

Proposal

for

Consultation Services to Advise in the Rebid of the West Virginia Alcohol Beverage Control Commission Retail Liquor Licenses for 2010-2020

to the

State of West Virginia Department of Administration Division of Purchasing



Smith, Cochran and Hicks, LLC
405 Capitol St., Suite 908
Charleston, WV 25301
Telephone 304-345-1151
Fax 304.346.6731
chucksmith@schcpa.com

RECEIVED

2009 AUG 21 PM 1:18

WV PURCHASING
DIVISION

Binding Signatory

A handwritten signature in black ink, appearing to read "Patrick Smith", written over a horizontal line.

Patrick Smith, Member

SUBMITTED AUGUST 21, 2009



Smith, Cochran & Hicks, P.L.L.C.

Certified Public Accountants

Oak Hill Bridgeport Charleston Montgomery

405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

August 21, 2009

Department of Administration
Purchasing Division
Building 15
2019 Washington Street, East
Charleston, West Virginia 25305-0130

Dear Ms. Murray

Smith Cochran and Hicks appreciates the opportunity to assist the State of West Virginia and the Alcohol Beverage Control Administration (ABCA) with the liquor license rebid and new bidding process. The following proposal outlines the terms of the engagement proposed by Smith, Cochran & Hicks, and P.L.L.C. (SCH) to perform the certain agreed-upon procedures as described in your Request for Quotation No. ABCA22.

We will work closely with WVABCA staff and other individuals assisting in this project. Patrick Smith, Member will direct this engagement and coordinate the efforts of Smith, Cochran & Hicks, P.L.L.C. to ensure timely completion. Patrick is in charge of our Audit Division. He will be assisted by Jill Bak who was responsible for the 1999-2000 ABCA liquor license rebid and new bidding process. She will work with our office as a consultant. While Jill will not attend scheduled meetings she will work with Patrick providing direction. Details of their experience and our other professionals selected for this engagement are included as appendices to this proposal.

We thank you for the opportunity to be of service to the West Virginia Alcohol Beverage Control Administration. If you have any questions regarding this proposal, please contact Patrick or Tammie Blundon at 304-345-1151.

Respectfully,

A handwritten signature in black ink, appearing to read 'Chuck Smith', written over a horizontal line.

Chuck Smith, CPA
Managing Member

Table of Contents

Section I: Firm Overview	4
Section II: Proposed Scope of Work	6
Prior to Phase I and II.....	7
During Phase I and II.....	7
Other Specifications	8
Considerations	12
Dispute Resolution Procedures.....	12
Mediation.....	13
Arbitration.....	13
Budget	15
Addendum I – Confirmation of Receipt	16
Addendum II – Purchasing Affidavit	19
Addendum III – Vendor Preference Certificate	21
Addendum IV – Resume’s.....	23

SECTION I: FIRM OVERVIEW

Smith, Cochran & Hicks, P.L.L.C. (SCH) and its predecessor firms have provided quality accounting and consulting services to clients throughout West Virginia since 1979. SCH is comprised of three offices throughout the state, with locations in Charleston, Montgomery, and Oak Hill. SCH currently employs approximately fifty professionals which provide significant accounting, auditing and consulting services.

SCH has always devoted a large portion of its practice to serving governmental entities. Our professionals have assisted governmental bodies achieve a broad range of objectives by providing quality professional attestation and consultation services through the years.

SCH has significant experience providing services to Government offices for West Virginia. For the past three and one-half (3 ½) years, we have served the West Virginia State Treasurer's Office ("STO") under a contract to provide unclaimed property audit services. We have conducted approximately fifty (50) unclaimed property examinations and one-hundred-sixty (160) desk reviews over that time period. We have performed examinations on a wide range of entity types including financial institutions, healthcare providers, automobile dealerships, wholesalers, manufacturers, colleges and universities, food service providers, oil and gas companies, and insurance companies, among others.

From 1999 through 2003 SCH worked with Alcohol Beverage Control Commission conducting the liquor license bidding process. The initial contract was for one year. Extensions were granted to accommodate additional bidding opportunities.

In addition to serving governmental agencies, our firm provides a wide range of services to not-for-profit and private sector clients. One of our most recent endeavors was the development and creation of a full-service, in-house, Premium Audit Division. Since July 2006, we have performed approximately 130,000 workers' compensation premium audits.

We are also unique in that we have a division that specializes in providing services to our public utility clients throughout the State. Our professionals provide accounting and auditing services, rate analysis, project management and coordination, financing assistance, receivership services, and general consulting. Our professionals are also recognized as expert witnesses with the West Virginia Public Service Commission and have provided expert testimony at a number of official hearings. Our firm also participates in annual training programs for these clients that address accounting, financial and regulatory reporting requirements, and general construction financing and project management issues.

We also have experience in the health care, manufacturing, retail, and service industries, organizations providing services to seniors and other non-profit entities.

