Islands Water and Power Authority (the Authority”) which comprise the balance sheet as of June 30, 2019 and 2020, and the related statements of revenues, expenses changes in net position and cash flows for the year then ended, and the related notes to the financial statements. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (“RSI”) such as management’s discussion and analysis (“MD&A”) to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate context. As part of the engagement certain limited procedures should be applied to the Authority’s RSI in accordance with auditing standards generally accepted in the United States if America (GAAS”). 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 responses to your inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. The following RSI is required and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis
2. Schedule of funding Progress -Other Postemployment Benefits Obligation
3. Schedule of the System’s Share of Net Pension Liability
4. Schedule of System Contributions

Also , the supplementary information accompanying the basic financial statements, as listed below, will be subjected to the auditing procedures applied on the audit our basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and your auditor’s report must provide an opinion on it in relation to the basic financial statements as a whole.

1. Schedule of Expenditures of Federal Awards

Also, the supplementary information accompanying the basic financial statements, as listed below, will not be subjected to the auditing procedures applied in the audit of the

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basic financial statements, and the auditor's report will not provide an opinion or any assurance on such supplementary information.

1. Five Year Comparative Summary of Operations.

At the conclusion of the audit the auditor must submit to the Authority a report containing an opinion as to whether the financial statements, taken as a whole are fairly presented based on accounting principles generally accepted in the United States of America. If during the scope of your work it appears for any reason that the auditor will not be in a position to render an unmodified opinion on the financial statements or the Uniform Guidance compliance, or that the auditor's report will require an Emphasis of Matter or Other Matter paragraph, the auditor must discuss this with the Authority. It is possible that, because of unexpected circumstances, the auditor may determine that a report cannot be rendered or otherwise complete the engagement. If, for any reason the auditor is unable to complete the audit or is unable to form or not form an opinion, the auditor may decline to express an opinion or decline to issue a report as a result of the engagement, If, in the auditor's professional judgement, the circumstances require, the auditor may resign from the engagement prior to completion.

The reports on internal control and compliance must each include a statement that the purpose of these reports is solely to describe the scope of the testing of internal control and compliance and the results of that testing based on the requirements of Government Auditing Standards (GAS) and the Uniform guidance and are not suitable for any other purpose.

The audit will be conducted in accordance with GAAS, and the standards for financial audits contained in Government Auditing Standards.

The objective of the audit also includes reporting on the Authority's:

- Internal control related to the financial statements and compliance with federal statutes, regulations, and the terms and conditions of federal awards, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control related to major programs and issuance of an opinion on whether the Authority complied with federal statutes, regulations, and the terms and conditions of the federal awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance.
- Testing of controls, as required by the Uniform Guidance, to evaluate the effectiveness of the design and operation of controls that the auditor considers relevant to preventing or detecting material noncompliance with each direct and

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material compliance requirement applicable to each of the Authority's major federal programs.

- Communicating with those charged with governance what the auditor's responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

### **TIMETABLE RESPONSE SUBMITTAL**

Selection of the external auditors will be made based on the proposals submitted, possible interview and oral presentations, if needed. A tentative timetable for the selection of the external auditors is attached in a cover letter to the RFP.

### **EVALUATION CRITERIA**

Responding firms will be evaluated on the quality of the written proposals, follow-up interviews and, possibly, oral presentations. If required, the oral presentation should last no longer than ninety (90) minutes, inclusive of questions and answers and should be presented by no more than three members of the firm. Our evaluation will focus primarily on six areas of the proposal, noted herein. The Authority believes that experience in auditing the financial statements of public utilities, particularly electric and water utilities, will add significant value to audit the relationship.

### **CONTRACT EXECUTION**

The final contract sent to the Bidder for execution must be executed and returned to the Division of Contract Administration within seven (7) business days of receipt. Failure by the Bidder to return the executed contract within the stated time may result in the contract award being rescinded. It is the responsibility of the Bidder to timely advise the Authority of any issues affecting contract execution so that the parties may discuss additional time for execution.

### **PROPOSAL SUBMITTAL**

All bids must be electronically submitted, and a signed cover letter must be submitted with your response and addressed to the following address and emails:

Delores Donovan  
Contract Administration Manager  
Virgin Islands Water and Power Authority

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9720 Estate Thomas  
Al Cohen Plaza  
St. Thomas, V.I. 00802  
Email : [contractservices@viwapa.vi](mailto:contractservices@viwapa.vi)

- Faxed responses and late responses will not be accepted. See cover letter for date and time of bid submittal.
- Bidder shall indicate in his or her bid that he/she has fully satisfied himself or herself with respect of work and specifications.
- Bidder shall furnish evidence in comparable work disciplines in his bid.
- Questions: Questions regarding the scope of services are to be addressed and emailed to:

Delores Donovan  
Contract Administration Manager  
Virgin Islands Water and Power Authority  
9720 Estate Thomas  
Al Cohen Plaza  
St. Thomas, V.I. 00802  
Email : [contractservices@viwapa.vi](mailto:contractservices@viwapa.vi)

Vendors are encouraged to ask questions and provide suggestions to the RFP that may benefit The Authority. All questions will be responded to in writing up to 5 days prior to the bid due date. Verbal communications will not be considered as affecting this RFP.

