

ACTION/DISCUSSION ITEMS



State of California
Secretary of State

STATEMENT OF FACTS
ROSTER OF PUBLIC AGENCIES FILING
(Government Code section 53051)

FILED
Secretary of State
State of California
MAY 10 2016

Instructions:

1. Complete and mail to: Secretary of State,
P.O. Box 942870, Sacramento, CA 94277-2870 (916) 653-3984
2. A street address must be given as the official mailing address or as
the address of the presiding officer.
3. Complete addresses as required.
4. If you need additional space, attach information on an 8½" X 11" page, one sided and legible.

New Filing ☐

Update ☒

(Office Use Only)

Legal name of Public Agency: Temecula-Elsinore-Anza-Murrieta Resource Conservation District

Nature of Update: Name change from Elsinore-Murrieta-Anza Resource Conservation District

County: Riverside

Official Mailing Address: P.O. Box 2078, Temecula, CA 92593-2078

Name and Address of each member of the governing board:

Chairman, President or other Presiding Officer (Indicate Title): President

Name: Rose Corona Address: Big Horse Feed & Mercantile, 33320 Temecula Pkwy, Temecula, CA 92592

Secretary or Clerk (Indicate Title): Secretary

Name: David Kuhlman Address: P.O. Box 2078, Temecula, CA 92593-2078

Members:

Name: Vicki Long Address: P.O. Box 2078, Temecula, CA 92593-2078

Name: Carol Lee Brady Address: P.O. Box 2078, Temecula, CA 92593-2078

Name: Michael Newcomb Address: P.O. Box 2078, Temecula, CA 92593-2078

Name: _____ Address: _____

Name: _____ Address: _____

RETURN ACKNOWLEDGMENT TO: (Type or Print)

NAME Rose Corona

ADDRESS P.O. Box 2078

CITY/STATE/ZIP Temecula, CA 92593-2078

April 27, 2016

Date

Signature

Melissa R. Cushman, District Counsel

Typed Name and Title

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

923A



FROM: County Counsel

SUBMITTAL DATE:

November 5, 2015

SUBJECT: Adoption of Resolution No. 2015-252 changing Elsinore-Murrieta-Anza Resource Conservation District to Temecula-Elsinore-Anza-Murrieta Resource Conservation District. Districts 1 and 3 [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

Adopt Resolution No. 2015-252 Resolution of the Board of Supervisors of the County of Riverside Approving Elsinore-Murrieta-Anza Resource Conservation District's ("EMARCD") Request to Change its Name to Temecula-Elsinore-Anza-Murrieta Resource Conservation District ("TEAM RCD").

BACKGROUND:

Summary

EMARCD is a resource conservation district, the territory of which covers approximately 789 miles of the County of Riverside, extending south from Scott Road in Murrieta to the San Diego County line, east of Anza west to the Orange County line, and including a loop around the north of Lake Elsinore.

Gregory P. Priamos
County Counsel

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	

SOURCE OF FUNDS:

Budget Adjustment:

For Fiscal Year:

C.E.O. RECOMMENDATION:

APPROVE

By: [Signature]
Title: County Executive

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: December 8, 2015
xc: Co.Co.

Kecia Harper-Ihem
Clerk of the Board
By: [Signature]
Deputy

Prev. Agn. Ref.:

District: 1 and 3 | Agenda Number:

2-5

Departmental Concurrence

Positions Added
A-30
4/5 Vote
Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Adoption of Resolution No. 2015-252 changing Elsinore-Murrieta-Anza Resource Conservation
District to Temecula-Elsinore-Anza-Murrieta Resource Conservation District. Districts 1 and 3
DATE: November 5, 2015
PAGE: 2 of 2

BACKGROUND:

Summary (continued)

Believing that the district name insufficiently describes its geographic service area, the EMARCD Board of Directors unanimously approved Resolution No. 2015-02 to change the name of the district to Temecula-Elsinore-Anza-Murrieta Resource Conservation District. Pursuant to Public Resources Code section 9621, a resource conservation district can change its name by action of the Board of Supervisors of the County in which the resource conservation district is located. EMARCD requests that the Board of Supervisors approve this change.

Impact on Citizens and Businesses

The requested name change is purely administrative and will have no environmental impacts and will require no future actions other than: (1) the forwarding of a certified copy of the Board of Supervisor's resolution to the EMARCD Board of Directors and to the State Board of Equalization pursuant to Public Resources Code section 9626, and (2) the need for EMARCD to arrange to make minor changes to its name on existing materials and materials created in the future, including but not limited to printed materials, accounts, its website, and permits.

SUPPLEMENTAL:

Additional Fiscal Information

There is no fiscal impact to the County because the cost for changing its name on existing and future materials will be borne by EMARCD.

Contract History and Price Reasonableness

N/A

ATTACHMENTS:

- A. Board of Supervisors Resolution No. 2015-252
- B. EMARCD Resolution No. 2015-02

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3. The Board of Directors requests that its name be changed to the Ternecula-Elsinore-Anza-Murrieta Resource Conservation District.