These services include audit, review and accounting, cost allocation and management plans, internal control assessments and implementation, compilation and review of forecasted or projected financial information, business plans and financing packages, debt coverage certifications, agreed-upon procedures, assistance in budgeting and planning, and other consulting and management advisory services.

SECTION II: PROPOSED SCOPE OF WORK

SCH is prepared to meet the following WVABCA specification for scope of work:

- SCH will help to process approximately 180 licenses in zones throughout WV for 10 years beginning July 1, 2010;
- SCH Recognizes that the licensees electing the purchase option and the bidder must meet the requirements set by House Bill (HB) 105;
- SCH will help process any future bids authorized by the Retail Liquor Licensing Board (RLLB) for never issued, abandoned, or split licenses for up to one year from the date of approval of this request for quotations;
- SCH will recognize and commit resources to send purchase option packets to all current licensees on December 20, 2009;
- SCH understands that the process will consist of processing current licensees who select the purchase option and agree to meet the new Class A license requirements; bidding any licenses not electing to be Class A Licenses, the Class B licenses, new licenses, moved license or licenses that have not been issued; applying preferences, and possibly bidding some Class B licenses at the discretion of the RLLB.
- SCH understand the **Phases** of the 2010 Purchase Option and License Bid Process.
 - **Phase I** – The RLLB and the WVABCA will use their authority to offer options to all current licensees who either currently operate a Class A freestanding retail liquor outlets or who will seek to operate a Class A freestanding retail liquor outlet within 90 days of July 1, 2010, all subject to the requirements in the WVA Code §60-3A-1, *et seq.* and the amendments made by HB 105.

The 2010 license process and timeline is scheduled to have SCH mail all purchase option packets by December 21, 2009, have all purchase option packets returned by February 1, 2010, and have all licenses qualifying for the purchase option awarded on or before February 15, 2010.

- **Phase II** – For Licensees not electing the purchase option, all Class B mixed retail outlets or any additional licenses added by the RLLB, the RLLB and the WVABCA are authorized to bid their license to the highest bidder subject to preferences. The law provides for the following preferences: (1) Current licenses will have a 5% current licensee preference for the retail outlets license and operated by them; (2) WV

residents that meet the resident criteria will have a 5% resident preference; and (3) Unsuccessful current licensees will have the right to match the highest bidder for the retail outlets licensed and operated by them, all subject to the requirements in W.Va. Code §60-3A-1, *et seq.* and the amendments made by HB 105.

The 2010 process is scheduled to have SCH advertise all licenses being bid (in the appropriate zone) for 1st publication on March 8, 2010 and 2nd publication on March 15, 2010. All licenses being bid will be mailed to current licensees on March 8, 2010, will all bids due by April 20, 2010, and all successful bids awarded on or before May 5, 2010.

Prior to Phase I and II

- SCH will review and provide advice in developing the methodology, formulae and rules for calculation of minimum bids and once approved calculate the minimum bids, purchase option amounts and license minimum bid amounts;
- SCH will review and provide advice in developing the emergency legislative rules developed by the WVABCA pursuant to HB 105;
- SCH will provide advice in developing the 2010 Class A deferred payment/financing agreement;
- SCH will work with staff to develop purchase option packets and license bid packets to be mailed to the licensees; and
- SCH will provide data, analysis and recommendations in regards to moving any license from a zone to another zone and any other analysis and recommendations as required by the RLLB or the WVABCA.

During Phase I and II

- SCH shall(a) assist the RLLB and WVABCA in developing the Purchase Option, deferred payment/financing agreement and License Bid packets that meet the requirements of §W.Va. Code 60-1-1, *et seq.* and specifically outlined §W.Va. Code 60-3A-1, *et seq.* as amended in 2009; (b) mail Purchase Option and License Bid packets on the set dates;(c) receive the Purchase Option and License Bid packets on the set return dates; (d) open the Purchase Options and License Bids as set dates; and (e) determine the license winner, as approved by the WVABCA; and
- SCH shall conduct, receive, process and award, with the WVABCA's approval, the 2010 Purchase Option and License Bids , and any additional license bids for up to one year from the date of approval.