Upon the release of this RFP and during the evaluation and selection process, there shall be no communication between prospective respondent and any Authority employee or Board member. Communication should only be directed to [contractservices@viwapa.vi](mailto:contractservices@viwapa.vi) for the purpose of clarifying any requirements of this RFP. All communications shall be directed through Contract Services. Any violations of this provision by a prospective firm and/or us agent shall be immediate grounds for disqualification.

The Authority reserves the right to select a proposal in its entirety or some portion thereof. Furthermore, the Authority reserves the right to reject any and all proposals and to waive irregularities.

**Your proposal must address each of the following areas:**

1. Qualifications of the firm

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- a. One-page statement summarizing the benefit to the Authority of engaging the firm
  - b. Depth of the firm's practice in serving Municipal clients of the scale and scope of the Authority
  - c. Industry experience and client base
2. Experience, dedication, and references of the service team
- a. Names of the Company's core service team, location and relevant experience
  - b. References (at least two) for each senior member of the account team
  - c. How your firm's senior executives will be involved in the engagement
3. Service process overview
- a. Processes for delivering audit services that are customized, responsive and aligned with the Company's
  - b. Processes that your firm will employ to address matters related to client satisfaction, performance measurement and continuous improvement
4. Quality assurance
- a. Describe the internal processes used for quality assurance
  - b. Describe the firm's approach to resolving accounting and financial reporting issues
5. Independence- -
- a. Internal-practices to ensure compliance with independence requirements and freedom from conflicts of interest
  - b. Confirmation by the firm that it will take all necessary steps to ensure its independence
6. Fees
- a. Competitive fee quote to complete the audit for the years ending June 30, 2019 through June 30, 2020.
  - b. General overview of the schedule and timing of billings
  - c. Fee schedule for advisory work outside of scope of audit



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1. ALL BID RESPONSES SHALL ADHERE TO THE REQUIREMENTS OF THE AUTHORITY'S PROFESSIONAL BID OR PROPOSAL REQUEST AND THE AUTHORITY'S PROFESSIONAL GENERAL CONTRACT TERMS. THOSE REQUIREMENTS IN THE RFP OR IFB PERTAINING TO THE BIDDER'S RESPONSIBILITY FOR TAXES, PLACEMENT OF A PERFORMANCE BOND, BID BOND, INSURANCE AND THE HIRING OF LOCAL WORKERS ARE OF IMPORTANCE TO THE AUTHORITY AND SHALL APPLY, UNLESS EXPRESSLY WAIVED BY THE AUTHORITY.

THE BIDDER'S RESPONSE MUST EXPRESSLY STATE THE TERMS AND CONDITIONS OF THE AUTHORITY'S PROFESSIONAL GENERAL CONTRACT TERMS TO WHICH THE BIDDER TAKES EXCEPTION. UNLESS EXPRESSLY ACCEPTED BY THE AUTHORITY IN WRITING, NO EXCEPTION SHALL BE DEEMED ACCEPTED. THE AUTHORITY RESERVES THE RIGHT DEPENDING ON THE STATED EXCEPTION TO CONSIDER ANY PROPOSAL NON-RESPONSIVE AND NOT SUBJECT TO FURTHER CONSIDERATION.

ALL QUESTIONS AND INQUIRIES REGARDING ANY MATTER AFFECTING THE BID/PROPOSAL OR RESPONSE MUST EXCLUSIVELY BE DIRECTED, IN WRITING, TO THE AUTHORITY'S MANAGER OF CONTRACT ADMINISTRATION, MS. DELORES DONOVAN.