4. A copy of this Resolution be forwarded to the Riverside County Board of Supervisors for consideration of and action upon the District's request at the Board of Supervisor's next regular meeting.

ADOPTED by the Board of Directors of the Elsinore-Murrieta-Anza Resource Conservation District this 8th day of October, 2015.

DANNY MARTIN, Board President
Elsinore-Murrieta-Anza Resource
Conservation District

ATTEST:

DISTRICT SECRETARY

By: DAVE KUHLMAN
Elsinore-Murrieta-Anza Resource
Conservation District

APPROVED AS TO FORM:

MELISSA R. CUSHMAN
Deputy County Counsel/District Counsel

GPP-ny
6/15/2015
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2
3 RESOLUTION NO. 2015-252

4
5 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
6 COUNTY OF RIVERSIDE APPROVING ELSINORE-
7 MURRIETA-ANZA RESOURCE CONSERVATION DISTRICT'S
8 REQUEST TO CHANGE ITS NAME TO TEMECULA-ELSINORE-
9 ANZA-MURRIETA RESOURCE CONSERVATION DISTRICT
10

11 WHEREAS, the Elsinore-Murrieta-Anza Resource Conservation District ("EMARCD") is
12 a resource conservation district created and authorized pursuant to California Public Resources Code
13 section 9001 et seq.; and

14 WHEREAS, EMARCD's territory is wholly in Riverside County and covers
15 approximately 789 square miles, extending south from Scott Road in Murrieta to the San Diego County
16 line, east of Anza west to the Orange County line, and including a loop around the north of Lake Elsinore;
17 and

18 WHEREAS, the EMARCD Board of Directors believes that EMARCD's current name
19 insufficiently describes its service area; and

20 WHEREAS, on October 8, 2015, the EMARCD Board of Directors unanimously approved
21 EMARCD Resolution No. 2015-02, Resolution of the Elsinore-Murrieta-Anza Resource Conservation
22 District Determining That It Is in the Best Interest of the District to Change Its Name to the Temecula-
23 Elsinore-Anza-Murrieta Resource Conservation District to Better Reflect Its Geographic Service Area;
24 and

25 WHEREAS, pursuant to Public Resources Code section 9621, a resource conservation
26 district may change its name by action of the County Board of Supervisors; and
27
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1 WHEREAS, EMARCD Resolution No. 2015-02 requests that the Board of Supervisors
2 approve EMARCD's request to change EMARCD's name to Temecula-Elsinore-Anza-Murrieta Resource
3 Conservation District; now therefore

4 BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of
5 Riverside, State of California, in regular session assembled on December 8, 2015, that the Board of
6 Supervisors approves EMARCD's request to change EMARCD's name to the Temecula-Elsinore-Anza-
7 Murrieta Resource Conservation District.

8 BE IT FURTHER RESOLVED THAT, in accordance with Public Resources Code section
9 9626 that a certified copy of this resolution shall be forwarded to the EMARCD Board of Directors and
10 the State Board of Equalization.

11
12 ROLL CALL:

13 Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
14 Nays: None
15 Absent: None

16 The foregoing is certified to be a true copy of a resolution duly
17 adopted by said Board of Supervisors on the date therein set forth.

18 KECIA HARPER-IHEM, Clerk of said Board
19 By  Deputy
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RESOLUTION NO. 2015-02

RESOLUTION OF THE ELSINORE-MURRIETA-ANZA
RESOURCE CONSERVATION DISTRICT DETERMINING
THAT IT IS IN THE BEST INTEREST OF THE DISTRICT
TO CHANGE ITS NAME TO THE TEMECULA-EL SINORE-ANZA
-MURRIETA RESOURCE CONSERVATION DISTRICT TO
BETTER REFLECT ITS GEOGRAPHIC SERVICE AREA

WHEREAS, the Elsinore-Murrieta-Anza Resource Conservation District ("the District") is a resource conservation district created and authorized pursuant to California Public Resources Code section 9001 et seq.; and

WHEREAS, the District's territory covers approximately 789 square miles, extending south from Scott Road in Murrieta to the San Diego County line, from east of Anza west to the Orange County line, and including a loop around the north of Lake Elsinore; and

WHEREAS, the Board of Directors believes that the District's current name insufficiently describes its geographic service area; and

WHEREAS, the Board of Directors desires that the name of the District be changed to the Temecula-Elsinore-Anza-Murrieta Resource Conservation District; and

WHEREAS, pursuant to Public Resources Code section 9621 et seq., a resource conservation district may change its name by action of the County Board of Supervisors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Elsinore-Murrieta-Anza Resource Conservation District at its regular meeting on this 8th day of October, 2015, that:

1. The above recitals are true and correct.
2. It is in the best interest of the District that its name be changed to better reflect its geographic service area.