Other Specifications

- SCH shall attend, in person, RLLB Meetings and attend daily/weekly meetings with staff and consult with the RLLB, the WVABCA Commissioner, General Counsel, and staff as needed.
- As part of the licensing process SCH will use the RLLB approved formulas to calculate the ten year minimum bids for the 2010 licensing process (purchase options and license bids) and any subsequent interim bids for a period of one year from the date of approval of our response to the request for quotations.
- SCH is a partnership authorized to do business in West Virginia and in good standing with the State of West Virginia who will be available to attend and participate in meetings located in Charleston WV for the duration of the project.
- The office of SCH is located at 405 Capitol Street, Suite 908, Charleston West Virginia 25301.
- SCH and the person or persons who will be directly providing services per this response to the RFQ have experience conducting a sealed bidding retail liquor licenses process. In 1999 SCH was awarded the contract to work with the WVABCA relicensing retail liquor licenses. Jill Bak, then a Partner in our firm, was responsible for the process. The original contract was from 1999 through 2000. Contract extensions were approved from 2001 through 2003 and again in 2008 for additional bidding opportunities. Jill will be working as a consultant assisting Patrick in the direction of the current bidding process.
- SCH staff who will be responsible for providing services per this response to the RFQ have more than five years experience as accountants with an accounting degree and are Certified Public Accountants licensed to perform and provide services in West Virginia. All members of staff can be contacted by phone at 304-345-1151:
 - Chuck Smith, CPA (WV 001208)
 - Jill Bak, CPA (WV 002551) - Consultant
 - Patrick Smith, CPA (WV 003987)
 - Linda Tolley, CPA (WV 004049)
 - Tammie Blundon (Completing a Masters in Forensic Accounting)
 - Elizabeth Givens – Administrative Support Staff
- SCH is submitting the following client references for whom related work was performed in the last 10 years:
 - Smith, Cochran & Hicks, P.L.L.C. has provided settlement administration services for several major class action suits in West Virginia. During 2000 and 2001, our firm was appointed settlement administrator for the West Virginia FenPhen diet drug litigation (*Margaret L. Burch, et al. v. American*

Home Products Corporation, et al. in the Circuit Court of Brooke County, West Virginia, *Civil Action No. 98-C-9999*). We maintained and analyzed the required administrative and medical information for approximately 4,500 plaintiffs.

Contact information: Marvin Masters 304-342-3106

- In 2004, Smith, Cochran & Hicks, P.L.L.C. was appointed court liaison for the *Community Health Ass'n v. Lucent Technologies, Inc.* litigation in the Circuit Court of Kanawha County, *Civil Action No. 99-C-948*. As liaison, we were responsible for providing periodic reports and other information requested by the court. We were also responsible for verifying the accuracy of the calculations used in determining the awards amounts for each category in the settlement matrix.

Contact information: Marvin Masters 304-342-3106

- Smith, Cochran & Hicks, P.L.L.C. was appointed to administer the *In Re: Serzone® Products Liability Litigation, MDL No. 1477* National Class Settlement in the United States District Court for the Southern District of West Virginia. As Claims Administrator, we were responsible for managing, processing, evaluating and paying the Class Members that participated in the Settlement. Class Members included all natural persons in the United States and its territories who purchased or used Serzone® in the United States and its territories between specified dates.

Contact information: Marvin Masters 304-342-3106

- In 2006, our firm was appointed claims administrator for *In re Purdue Pharma L.P. Litigation, Circuit Court of Putnam County, West Virginia, Civil Action No. 01-C-0238*. The settlement agreement applies to a class consisting of all West Virginia residents and others who have ingested and obtained OxyContin first from a prescription written in West Virginia or from pharmacies or physicians in West Virginia during a specified period of time, except persons who were prescribed the drug solely while an inpatient in an accredited hospital or after having been diagnosed with a terminal illness.

Contact information: Marvin Masters 304-342-3106

- SCH Insurance Services has contracted with BrickStreet Insurance to perform premium audits. These consist of auditing financial records to determine various exposure basis such as payroll. Additionally, a review of operations is completed for the determination of classifications to assign proper NCCI codes. All audits follow NCCI rules and regulations, as well as company idiosyncrasies. SCH provides dedicated customer help-lines to assist and instruct policyholders in the completion of audits. We provide audit dispute resolution services and have developed customer specific computerized uploading/billing, tracking and reporting programs. We have completed

approximately 130,000 premium audits in a mail audit, phone audit or physical audit format.

Contact information: Greg Burton, President 304-941-1000

- Smith-Little LLC is a partnership between SCH and E, Joy Little. Smith-Little assists states in conducting insurance examinations. In 2008 the West Virginia Division of Insurance awarded our firm with a contract to examine West Virginia National Auto Insurance.

Contact information: Leah Cooper, Director 304-558-2100

- The SCH persons responsible and directly providing services per this response to RFQ do not have a conflict of interest and will not advise any current retail liquor outlets, clients or potential clients who could choose the Purchase Options or potentially bid on licenses. All services performed for the RLLB and WVABCA will be considered confidential;
- As part of the 2010 license process SCH will mail all purchase option packets in **Phase One** by December 21, 2009, have all purchase option packets returned by February 1, 2010, and have all licenses qualifying for the purchase option awarded on or before February 15, 2010;
- SCH will advertise all licenses being bid in **Phase Two** (in appropriate zone) for 1st publication on March 8, 2010 and 2nd publication on March 15, 2010. All licenses being bid will be mailed to current licensees on March 8, 2010, with all bids due by April 20, 2010, and all successful bids awarded on or before May 5, 2010; and
- SCH will include all expenses in its total bid, including but not limited to travel, copies, mailings and any other out of pocket costs.

