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January 26, 2024

Susan P. Serrano, C.T.P.M., C.T.C.M.  
Purchasing Director  
Brazoria County Courthouse West Annex  
451 N. Velasco St., Suite 100  
Angleton, TX 77515

Re: Brazoria County Courthouse Expansion Project – Phase Task Order 4

Dear Ms. Serrano,

This letter constitutes an addendum to our original agreed-upon procedures engagement letter dated October 5, 2021. The purpose of this letter is to communicate revised procedures in connection with the Brazoria County Courthouse Expansion Project – Phase Task Order 4. The procedures, specified on October 5, 2021, are revised as follows:

- Specific document names and dates were added throughout the procedures.
- Procedures 6.d., 11.a.-b., 13.c.-f., 17.a.-b., 18.c.-d. and 21. in the original agreement were removed, as they were not applicable to the engagement.
- Procedures 13.a.-b. and 18.b.-c. in the attached Exhibit A (18.b. & e. in the original agreement) were edited for clarity and to better reflect the procedures performed.

The clarified procedures are detailed on the attached Exhibit A. This Exhibit A supersedes the Exhibit A attached to the engagement letter mentioned above.

All the terms of our original engagement letter will apply to this addendum. This addendum will become effective as soon as you sign this letter and return the signed copy to us.

Sincerely,

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

RESPONSE:

This letter correctly sets forth the understanding of Brazoria County, Texas.

By: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT A

**Brazoria County, Texas**  
**Courthouse Expansion Project**  
**Phased Task Order 4: Emergency Operation Center Construction**  
**Agreed-Upon Procedures**

1. Obtain a copy of the Construction Management Agreement Master Terms and Conditions for Construction Manager Construction Management Agreement (the Agreement), dated July 16, 2021, between Brazoria County, Texas (the County) and SpawGlass Construction Corp. (the Construction Manager) and exhibits, attachments, and amendments to the Agreement (collectively referred to as the “contract documents”), relative to the Courthouse Expansion Project Phased Task Order 4: Emergency Operation Center Construction (the Project).
2. Inquire of the County and the Construction Manager as to whether there are any disputed provisions between the two parties, relative to the contract documents, or if there are any other unresolved disputes. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.
3. Obtain from the Construction Manager, a copy of the final job cost detail, dated August 7, 2023 (the “final job cost detail”).
4. Obtain from the Construction Manager and the County, a copy of the draft final payment application request issued to the County, dated June 5, 2023 (“draft final pay application”).
5. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.
6. From the final job cost detail, select all subcontractors with total costs listed in excess of \$50,000 (“selected subcontractors”) and perform the following:
  - a. Obtain the subcontract and related change orders, executed between the selected subcontractors and the Construction Manager. Compare the total amount recorded in the final job cost detail to the original subcontract amount plus/minus the related change orders.
  - b. Obtain the applicable labor, equipment, and material pricing estimates, vendor invoices, and subcontractor markups (“supporting documentation”) for the subcontractor change orders in 6.a. above. Compare the change order amounts to the supporting documentation.
  - c. Obtain from the Construction Manager the final lien releases or individual payment lien releases totaling the final subcontract value submitted by the selected subcontractor to the Construction Manager. If the Construction Manager does not have the lien releases available, for those payments where the lien release is not available, obtain cancelled checks reflecting such payments made by the Construction Manager to the selected subcontractor (collectively the “payment documentation”). If the Construction Manager provides no lien releases for the selected subcontractors, obtain a check register reflecting all payments to the selected subcontractors and choose a sample (at least 20) of cancelled checks. Compare the final subcontract amount to the payment documentation.