1 3. The Board of Directors requests that its name be changed to the Temecula-
2 Elsinore-Anza-Murrieta Resource Conservation District.


3 4. A copy of this Resolution be forwarded to the Riverside County Board of
4 Supervisors for consideration of and action upon the District's request at the Board of Supervisor's next
5 regular meeting.

6 ADOPTED by the Board of Directors of the Elsinore-Murrieta-Anza Resource
7 Conservation District this 8th day of October, 2015.


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11 
12 DANNY MARTIN Board President
 Elsinore-Murrieta-Anza Resource
 Conservation District

13 ATTEST:

14 DISTRICT SECRETARY

15 By: 
16 DAVE KUHLMAN
17 Elsinore-Murrieta-Anza Resource
 Conservation District

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21 APPROVED AS TO FORM:

22 By: 
23 MELISSA R. CUSHMAN
24 Deputy County Counsel/District Counsel

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26 GPP:ay

27 6/15/2015

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3 RESOLUTION OF THE TEMECULA-ELSINORE-ANZA-MURRIETA
4 RESOURCE CONSERVATION DISTRICT SUPPORTING AND
5 ADOPTING THE UPPER SANTA MARGARITA WATERSHED
6 INTEGRATED REGIONAL WATER MANAGEMENT PLAN

8 WHEREAS, the Temecula-Elsinore-Anza-Murrieta Resource Conservation District
9 (“TEAM RCD”) is a resource conservation district created and authorized pursuant to Public Resource
0 Code section 9001 et seq.; and

1 WHEREAS, the Rancho California Water District, County of Riverside and Riverside
2 County Flood Control and Water Conservation District have partnered by signing a Memorandum of
3 Understanding (MOU) forming a Regional Water Management Group (RWMG); and

WHEREAS, working with the stakeholders and partners of the Upper Santa Margarita Watershed (USMW), the RWMG has prepared an update to the Upper Santa Margarita Watershed Integrated Regional Water Management Plan (Plan); and

7 WHEREAS, adoption of the Plan in no way commits a participating agency to a financial
8 or any other regulatory obligation and does not legally bind the agency to any future activities or specific
9 projects; and

WHEREAS, the Plan represents all entities significant to water management planning in the region in addressing water resources as well as other interested stakeholders and has provided the framework and procedures used to govern, collaborate, and plan activities, as well as pursue funding opportunities within the Plan program; and

4 WHEREAS, the agencies, partners, and stakeholders are committed to integrated plannin
5 efforts in an open, accessible process and have acted in good faith in planning and implementing the Plan
6 and

WHEREAS, the Plan will help secure significant funding for resources in the Upper Santa Margarita Watershed through the California Department of Water Resources, The Safe Drinking Water

1 Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Propositio
2 84) (Public Resources Code section 75001 et seq.), and other funding sources through the Plan process;

3 WHEREAS, TEAM RCD is an entity interested in water management planning for the
4 region and wishes to participate in available programs involving grants and funding that could benefit the
5 community and that could become available upon adoption of the Plan.

6
7 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Temecula
8 Elsinore-Anza-Murrieta Resource Conservation District in regular session on this 9th day of June, 2016
9 that:

- 10 1. The above recitals are true and correct.
- 11 2. TEAM RCD hereby adopts the Upper Santa Margarita Watershed Integrate
12 Regional Water Management Plan.

13
14 ADOPTED by the Board of Directors of the Temecula-Elsinore-Anza-Murrieta Resource
15 Conservation District this 9th day of June, 2016.

16
17
18 ROSE CORONA, Board President
19 Temecula-Elsinore-Anza-Murrieta Resource
20 Conservation District

21 ATTEST:

22 DISTRICT SECRETARY

23
24 By: DAVE KUHLMAN
25 Temecula-Elsinore-Anza-Murrieta Resource
26 Conservation District
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1 APPROVED AS TO FORM:
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3 By: _____
4 MELISSA R. CUSHMAN
Deputy County Counsel/District Counsel
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**MEMORANDUM OF UNDERSTANDING BETWEEN THE TEMECULA-ELSINORE-
ANZA-MURRIETA RESOURCE CONSERVATION DISTRICT AND XXXXX RESOURCE
CONSERVATION DISTRICT**

This Memorandum of Understanding ("MOU") is entered into by and between the Temecula-Elsinore-Anza-Murrieta Resource Conservation District ("TEAM RCD"), a California resource conservation district, and XXXXX Resource Conservation District ("XXXXX RCD"), a California resource conservation district (TEAM RCD and XXXXX RCD may each be referred to separately as a "Party" or together as the "Parties" or the "Districts").