We understand the critical nature of the timing of this engagement to ensure the auction process is completed prior to July 1, 2010. Upon award of this engagement, we will immediately meet with the WVABCA to review the schedule for meeting the objectives of the WVABCA.

The WVABCA will maintain complete and final control of the overall process and all key decisions, including the information contained in the bid packages, minimum acceptable bids, and the awarding of bids. Any additional procedures not included in this description of services will constitute an amendment to this document and agreed to prior to that service being performed.

The WVABCA will provide us with a letter of representation regarding the facts, assumptions and information contained in the bid packages. We may rely upon the accuracy and completeness of all such information without independent verification. The procedures we will perform will not comprise an audit of the financial information in accordance with generally accepted auditing standards and, accordingly, we will not

express an opinion of such financial information. Also, our procedures will not constitute an examination or review of prospective financial information as defined in the professional standards of accounting.

CONSIDERATIONS

In consideration of our engagement to act on the State of West Virginia's behalf in connection with this engagement, SCH (including its partners and employees) shall be indemnified and held harmless by the State against any losses, claims, damages or liabilities to which they may become subject in connection with this engagement, and will reimburse SCH, its partners and employees for all reasonable expenses (including fees and expenses of counsel) as such expenses are incurred by them in connection with investigating, preparing to defend or defending any pending or threatened claim or any action or proceeding arising there from, whether or not SCH, its partners and employees, jointly or severally, are parties. However, you will not be obligated under this indemnity if it is determined by a court of competent jurisdiction that such losses, claims, damages or liabilities arose out of the gross negligence or willful misconduct of SCH.

In the event we are requested or authorized by the State or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our services for the State, the State will, so long as we are not a party to the proceeding in which information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Any controversy or claim arising out of or relating to this agreement or the services provided by SCH pursuant thereto shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration in accordance with the dispute resolution procedures set forth in the Attachment to this agreement. Judgment on any arbitration award may be entered in any court having proper jurisdiction.

SCH will not be liable for any claim for damages arising out of or in connection with any services provided to the State in an amount greater than the amount of fees actually paid to SCH with respect to the services directly relating to and forming the basis of such claim.

If any portion of this agreement is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this agreement shall remain in effect.

We agree to keep all information related to or received from the State confidential, and will disclose such information only at your direction. Any advice rendered by SCH pursuant to this engagement may not be disclosed without our prior written consent. Unless otherwise directed, at the conclusion of this engagement, we may publicly disclose our role in the engagement.

Dispute Resolution Procedures

The following procedures shall be used to resolve any controversy or claims. If any of these provisions are determined to be invalid or unenforceable, the remaining

provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

Mediation

A dispute shall be submitted to mediation by written notice to the other party or parties. In the mediation process, the parties will try to resolve their differences voluntarily with the aid of an impartial mediator, who will attempt to facilitate negotiations. The mediator will be selected by agreement of the parties. If the parties cannot otherwise agree on a mediator, one will be appointed by the American Arbitration Association ("AAA"). However, any mediator appointed by the AAA must be acceptable to all parties.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute.

The mediation will be treated as a settlement discussion and therefore will be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Arbitration

If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration. The arbitration will be conducted in accordance with the procedures in this document and the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA ("AAA Rules"). In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, regardless of the size of the dispute, to be selected as provided in the AAA Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may serve on the panel unless he or she has agreed in writing to abide and be bound by these procedures.

Unless provided otherwise in the Agreement, the arbitrators may not award non-monetary or equitable relief of any sort. They shall have no power to award (i) damages inconsistent with the Agreement or (ii) punitive damages or any other damages not measured by the prevailing party's actual damages, and the parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even

if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrators have power to make an award or impose a remedy that could not be made or imposed by a federal court deciding the matter in the same jurisdiction.

No discovery will be permitted in connection with the arbitration unless it is expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrators may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The results of the arbitration will be binding on the parties, and judgment on the arbitrators' award may be entered in any court having jurisdiction.

BUDGET

Based upon our understanding of the objectives of this engagement, we propose the fees for this engagement to not exceed \$76,000. Fees and expenses will be billed at standard hourly rates for engagements of this nature (as detailed below) and will be billed and payable on a monthly basis.

Partner/Consultant	\$100 - \$200
Senior Manager	\$ 75 - \$100
Staff	\$ 50 - \$ 75
Administrative Staff	\$ 40