2. ALL RFP's/IFB's IN THEIR ENTIRETY ARE QUALIFIED BY THE FOLLOWING GENERAL REQUIREMENTS:

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ALL COSTS AND EXPENSES ASSOCIATED WITH DEVELOPING AND/OR SUBMITTING A PROPOSAL IN RESPONSE TO AN RFP OR IFB AND/OR ANY RELATED ACTIVITY FOLLOWING THE SUBMISSION OF ANY SUCH PROPOSAL SHALL BE BORNE BY THE BIDDER. WHILE WAPA HAS ENDEAVORED TO SUPPLY USEFUL INFORMATION IN AN RFP/IFB, WAPA MAKES NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED HEREIN OR OTHERWISE PROVIDED TO ANY BIDDER BY, OR ON BEHALF OF WAPA. WAPA SHALL HAVE NO LIABILITY RELATING TO OR ARISING FROM ANY SUCH INFORMATION OR THE USE THEREOF. BIDDERS ARE ENCOURAGED TO CONDUCT THEIR OWN INVESTIGATION AND ANALYSIS OF ANY AND ALL INFORMATION CONTAINED HEREIN OR OTHERWISE PROVIDED BY OR ON BEHALF OF WAPA. THE RFP/IFB IS NOT AN OFFER OR COMMITMENT AND IS NOT CAPABLE OF BEING ACCEPTED TO FORM A BINDING AGREEMENT. WAPA RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO WITHDRAW OR MODIFY THE RFP/IFB AT ANY TIME, TO ACCEPT OR REJECT ANY OR ALL PROPOSALS FOR ANY REASON, TO WAIVE ANY IRREGULARITIES OR INFORMALITIES IN THE PROPOSAL PROCESS OR ANY NONCONFORMANCE WITH THE REQUIREMENTS OF THE RFP/IFB, AND TO ENTER INTO FURTHER DISCUSSION OR INTERVIEWS WITH ANY ONE OR MORE BIDDERS.

**GENERAL CONTRACT REQUIREMENTS:**

The Authority's Professional General Contract Terms shall be applicable to all Contracts with the Bidder. The Bidder's response must expressly state those provisions of the Authority's Professional General Contract Terms with which the Bidder does not agree. The Authority reserves the right to reject any exceptions, or consider any exceptions taken to the Professional General Terms and Conditions to be unresponsive and not subject to further consideration.

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**TAXES:**

The Price proposed by Bidder shall be the total consideration, inclusive of taxes, if applicable. The Bidder, if awarded the Contract, may be subject to gross receipt taxes; excise taxes, import taxes or custom duty, depending on the nature of the scope of work. All taxes are the responsibility of the Bidder unless exempt by law. The Bidder is advised to contact the Virgin Islands Bureau of Internal Revenue (“IRB”), (340) 715-1040, for information on their tax obligations. Neither the Authority, nor its employees or representatives, shall be responsible or liable due to any inquiries or representations regarding the Bidder/Contractor's tax liability. **To the extent a Bidder claims an exemption from any applicable Virgin Island Tax or custom duty, Bidder must, upon contract execution, present the Authority documented evidence from IRB or other Virgin Islands Government Department establishing that the Bidder is not responsible for taxes.**

Pursuant to 33 VIC § 44(a) (b) of the Virgin Islands Code as amended, the Government of the Virgin Islands and its instrumentalities, agencies and public corporations are required, when making a payment to any person, partnership, firm corporation or other business association that is subject to the payment of gross receipt taxes under the law, to deduct and withhold from such payment, gross receipt taxes as required by law at 33 VIC § 43 (a). Payment for the purposes of withholding is defined by law as:  
any single payment of at least \$30,000

1. any payment pursuant to a contract providing for a total expenditure of \$225,000 or more.

In Contracts where the Bidder/Contractor will provide to the Authority, equipment, supplies, materials or parts (the “Materials”) which are to become the property of the Authority and where such Materials are subject to custom duties and/or excise taxes (“Taxes”), those Taxes related to importation of the Materials will not apply if : (i) the Materials are consigned to the Authority at a port other than the Virgin Islands, (ii) such consignment provides that the Bidder/Contractor retains the risk of loss for the Materials until the scope of work of the contract is completed; (iii) the Bidder/Contractor provides insurance against loss or damage to the Materials in the amount of 100% of the value of the Materials provided for the benefit of the Authority.

Attached please find further directions from the Virgin Islands Bureau of Internal Revenue regarding tax obligations for contractors working in the Virgin Islands.

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**BUSINESS LICENSE:**

Bidders must comply with the licensing laws of the Virgin Islands and obtain all licenses required for the performance of the project. The Bidder is advised to contact the Department of Licensing and Consumer Affairs (“DLCA”) at (340)714-3522 for information on the requirements for obtaining a business license, information on whether their operation requires or does not require a business license, or to obtain a waiver of the business license requirement. Should bidder wish to claim that the scope of the services being provided do not require it to obtain a business license, Bidder must present to the Authority documented evidence from DLCA that the Bidder is not required to obtain a business license.

Copies of all necessary and applicable license(s), or copy of a business license waiver shall be obtained by the Bidder and copies presented to the Contracting Officer concurrent with the execution of the Contract. Additionally, Bidder must supply the Authority with its taxpayer identification number. Failure by Bidder to present its license(s) prior to execution of the contract or within such other reasonable time as agreed to by the parties may be grounds for the Authority to rescind the Contract.