RECITALS

WHEREAS, pursuant to Public Resources Code section 9001, the California Legislature has found that resource conservation is of fundamental importance to the prosperity and welfare of the state and has authorized resource conservation districts to organize and operate for the purposes of soil and water conservation, among other purposes, in open areas, agricultural areas, urban areas, wildlife areas, and residential areas; and

WHEREAS, TEAM RCD is a resource conservation district created and authorized pursuant to Public Resources Code section 9001 et seq., with a service area covering approximately 789 square miles in northwestern Riverside County; and

WHEREAS, TEAM RCD has recently changed its name from the Elsinore-Murrieta-Anza Resource Conservation District ("EMARCD"), a change which is now official but has no effect on any prior agreements or legal obligations in this MOU or otherwise; and

WHEREAS, XXXXX RCD is a neighboring resource conservation district also created and authorized pursuant to Public Resources Code section 9001 et seq., with a service area covering XXXXXXXXX; and

WHEREAS, TEAM RCD is in need of specific assistance in order to fulfill its public services within its service area, which TEAM RCD lacks employees to provide; and

WHEREAS, the Parties desire to enter into this MOU with each other to provide for cooperation between the Districts wherein XXXXX RCD's staff will provide needed services to TEAM RCD, and, except as otherwise agreed to and appropriate, _____ will provide the necessary federal and/or state permits, and to memorialize the rights and obligations of the Parties relating to such services; and

WHEREAS, the services provided under this MOU would facilitate a strong partnership of mutual cooperation in providing opportunities for resource conservation and enhancement practices within TEAM RCD's service area.

AGREEMENT

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms and conditions contained herein, and pursuant to the laws of the State of California, TEAM RCD and XXXXX RCD hereby agree as follows:

1. **Services:** XXXXX RCD agrees, at its discretion, to make available to TEAM RCD, upon written request from TEAM RCD and when XXXXX RCD is capable of doing so, its employees and staff who are qualified to provide the specific activities and services ("Activities") within the jurisdiction of resource conservation districts requested by TEAM RCD. Such Activities shall include, but not be limited to, those set forth in Exhibit A, attached hereto and by this reference incorporated herein. TEAM RCD will identify what specific activities are required, what specific certifications or licenses are required, if any, and the expected duration of the subject activities.

2. **Compensation:** TEAM RCD will compensate XXXXX RCD for its use of XXXXX RCD employees, staff, and agents. Such compensation will be based on the hours of work performed for TEAM RCD and will be determined based on the current hourly rate of the XXXXX RCD employee(s), staff, or agent(s) performing those services, which will be disclosed to TEAM RCD before any work begins. The Parties agree that said payment will fulfill any obligation TEAM RCD may have to XXXXX RCD and to any XXXXX RCD employee, staff, or agent with respect to the payment of wages and any required benefits under the law, including Workers' Compensation insurance. To the extent allowed by law, TEAM RCD will also compensate XXXXX RCD for its use of federal and/or state permits for each project at a rate to be determined by the Parties at the time the project is contemplated.

3. **Payment:** XXXXX RCD shall provide to TEAM RCD a detailed invoice for all activities performed pursuant to this Agreement by the end of each quarter. TEAM RCD shall render payment to XXXXX RCD no later than forty-five (45) days after the receipt of any invoice or within three (3) business days of the next TEAM RCD Board of Directors' meeting following the receipt of the invoice, whichever is later. All invoices must identify: (1) the type of work provided, (2) the person(s) who performed such work, (3) the hourly rate of each person performing the work, (4) the date(s) of service, (5) the time spent providing such services, and (6) the total amount of the invoice in question.

4. **Wage Payment:** XXXXX RCD expressly agrees that it will be solely responsible for the payment of any and all wages due and owing its employees or contractors arising out of services to TEAM RCD pursuant to this Agreement and that all payments will be made in accordance with California, federal, and any other applicable law. XXXXX RCD further expressly agrees that it will be solely responsible for all required benefits owed to XXXXX RCD employees, staff, and agents, whether required by statute, rule, regulation, contract or otherwise.

5. **Workers' Compensation:** Pursuant to California Labor Code section 3602(d) and any other applicable law, TEAM RCD and XXXXX RCD further agree that, to the extent TEAM RCD is legally required to provide Workers' Compensation coverage related to the work provided for it by XXXXX RCD employees, XXXXX RCD has and will obtain Workers' Compensation

coverage for any and all of its employees who provide services for TEAM RCD and that such Workers' Compensation coverage will specifically cover and encompass any and all work performed by XXXXX RCD for TEAM RCD pursuant to this Agreement. XXXXX RCD will advise TEAM RCD in the event that the required Workers' Compensation insurance is about to or expected to lapse.

6. **Mutual Indemnification:** TEAM RCD and XXXXX RCD shall each defend, indemnify, and hold the other party and its officials, officers, employees, consultants, subcontractors, volunteers, and agents harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage, or injury, in law or equity, to property or persons, to the extent arising out of incident to any negligent acts, omissions, or willful misconduct of the indemnifying party or its officials, officers, employees, consultants, subcontractors, volunteers, and agents arising out of or in connection with the performance of this Agreement, including, without limitation, the payment of all consequential damages and attorneys' fees and other related costs and expenses.