ADDENDUM I – CONFIRMATION OF RECEIPT



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
 ABCA22

PAGE
 1

ADDRESS CORRESPONDENCE TO ATTENTION OF
 SHELLY MURRAY
 304-558-8801

VENDOR

RFQ COPY
 TYPE NAME/ADDRESS HERE

SHIP TO

ALCOHOL BEVERAGE CONTROL
 COMMISSION
 322 70TH STREET, S.E.
 CHARLESTON, WV
 25304-2900 558-2487

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
08/12/2009				

BID OPENING DATE: 08/21/2009 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
----- ADDENDUM NO. 1 -----						
THIS ADDENDUM IS TO RE-ISSUE THE SPECIFICATIONS FOR THIS PROJECT.						
THE BID OPENING DATE IS MOVED:						
FROM: 08/20/2009						
TO : 08/21/2009						
0001	1	LS		961-20		
PROFESSIONAL CONSULTING						
EXHIBIT 10						
REQUISITION NO.: ABCA22						
ADDENDUM ACKNOWLEDGEMENT						
I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.						
ADDENDUM NO. S:						
NO. 1 X . . .						
NO. 2 X . . .						
NO. 3 X . . .						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
 ABCA22

PAGE
 2

ADDRESS CORRESPONDENCE TO ATTENTION OF
 SHELLY MURRAY
 304-558-8801

ALZCOOL

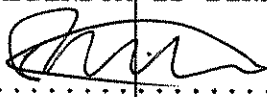
RFQ COPY
 TYPE NAME/ADDRESS HERE


SHIP TO

ALCOHOL BEVERAGE CONTROL
 COMMISSION
 322 70TH STREET, S.E.
 CHARLESTON, WV
 25304-2900 558-2487

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
08/12/2009				

BID OPENING DATE: 08/21/2009 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
NO. 4	X					
NO. 5	X					
<p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</p> <p>VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.</p> <p style="text-align: center;">  SIGNATURE SMITH COCHRAN AND HICKS COMPANY AUGUST 21, 2009 DATE </p> <p>REV. 11/96</p> <p>----- END OF ADDENDUM NO. 1 -----</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE 	TELEPHONE 304-345-1151	DATE AUGUST 21, 2009
TITLE MEMBER	FEIN 55-0697264	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

ADDENDUM II – PURCHASING AFFIDAVIT

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

VENDOR OWING A DEBT TO THE STATE:

West Virginia Code §5A-3-10a provides that: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

PUBLIC IMPROVEMENT CONTRACTS & DRUG-FREE WORKPLACE ACT:

If this is a solicitation for a public improvement construction contract, the vendor, by its signature below, affirms that it has a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the *West Virginia Code*. The vendor must make said affirmation with its bid submission. Further, public improvement construction contract may not be awarded to a vendor who does not have a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the *West Virginia Code* and who has not submitted that plan to the appropriate contracting authority in timely fashion. For a vendor who is a subcontractor, compliance with Section 5, Article 1D, Chapter 21 of the *West Virginia Code* may take place before their work on the public improvement is begun.

ANTITRUST:

In submitting a bid to any agency for the state of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the state of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the state of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the state of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership or person or entity submitting a bid for the same materials, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

LICENSING:

Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

CONFIDENTIALITY:

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.

Under penalty of law for false swearing (*West Virginia Code* §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

Vendor's Name: SMITH COCHRAN AND HICKS PLLC

Authorized Signature:  Date: AUGUST 21, 2009

**ADDENDUM III – VENDOR PREFERENCE
CERTIFICATE**

State of West Virginia
VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. Application is made for 2.5% resident vendor preference for the reason checked:

Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,

Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,

Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,

2. Application is made for 2.5% resident vendor preference for the reason checked:

Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

3. Application is made for 2.5% resident vendor preference for the reason checked:

Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

4. Application is made for 5% resident vendor preference for the reason checked:

Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,

5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,

6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: SMITH COCHRAN AND HICKS

Signed: 

Date: AUGUST 21, 2009

Title: MEMBER

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

ADDENDUM IV – RESUME’S

CHARLES S. SMITH, CPA

EXPERIENCE

2008-Present Smith Little LLC

Managing Member

- Responsible for overall management and administration of firm.

1982-Present Smith, Cochran and Hicks, PLLC

Managing Member 1990-Present

Managing Partner 1982-1990

- Responsible for overall management and administration of the firm.
- Coordination of the delivery of services between the various divisions of SCH
- Directs strategic planning and practice development.
- Oversight of firm marketing, recruiting and management.
- Provide services to primarily consulting and auditing groups.

1979-1982 Penix & Smith

Partner

- Specialized in auditing, consulting, implementation of accounting systems, creation of policies and procedures manuals, and compliance auditing primarily for state and local governments and governmental agencies.
- Responsible for tax planning and consulting, and the preparation of financing and packages.

1973-1982 Fayette Credit and Adjustment Bureau

Owner and President

1977-1978 State of West Virginia

Deputy Secretary of State

- Played a major role in reorganizing the office of Secretary of State.
- Supervised all departments under the Secretary on a daily basis.
- Responsible for all phases of office finance including budgetary items, payrolls, and approval of all expenditures.
- Acted as advisor to the Secretary of State in regards to all technical matters concerning the office.
- Responsible for promulgations of rules and regulations, and drafting proposed legislation from the office.
- Bullets

EDUCATION

- Bachelor of Science – Accounting, West Virginia Institute of Technology

MEMBERSHIPS

- Certified Public Accountant, West Virginia
- West Virginia Society of Public Accountants
- Charleston Chapter of WVSCP
- WVSCPA Legislative Committee for Good Government

JILL E. BAK, CPA

EXPERIENCE

1993-Present Smith, Cochran & Hicks, P.L.L.C.