At contract execution any bidder that does not possess the following:

- a) a business license, or
- b) a waiver letter from DLCA that a business license is not required, or
- c) evidence, subject to verification, that an application for a business license has been submitted to DLCA for processing may, at the Authority's sole discretion, have the contract award rescinded.

**INSURANCE:**

The Bidder is required to obtain and maintain in effect insurance coverage pursuant to Exhibit A, Clause 14 of the Professional General Contract Terms. In addition, the Bidder shall submit proof of insurance coverage to the Manager of Contract Administration upon award of the Contract. Failure to provide the required insurance as requested shall be grounds to rescind the Contract. If required, bidder shall obtain Errors and Omission Liability Insurance in an amount not less than up to contract consideration.

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**EMPLOYMENT OF U.S. VIRGIN ISLANDS RESIDENTS:**

24 VIC §126 requires the following preference for resident workers (i.e. any person capable of performing services or labor and who is a citizen of the United States or an immigrant alien admitted to the United States for permanent residence under the provision of the Immigration and Nationality Act as amended.

Resident workers shall be given preference in employment in the Virgin Islands in any industry or occupation for which such workers are qualified and available. Nonresident workers shall be employed only to supplement the labor force of available and qualified workers. No resident workers shall suffer any reduction in workweek below 40 hours a week by reason of an employer employing a non-resident worker. No employer shall employ a non-resident worker except in strict accordance with the provisions of this chapter and regulations hereunder. Nothing contained herein shall be construed to interfere with the policy of the Employment Services in canvassing of affiliated state employment services to obtain workers before issuing clearance certification for alien workers.

Further, in accordance with 27 VIC § 303b any individual or company, having a business license in the Territory, is required to notify the Employment Security Agency, Virgin Islands Department of Labor of its intent to fill an existing position, now vacant, or soon to become vacant, or a new previously unfilled position. Contractors and its subcontractors are required to comply with this requirement and are urged to obtain and review the requirements of this law. Contractors shall ensure that all subcontracts include language containing this requirement.

Information or guidance on the legal requirements referenced herein can be obtained from the Virgin Islands Department of Labor, which can be contacted at 340-776-3700.

A finding by the Department of Labor that a Contractor or its Subcontractor(s) has not complied with the legal requirements contained herein may be grounds for termination of the contract. Further, said finding shall be a consideration in the award of future contracts with the Virgin Islands Water and Power Authority.

**COMMUNICATION WITH AUTHORITY BOARD MEMBERS /  
EMPLOYEES / EVALUATION COMMITTEE MEMBERS**

To preserve the integrity of the procurement process, and unless otherwise instructed, all communication, written or oral, regarding any RFP, IFB and/or solicitation of quotations, must be submitted through the Authority's Contract Services

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Manager. Any direct contact made by a Bidder with the Authority's Board Members, Officers, Directors, employees or the members of the Authority's Evaluation Committee concerning the procurement in an attempt to influence the procurement is prohibited and may be grounds for disqualification.

**CONFIDENTIALITY**

Bidders are advised that any and all materials, information and documentation in any proposal submitted in connection with an RFP or an IFB may become a record of the Authority and may be subject to the provisions of Title 3 V.I.C. § 881, et seq. (Public Records Act). The Public Records Act requires disclosure of public documents upon request of any citizen unless the public document is deemed to be confidential or otherwise exempted by law. To date no court of law has ruled on the application of this law to independent instrumentalities such as the Authority. "Confidential Information" includes all technical business, personnel, taxpayer or other information including customer or client information and details of customer accounts, however, communicated or disclosed to the receiving party or its employees, relating to past, present and future research, development and business activities of the disclosing party and that has been identified as "confidential". Both parties agree: (i) that the receiving party and its employees may disclose Confidential Information to others if required by law or with the prior written consent of the disclosing party; (ii) not to make use of Confidential Information other than for the performance of this Agreement; and (iii) that it will not use such information for its own advantage to the detriment of the disclosing party or its customers. Confidential information shall not include information which: (i) becomes generally available to the public (other than by the acts or omissions of the receiving party or its employees); (ii) was known prior to the date of this Agreement by "or becomes known to" the receiving party or its employees and was not obtained from any person under any obligation of confidentiality to the disclosing party, (iii) is independently developed by the receiving party; or (iv) is required to be disclosed pursuant to legal process or regulation.

**NOTICE TO PROCEED**

The Notice to Proceed contains the commencement date of the contract work. The Notice to Proceed form must be executed and a copy presented to the Manager of Contract Administration prior to the final execution of the contract by the Authority's Contracting Office.