7. **Insurance:** XXXXX RCD shall procure and maintain during the period of performance of this MOU, and for twelve (12) months thereafter, adequate third party policies of insurance from an insurance company or companies authorized to do business in the State of California that covers any activities performed by XXXXX RCD under this Agreement. Proof of this insurance shall be provided to TEAM RCD within one (1) week of the effective date of this Agreement. XXXXX RCD will advise TEAM RCD in the event that the required third party insurance is about to or expected to lapse. TEAM RCD shall be responsible for carrying adequate insurance for any TEAM RCD employee or facility related to any activities performed under this Agreement.

8. **Term:** The term of this Agreement shall be for the period of one (1) year from the date of full execution of this Agreement by both Parties ("Initial Term"). The term of this Agreement shall be automatically extended for additional one (1) year terms ("Extended Term" or "Extended Terms," as appropriate) unless either Party terminates the Agreement pursuant to Paragraph 9, below.

9. **Amendment and Cancellation:** This MOU shall be effective when signed by both Parties. It contains the entire agreement between the Parties with respect to the matters herein provided for. It may be amended only by mutual written consent of both Parties, and either Party may cancel this MOU at any time upon thirty (30) days' written notice by so notifying the other Party by certified mail. XXXXX RCD shall not be responsible to perform any work other than Activities requested in writing by TEAM RCD that have been agreed to by XXXXX RCD, and TEAM RCD shall only be responsible to pay for work TEAM RCD has requested in writing to XXXXX RCD.

10. **Notices:** Any notice, demand, request, consent, approval, or communication that either Party is required to give to the other shall be in writing and either served personally or sent by first class mail, postage prepaid, to the appropriate address. Either TEAM RCD or XXXXX RCD may change the name or address to which its notices are sent by delivering written notice to the other Party at the address listed in this subsection. The addresses for the Parties are as follows:

To TEAM RCD at:

To XXXXX RCD at:

Temecula-Elsinore-Anza-Murrieta
Resource Conservation District
P.O. Box 2078
Temecula, CA 92593-2078

11. Severability: If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

12. Attorneys' Fees: If either Party commences an action in court with respect to the rights and obligations of the Parties under this Agreement, the Party prevailing in such action shall be entitled to recover from the other Party, in addition to all other relief granted by the court, its reasonable attorneys' fees and incurred in prosecuting or defending such action, including any appeal from the judgment therein.

13. Governing Law and Venue: This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any lawsuit brought to enforce this Agreement shall be brought in an appropriate court in Riverside County, State of California.

14. Authority: Each Party to this Agreement warrants to the other that it is duly organized and existing and that it and the respective signatories have full right and authority to enter into and consummate this Agreement and all related documents and bind the parties thereto.

15. Counterparts: This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

TEMECULA-ELSINORE-ANZA-
MURRIETA RESOURCE
CONSERVATION DISTRICT, a
California resource conservation district

XXXXXX RCD, a California resource conservation
district

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A:
Activities

Use of XXXXX RCD employees, staff, and agents, or any combination of same, under this Agreement may include, but is not limited to:

- a. Assistance with the TEAM RCD Aquatics Program;
- b. Assistance with the biological monitoring and reporting on TEAM RCD conservation easements;
- c. Assistance with mitigation work;
- d. Assistance with the development of the projected costs associated with implementing mitigation and conservation easements;
- e. Assistance with the development of habitat mitigation and monitoring plans; and
- f. Assistance with related TEAM RCD projects or programs.

RFP'S
AUDIT SERVICES

**PROPOSAL FOR PROFESSIONAL AUDIT SERVICES
Elsinore-Murrieta-Anza
Resource Conservation District**

**For the Fiscal Year Ending
June 30, 2016**



Respectfully Submitted by:

Jeff Nigro, CPA, CFE
Nigro & Nigro, PC
jnigro@nncpas.com

Murrieta Office: 25220 Hancock Ave. Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
Oakland Office: 333 Hegenberger Rd., Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

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NIGRO & NIGRO^{PC}

A PROFESSIONAL ACCOUNTANCY CORPORATION

June 1, 2016

Carol Lee Brady
EMARCD
PO Box 2708
Temecula, CA 92593-2078

Dear Ms. Brady:

Thank you for the opportunity to submit this proposal to provide auditing services for the EMARCD. Based on our history with the District, I believe our firm would continue to be a great fit and have a great working relationship. Our staff works hard to help ensure our audits are completed with the highest level of service and meet all deadlines.

A district's relationship with its audit firm can be a valuable one, and choosing a firm based on the lowest fee will not always guarantee that the best firm is selected. We pride ourselves on the quality of the work we do and the value we bring to our clients, and that means that we spend the time to "get it right". We will be a resource to you throughout the year, and we will keep you informed on a regular basis, not just on the audit progress but other issues as well.