Member 1993-Present

Manager 1991-1993

Audit Manager 1989-1991

- Responsible for all consulting engagements, particularly those related to municipal debt, prospective financial statements and business plans, and litigation support.
- Responsible for engagements involving or related to the issuance of public debt. Services include audit and accounting, verification procedures, forecasting and projections, business planning, arbitrage calculations, and consulting.
- Responsible for management of the firm's audit department, coordinating delivery of audit, accounting review, compilation, accounting procedures and consulting services.
- Developed, implemented and maintained the firm's quality assurance policies and procedures.
- Arbitrage rebate calculations and consulting in accordance with Section 148 of the Internal Revenue Code, as amended; including calculations involving spend-down requirements and abandoned facilities termination penalties.
- Verification services for various current and advance debt refunding transactions, including sufficiency of escrow cash flow calculations, escrow security substitutions, escrow and debt yield calculation verifications and tender-option bond redemptions.
- Out-sourced comptroller and financial management functions that included oversight responsibility for budgeting and forecasting, accounting and financial reporting, regulatory reporting, cash management, and development of internal controls and accounting policies and procedures.
- Forecasted financial statements for loan applications, business plans, municipal projects, and debt restructuring.
- Business plans and forecasted financial statements for a wide variety of retail, manufacturing, entertainment, service and governmental entities.
- Audit and financial forecasting services to major financial institutions providing trustee services for single-family residence mortgage revenue bond issues and employee benefit accounts.
- Financial consultant to various issuers of municipal debt involved in early retirement of debt, including determination of total defeasance costs, development of repayment plans for troubled debt offerings, determination of arbitrage related consequences of abandoning debt financed projects and general consulting.
- Business valuations of closely held businesses for sale, estate, and pending litigation purposes.
- Settlement/claims administration services for national/state class action lawsuits.

1988-1989 Hometown Banckshares, Inc.

Internal Auditor

- Responsible for the internal audit function of three banking offices and EDP processing center.
- Prepared various SEC documents and schedules related to institution mergers.

1987-1988 S.R. Snodgrass & Co.

In-Charge Accountant

- Serviced financial institution clients in supervisory capacity.
- Responsible for report preparation, working paper review and supervision.

1985-1987 KPMG Peat Marwick

Senior Accountant

- Worked with clients of large county governments, financial institution trust funds, international airport, and several development entities with foreign operations.

EDUCATION

- **Bachelors of Science in Business Administration, Clarion University of Pennsylvania, 1984**

MEMBERSHIPS

- **American Institute of Certified Public Accountants**
- **West Virginia Society of Certified Public Accountants**

PATRICK C. SMITH, CPA

EXPERIENCE

2008 (October)-Present Smith-Little, L.L.C.

Member

- Firm Practice Manager.
- Examiner-in-Charge financial examination engagements.

1997-2000, 2003-Present Smith, Cochran & Hicks, P.L.L.C.

Member

- Member-in-Charge of the Firm's Accounting and Assurance Division. Responsible for all compilation, review and other attestation engagements, including examinations and agreed-upon procedure engagements, conducted by the Firm.
- Credited with the creation and development of the Firm's Premium Audit Division. Since inception in June 2006, the Division has grown to a staff of over twenty professionals who possess a wide range of insurance and accounting experience. During the past 2 ½ years, the Division has successfully completed over 120,000 workers' compensation premium audits.
- Oversees the Firm's Abandoned Property Division. The Firm serves as the preferred examination vendor for the West Virginia State Treasurer's Office, Division of Unclaimed Property ("STO"). Since 2003, the Firm has conducted approximately seventy-five (75) unclaimed property examinations and hundreds of "desk audits" on behalf of the STO.
- Experience with increasingly complex governmental audit areas including planning and conducting Single Audits in accordance with OMB Circular A-133.
- Responsible for designing and maintaining the firm's Quality Control (QC) System to ensure compliance with the AICPA *Code of Professional Conduct*.

2000-2003 Brantley, Boucher & Farr, LLC

Senior Accountant

- In-charge auditor on local government and private sector audit engagements. Responsible for the planning and development of audit programs and procedures, the performance of tests of controls and substantive tests of transactions, the performance of analytical procedures, and upon completion of audit fieldwork, the drafting of the final audit report and related financial statements.
- Significant interaction with a diverse client base involving matters ranging from personal income tax and retirement planning for individual tax clients to budgeting, tax projections and assisting with the design of employee benefit and qualified plans for business clients.
- Preparation and review of individual, corporate, partnership, and estate and trust income tax returns; preparation of annual returns of employee benefit plans (Federal Form 5500); preparation of returns of organizations exempt from income taxes (Federal Form 990); preparation and review of interim and annual financial statements; preparation and review of monthly, quarterly and annual payroll tax returns; preparation and review of monthly and annual sales and use tax returns.