7. Trace and agree subcontractor costs and credits included in Owner change orders and contingency usage to corresponding change orders with the subcontractor, which have been reviewed in accordance with 6. above.
8. If there are reimbursable labor charges included in the final job cost detail, from the total number of Construction Manager employee payroll transactions listed in the final job cost detail, select a sample of at least 10 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.
9. From the items selected in 8. above, perform the following:
  - a. Obtain copy of, or access to, the original timesheet and a payroll register for the time period of the selected transaction, showing gross pay to the employee for each employee selected.
  - b. Compare the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above.
10. If the labor burden is included in reimbursable labor (if any) and is not a fixed percentage, obtain from the Construction Manager a detailed, itemized listing of the labor burden being charged to the labor in the final job cost detail, and perform the following:
  - a. Compare the labor burden rate components to the stipulations stated in the contract documents.
  - b. Obtain supporting documentation for each component of the labor burden detail obtained in 10.a. above.
  - c. Recalculate the labor burden being charged to the final job cost detail by multiplying the gross labor by the labor burden rate from 10.a. above.
11. From the final job cost detail, select all non-subcontractor vendors for which the costs exceed \$50,000.
12. From the final job cost detail, select amounts for payment and performance bond costs and builder's risk insurance (as applicable) and perform the following:
  - a. Obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.
13. From the final job cost detail, select amounts for contractor controlled insurance and perform the following:
  - a. Because contractor controlled insurance is charged to the Project at an agreed upon rate, obtain the agreed upon rates from the contract documents and recalculate the amounts to be charged to the Project based on the provisions of the contract documents.
  - b. Compare the results of the recalculations in 13.a. above to the amounts charged by the Construction Manager.
14. Inquire of the Construction Manager to determine if there are any expenditures, in the final job cost detail, to entities related by common ownership or management to the Construction Manager.

15. If there are expenditures to entities related by common ownership or management noted in 14. above, perform the following:
  - a. Report the entity and volume of the transactions to the County.
  - b. Determine if such transactions are properly authorized by the County, in accordance with the contract documents.
  
16. From the final job cost detail, select at least five transactions (unless internal charges total less than \$3,000) determined to be the Construction Manager's internal charges to the Project, and perform the following:
  - a. Obtain calculations for internal charge rates and vendor invoices that support the calculation of the Construction Manager's internal rates.
  - b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 16.a. above.
  
17. From the final job cost detail, select at least five transactions determined to be equipment rental charges on the Project.
  
18. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program ("subguard") for subcontractor bonding requirements. If so, perform the following:
  - a. Inspect the final job cost detail, as well as, subcontracts and change order line items for the selected subcontractors noted in 6. above, for line items described as subcontractor bond costs.
  - b. Because the subguard is charged to the Project at an agreed upon rate, obtain the agreed upon rate from the contract documents and recalculate the amounts to be charged to the Project based on the provisions of the contract documents.
  - c. Compare the results of the recalculations in 18.b. above to the amounts charged by the Construction Manager.
  - d. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.
  
19. Obtain all signed and executed change orders between the County and the Construction Manager for the duration of the Project. The final change order may be in draft form and not yet executed.
  
20. Obtain from the County, a log of the ODPs plus sales tax savings for the entirety of the Project.
  
21. Recalculate the adjusted guaranteed maximum price (GMP) as follows:
  - a. Obtain the original GMP amount, including any fixed or percentage-based Construction Manager fees or lump sums from the contract documents noted in 1. above.
  - b. Add to the original GMP amount the additive change orders and subtract the deductive change orders from 19. above to get the adjusted guaranteed maximum price (adjusted GMP).
  
22. For the adjusted GMP amount recalculated in 21.b. above, perform the following:
  - a. Obtain the final contract value, per the draft final pay application, noted in 4. above.
  - b. Compare the adjusted GMP amount recalculated in 21.b. above to the final contract value noted in 22.a. above.

23. Recalculate the final construction costs as follows:
  - a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (e.g. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the adjusted final job costs.
  - b. Utilizing the adjusted final job costs, add the fixed lump sum amounts to reach the final construction costs.
  - c. Compare the adjusted GMP amount recalculated in 21.b. above to the final construction costs amount from 23.b. above.
  
24. Obtain, from the County and/or the Construction Manager, all of the Project's contingency logs and usage documents and inspect all contingency usage forms for the County's designated representative's signature of approval.
  
25. Compare the ending balances in the contingency funds, per the contingency logs obtained in 24. above, to the change order amount of the funds returning to the County, as obtained in 19. above.