We are most proud of the fact that in the past year, most of our audit clients chose to renew their audit contracts with our firm - even those that were required to go out to bid. In some cases, we were selected even though we were the highest bid, but our clients recognized the value that they receive for the dollars that they spend.

I look forward to meeting with you to discuss our proposal and appreciate this opportunity to present our Firm for your consideration.

Sincerely,

Jeffrey Nigro, CPA, CFE
Audit Services Partner

AICPA[®] Governmental
Audit Quality Center

PROFILE OF THE PROPOSER

Licensed to Practice in California

The firm and its entire CPA staff hold licenses to practice in the State of California. The Firm's CPA's are all members in good standing with the California Society of CPA's and the AICPA.

Statement of Independence

Our standards require that we be without bias with respect to your operations. The Firm is independent of EMARCD and its component units, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's "Governmental Auditing Standards".

Size and Location of Offices

The firm was originally established in 1999, and for the next eleven years operated under the name of Nigro Nigro & White. In August 2010, the firm changed back to its original name of Nigro & Nigro and added a third partner. In 2013, we opened our second office in Northern California in order to better serve our growing client base in the San Francisco Bay Area. The Firm now has five partners and a professional staff of 19 accountants in its Murrieta office and expects to add more in the coming years as we continue to grow. We are a full service firm, providing audit and review, tax, consulting, and accounting services to local government, non-profit organizations, charter schools, commercial businesses and homeowners associations. The office serves clients of all sizes and industries, but our focus is on governmental agencies just like you.

We are prepared to do what it takes to provide the extra level of service required to maintain a long-term business relationship.



Murrieta Office



Oakland Office

Size of Our Firm

Firm-wide, we have the following staffing for our governmental audit services:

Position	Number of Employees	Number of Licensed CPA's
Partner *	5	5
Audit Manager	1	1
Audit Supervisor	3	3
Audit Senior	2	1
Audit Junior/Intern	6	-
Support Staff	4	-
Total	21	10

**Although the term "partner" is used throughout this proposal to avoid confusion, the firm is organized as a Professional Corporation, and the firm's owners are "shareholders".*

PROFILE OF THE PROPOSER (continued)

Peer Review

Our firm's most recently issued peer review report can be found under the "Additional Documents" section of the proposal. We are proud to report that the peer review opinion is "Pass", which indicates that our firm complies with the stringent quality control standards set by the AICPA, the national professional organization of CPAs. As required by our membership in the Government Audit Quality Center (GAQC), the peer review included selection of a sample of governmental audit engagements.

Past Performance / Disciplinary Action

The Firm has not had any State desk reviews or field reviews of its audits in the last five years. We also have had no disciplinary action taken or pending against the Firm during the past five years with state regulatory bodies or professional organizations. All of our audit reports for the past three years have been accepted by the State Controller's Office. The Firm had one audit engagement selected for a federal quality control review by the U.S. Department of Education, who determined that our audit was performed in accordance with generally accepted auditing standards, Government Auditing Standards, and OMB Circular A-133.

QUALIFICATIONS

Importance of Certified Public Accountants (CPAs)

Approximately 30% of accountants in the State of California are CPAs. At Nigro & Nigro, our percentage is nearly double - 10 of our 17 accountants are CPAs. We understand that the CPA designation is a valuable credential for advancing a career in accounting and auditing. It demonstrates the in-depth knowledge of accounting principles and practices, including applicable laws and regulations. In addition, a CPA license is widely respected as a gauge of quantitative skills and high standards of professionalism.

An accountant cannot do the same work as a Certified Public Accountant, whereas a CPA can do all work of an accountant. A CPA is generally trusted more than an accountant in financial matters. Even if an accountant's views are valued, the last word is always from a Certified Public Accountant.



Meet Your Audit Leadership Team

Listed on the following pages are the resumes of the management team that will be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

Jeffrey Nigro, CPA, CFE Partner

"As the partner on the audit, I will make myself available to you at all times. Our commitment is to provide an outstanding customer service experience."



Jeff has more than 25 years of experience auditing school districts, county offices of education and special districts. This experience, garnered from nine years with a major local audit firm and now as a founding partner at Nigro & Nigro since 1999, is in addition to his real world experience as a Fiscal Services Manager in a large unified school district. In addition to his extensive knowledge of school business and financial issues, Jeff has a passion for helping clients to establish and maintain sound anti-fraud programs and procedures.

Local Educational Agency Audits:

Jeffrey Nigro was a Senior Audit Manager with a southern California CPA firm that specializes in K-12 audits for the first nine years of his career. He then moved to a school district fiscal management position to acquire hands-on experience before starting his own firm in 1999. Mr. Nigro is an expert in all aspects of governmental auditing and accounting, having worked on a variety of assignments and issues.