EDUCATION

- Bachelor of Science Business Administration, Major in Accounting, University of Kentucky, Lexington, Kentucky
- Certified Public Accountant, State of West Virginia

MEMBERSHIPS

- American Institute of Certified Public Accountants
- West Virginia Society of Certified Public Accountants
- National Society of Insurance Premium Auditors

- Associate Member, Association of Certified Fraud Examiners

LINDA S. TOLLEY-RAFFLE, CPA

EXPERIENCE

2008 **Smith, Cochran and Hicks, P.L.L.C.**

Senior Accounting Manager

- Staff member with primary responsibility for performing initial review of all attest engagements (compilation, review, agreed-upon procedures, etc.) issued by the Firm's Charleston location.
- Meets with diverse client base on a daily basis to discuss all aspects of business and accounting operations.
- Preparation of individual, corporate, partnership, and estate and trust income tax returns; preparation of returns of organizations exempt from income taxes (Federal Form 990); preparation of interim and annual financial statements; preparation of monthly, quarterly and annual payroll tax returns; preparation of monthly and annual sales and use tax returns.

2005-2008 **Brown Edwards & Company, P.L.L.C.**

Senior Auditor-In-Charge Associate

- Fieldwork leader and first review on various construction contractor and third party insurance provider audits, reviews and compilations including the firm's largest audit client.
- Leadership role in various engagements of municipal entities.
- Supervisor/personnel management and training.
- Networking and business development.
- Direct client management.

2004-2005 **E.I. Dupont**

Plant Accountant

- Responsible for Sarbanes Oxley compliance:
 - Development and maintenance procedure for SAP work role audits.
 - Responsible for monthly reconciliation of cost objects and Balance Sheet accounts.
- Developed and oversaw Material Master Data cleanup and variance analysis.
- Prepared fixed cost, variable cost and period expense Profit Objectives.
- Account setup and mapping of cost flow for new product startup.
- Prepared monthly cost planning and activity rate analysis utilizing SAP.

2002-2004 **Monongalia County Health Department**

Accounting Manager

- Managed and developed a comprehensive accounting program which integrated federal accounting and auditing standards, federal and state guidelines and procedures, and agency policies.
- Supervised, trained, evaluated and reviewed work completed by professional, technical and clerical personnel.
- Responsible for all Accounting, Finance and Banking activities for 11 Government Programs and two public programs, including a 70 employee Home Health Agency.
- Responsible for all financial statement compilation and presentation to Board of Directors.

2001 **York Bronze Corporation**

Accounting Manager

- Financial statement analysis, balance sheet reconciliation and budget development for corporation with sales in excess of \$3.5 million/month.
- Supervisor of all accounting functions-comprised of 10 accounting professionals.
- Liaison between accounting and purchasing/materials management.
- Purchase Accounting-Division of Balance Sheet and P&L with regard to stock purchase.

1999-2000 Limatorque Corporation (Division of Invensys)

Accounting Manager

- Consolidated Financial Reporting-Responsible for international reporting of weekly performance data and consolidated financials for locations in Virginia, North Carolina, Texas, Asia and Australia.
- Fixed Asset Responsibility-Utilized FAS (BEST Software).
- Director, Accounts Payable-Supervision of Accounts Payable personnel.
- Liaison between Accounting, Purchasing and Manufacturing Departments.

1991-1999 Precision Coil, Inc.

Senior Accountant/Director of Purchasing

- Financial Reporting-Responsible for international reporting of daily performance information and preparation of monthly financial information.
- Inventory Valuation-LIFO/FIFO, Monthly book vs. physical analysis.
- Payroll-Responsible for preparation and analysis of payroll.
- Purchasing Director-Responsible for all purchasing responsibilities.
- Internal Auditor and Lead Auditor for QS/ISO implementation.
- Core team member for installation and conversion of fully integrated software system, Vantage.
- Responsible for fixed asset accounting.

EDUCATION

- Bachelor of Science in Accounting, Fairmont University
- Minor in Industrial Technology, Fairmont University
- Certified Public Accountant, State of West Virginia

MEMBERSHIPS

- American Institute of Certified Public Accountants
- West Virginia Society of Certified Public Accountants

TAMMIE BLUNDON, MS, CGS

EXPERIENCE

2008-Present Smith Cochran & Hicks, P.L.L.C/Smith Little Special Projects Director

- Implementation of a new division specifically tailored to perform Market Conduct and Financial Examinations of insurance companies nationwide.
- Maintaining corporate and client accounting operations that include accounts payable and receivable, financial statements, budget projections, and payroll.
- Act as Personal Assistant to the Managing Member

2006-2008 Charleston Area Medical Centers Practice Administrator

- The management of Board Certified Plastic Surgeons, clinicians, and administrative staff in the day-to-day activities associated with a surgical trauma and cosmetic center.
- Maintenance of all fiscal records, accounts receivable, accounts payable, patient billing, trend research, employee scheduling, and patient scheduling.
- Act as the liaison between CAMC/IHCPI and the Plastic Surgery Center. Routine activities include participation in physician recruitment, organization team building, QIC reporting, coordination of quarterly chart reviews/audits and development of systems to improve access to patient care as well as patient satisfaction.
- Coordination of the annual review by the American Association for the Accreditation of Ambulatory Surgery Facilities (AAAASF) to perform private pay surgeries.
- Working with a great team, demonstrating positive results in the development of the business, recruitment of physicians, and staff development, by fostering an environment that is physician, patient, and staff friendly.
- Coordination of procedures and product sales through the development of marketing materials, targeted awareness campaigns, and events.

2005-2006 Opulence Medical Spa Director

- Providing day to day oversight of all clinical and spa services.
- Maintenance of all fiscal records, accounts receivable, accounts payable, service pricing, product pricing, purchasing, employee scheduling, and client scheduling.
- Implementation and development of a database program utilizing Millennium Software to schedule appointments, track inventory, and maintain employee work records. The software was extensive in its ability to customize available information to improve client satisfaction through an electronic record of services, results, recommendations for future services and a product tracking history.
- In this position, I contributed materially to an improvement in the business gaining market share in the two years I was involved.

1999-2005 Cabin Creek Health Center Development Director 2002-2005

Senior Accountant 1999-2001

- Developing grants for implementation, and evaluation to improve access to affordable primary care.
- Fiscal management of the distribution and reconciliation for fund raising activities.
- Participation in A1-33 not for profit audits.
- Performing administrative and professional work relating to community health care with components that include: behavioral health, rural health, social services, environmental health, general administration, health facilities licensure and certification, federal facility designation, health planning, strategic planning, health promotion, investigation, legal, emergency services, and volunteer services.

- Participation in the conversion to a network system that allowed shared access to programs and documents that improved administrative and clinical efficiencies.
- Participated in growing the business from a primary care center of 11 employees to a Federally Qualified Health Care (FQHC) system of 51 employees. This was accomplished by merging our facility with three satellite sites within the area and placing them under the FQHC umbrella that offered a higher cost based reimbursement as well as access to grant funding to support operations.
- Maintaining accounting operations that include accounts payable and receivable, financial statements, budget projections, payroll, cost reporting, and year-end A1-33 auditing.
- Implementation of an accounting software program to transition from a spreadsheet system. This included using crystal reports to design end of month/year reports, merging billing software information with accounting ledger activities, and reconciling revenues with expenditures.
- Writing grants, organizing fundraisers, directing public relations, and assisting with quality assurance.

**2001-2003 Dream Home Development Corporation
CEO/CFO**

- Incorporated as a not for profit to provide fiscal and educational assistance to individuals and families who qualified with moderate to low incomes for the purpose of securing quality and affordable housing. Implementation resulted in new housing for five families within the first year and the addition of new sites for both housing development and rental units in three surrounding counties.
- Daily activities included administrative oversight, maintenance of accounting records, development of board reports, and building collaborative relationships.
- Implementation skill utilized included writing successful articles of incorporation, by-laws, acquiring a certificate of good standing, and obtaining a designation as a 501c-3 not for profit organization.
- Fiscal management including budgeting, grant writing, accounts payable, accounts receivable, bank reconciliations, over site annual A-133 audits, payroll, as well as grants development, management, and reconciliations.

**1995-1999 WVBPH/WVDHHR
Administrative Coordinator 1998-1999**

Recruitment Specialist 1995-1997

- Managing the Administrative component of the Bureau for Public Health Transition Program, which serves all 55 counties in West Virginia with 49 contact sites.
- Planning and coordinating events and procedures to improve administrative operations within each health department by providing guidance from State offices, Administrative Standards Development, offering technical direction to Health Department Administrative staff, and coordination of Transition funding and program development.
- Maintaining all financial reports associated with Local Health Departments and the Bureau for Public Health.
- Administrating of the Physician Recruitment Program and smaller programs that include: the J-1 Program, the State Loan Repayment Program, and the Recruitment and Retention Community Project.
- Development of a Visual Dbase program to store physician and midlevel recruitment activities to cross reference with hospital, primary care center, and private practice recruitment needs.
- Participating in various committees and directing clerical staff.
- Acting as a liaison between community health centers, hospitals, local health departments, the Legislature and the Bureau for Public Health.

EDUCATION

- Bachelors Degree in Business Administration, specializing in Accounting, West Virginia University
- Masters in Health Sciences, West Virginia University
- Enrolled in Executive Masters in Forensic Accounting, University of Charleston, completion date March 2010.

MEMBERSHIPS

- Certified Grants Specialist

- Testing for Certification in Fraud Examination in 2010.