Consulting Services:

Mr. Nigro has experience in a variety of governmental accounting issues, garnered from his public accounting experience and experience as a Fiscal Services Manager. He regularly consults with clients in areas of:

Training:

- Accounting workshops and training
- Governmental accounting
- Fraud prevention and detection

Financial Reporting:

- OMB Circular A-133 Audits
- Performance Audits
- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections

Other Areas:

- Anti-fraud program implementation
- Enrollment projections
- Asset safeguard and control
- CAFR development

Education:

Bachelor of Business Administration, Accounting
California State University, Fullerton, 1991

Licenses and Certifications:

- Certified Public Accountant, California
- Certified Fraud Examiner
- School Business Management Certificate, California State University, Fullerton

Professional Affiliations:

- California Association of School Business Officials (CASBO) Eastern Section, Associate Member
- Association of Certified Fraud Examiners

Continuing Education:

- GFOA Annual Conference
- CASBO Annual Conference (past presenter)
- SSC Finance & Management Conferences
- ACSA School Business Academy (presenter)
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)
- Annual CFE Fraud Conference

Peter Glenn, CPA Manager

"I enjoy being a significant contributor to the audit team. I bring a receptive, professional, and inquisitive approach to each job in addition to my sharp rapier wit!"



Peter joined the firm in 2011 after nearly four years of previous public accounting and auditing experience. Peter will work under the general direction of the partner. Peter is our choice for new special district clients, having successfully worked on each of the Firm's clients since beginning with the Firm. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

Audit Services:

Peter Glenn began his auditing career with Nigro & Nigro in 2011, participating in audits of LEAs, other governmental audits and agreed-upon procedure engagements. Prior to joining the firm, he worked for four years at another public accounting firm, developing his auditing skills. He has previously been the in-charge accountant for all of our special district clients.

Consulting Services:

Mr. Glenn has experience in a variety of governmental accounting issues, derived from his auditing experience at the firm. He regularly consults with clients in areas of:

Financial Reporting:

- Year-end closing procedures
- Capital assets and depreciation schedules
- Long term debt schedules
- GASB standards implementation

Special District Accounting:

- Internal controls
- Financial reporting & GASB 34
- Assistance with CAFR preparation
- Annual report of financial transactions

Other Governmental Agencies Recently Served:

- Central Basin Municipal Water District
- EMARCD
- Riverside County Park & Open Space District

Education:

Bachelor of Science, Business Administration, Accounting
California State University, San Marcos, 2008, Magna Cum Laude

Licenses and Certifications:

- Certified Public Accountant, California

Professional Affiliations:

- American Institute of Certified Public Accountants (AICPA)
- California Association of School Business Officials (CASBO) Eastern Section, Associate Member

Continuing Education:

- School District Conference
- CASBO Annual Conference
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)

Michael Klein, CPA, CMA, EA, CGMA Supervisor

"I love building personal relationships with my clients that are based on trust and good rapport. I enjoy helping them navigate the challenges of accurately reporting past financial results & confidently projecting their financial future."



Michael dedicates himself to serving the not-for-profit and local government community with issues related to governance and financial management. Having extensive experience volunteering and working with several of these organizations, Michael provides valuable insight to his clients, helping them navigate challenging economic times and understand the complex accounting rules applicable to not-for-profit organizations. A 2007 graduate of UC Berkeley, Michael pursued a career in public accounting and obtained his Certified Public Accountant and Certified Management Accountant designations to provide greater expertise and knowledge in the field.

Audit Services:

Michael Klein began his auditing career with Nigro & Nigro in 2011, participating in audits of local government agencies, including charter schools, nonprofit organizations and agreed-upon procedure engagements. Michael has recently focused almost exclusively on charter and nonprofit organizations. His extensive background as an auditor brings valued insights to all his consulting engagements.

Consulting Services:

Michael has experience in a variety of governmental, charter school and not-for-profit accounting, tax, and audit concerns, derived from his audit and consulting experience with those industries. He regularly consults with clients in the areas of:

Financial Reporting:

- Preparation of interim reports, cash flow statements, and multi-year projections
- Consulting and training on year-end closing procedures and audit preparation
- Capital assets and depreciation schedules
- GASB and FASB
- Internal control studies and best practices
- Bank reconciliations
- Standardized Account Code Structure (SACS) classifications
- Not-for-Profit reporting standards

Other Areas:

- State and Federal compliance
- Advanced QuickBooks knowledge
- Tax preparation
- Financial statements
- Other accounting needs
- Good governance practices
- Operational studies

Education:

- Bachelor of Arts, Economics and Political Science, University of California, Berkeley, 2007

Licenses and

Certifications:

- Certified Public Accountant, California
- Certified Management Accountant, California
- Chartered Global Management Accountant, California
- Enrolled Agent, California

Professional Affiliations:

- American Institute of Certified Public Accountants (AICPA)
- Institute of Management Accountants (IMA)

Continuing Education:

- School District Conference
- CASBO Annual Conference
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)

QUALIFICATIONS (continued)

Training & Resources

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with the *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of 60-80 hours each year, specifically in governmental auditing. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent peer review.

Library facilities are maintained which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our school district clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of the engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- a. American Institute of CPA's Governmental Audit Quality Center
- b. California Society of CPAs
- c. Government Finance Officers Association (GFOA)
- d. California Special Districts Association (CSDA)
- e. Government Accounting Standards Board (GASB)
- f. Association of Certified Fraud Examiners (ACFE)

***We recognize that our
most important product is
prompt and effective
service.***

We recognize that our most important product is prompt and effective service. We believe the District should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.

QUALIFICATIONS (continued)

References

We currently conduct nearly 60 government audits each year and have well rounded experience with local governmental agencies. We are excited for the opportunity to devote our attention to you and your specific needs. Below is a list of three of the governmental clients we have audited within the past three years. Jeff Nigro was the engagement partner on each of the engagements listed.

Elsinore-Murrieta-Anza Resource Conservation District

PO Box 2078	Rose Corona
Temecula, California 92593	Project(s): Financial Statement Audits
(951) 387-8992	

Pauma Valley Community Services District

33129 Cole Grade Road	Mindy Houser
Pauma Valley, California 92061	Project(s): Financial Statement Audits
(760) 742-1909	

Mission Resource Conservation District

1588 South Mission Road, Suite 100	Judith Mitchell
Fallbrook, California 92028	Project(s): Financial Statement Audits
(760) 728-1332	

In addition to the valued clients listed above, we work with many more governmental clients. Our client retention history has been excellent and several of the clients have been clients for more than ten years.

AUDIT APPROACH

Segmentation of Engagement

STEP 1: Planning

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. Our goal is to accomplish as much interim fieldwork as possible so that our stay during final fieldwork is kept to a minimum. Our preliminary work focuses on planning and internal control documentation.

STEP 2: Interim Field Work

Internal Control Documentation

Our internal control documentation usually occurs during interim fieldwork. Our documentation process will be as follows:

- 1) Gather or update documentation for significant processes defined in our preliminary fieldwork.
- 2) Perform a "walk-through" of these significant processes.
- 3) Ask "what can go wrong" questions.
- 4) Identify controls in place. This will include both preventative and detective controls.
- 5) Evaluate the design of internal controls.
- 6) Decide whether to test and rely on controls.
- 7) Summarize preliminary fieldwork and submit management letter of all areas of concern.

STEP 3: Final Fieldwork

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during final fieldwork. Our Firm utilizes a methodology designed specifically for special districts. Our process emphasizes continuous communication with our staff.

Assess Risks and Design Procedures

As outlined in the risk based suite of audit standards (SAS 104 to 111), our Firm uses a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

- 1) Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
- 2) Design procedures to test controls if considered necessary.
- 3) Design procedures to test details of account balances and classes of transactions based on risk.

Interim and Year End Testing

- 1) Perform tests of controls if considered necessary.
- 2) Perform tests of details of account balances and classes of transactions.
- 3) Evaluate quality and sufficiency of audit evidence.
- 4) Evaluate misstatements.

SPECIFIC AUDIT APPROACH (continued)

Segmentation of Engagement (continued)

STEP 4: Audit Completion

Preparation of Audit Report and Management Letter

After reviewing the financial statements, notes and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also at this time prepare our management letter that identifies financial trends and recommendations for improvement, reports required communications to the governing board and discusses change in the environment in which the District operates.

OBJECTIVES, SCOPE AND TIMING

The Firm will perform the audit examinations of the financial statements of the Elsinore-Murrieta-Anza Resource Conservation District, including the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows for the year ended June 30, 2016. The audited financial statements of the District will be delivered to the Board of Directors no later than two weeks prior to the second regular meeting in October. The District will also be provided with a letter of reportable conditions, if any, with constructive comments relating to the system of internal controls of the District.

ADDITIONAL INFORMATION

Client Testimonial

"As Superintendent of Schools for California's fourth largest county, maintaining the fiscal integrity of our 23 local school districts as well as the Riverside County Office of Education is an extremely high priority-especially during this deep, protracted economic recession. Our organization depends on the high caliber professional accountancy services provided by *Nigro and Nigro*. Their staff are experts in the field of public education finance and accounting. They offer a wide range of services including from annual audits, customized professional development workshops, fraud investigation and fiscal analysis. I would highly recommend *Nigro and Nigro* for professional accountancy services."

***"I would highly
recommend Nigro and
Nigro for professional
accountancy services."***

*Kenneth M. Young,
Riverside County Superintendent of Schools*

Fraud Hotline

Throughout the audit process, we will make available our fraud hotline reporting service at no additional charge over the period of the contract to ensure the District has an effective anti-fraud program.



FEES, HOURLY RATES, & ASSISTANCE REQUIRED OF DISTRICT STAFF

Audit Fees

2015-16			
STAFF LEVEL	Hours	Standard Hourly Rates	Total
Partner	16	\$ 180	\$ 2,880
Supervisor	40	\$ 110	\$ 4,400
Staff	24	\$ 75	\$ 1,800
TOTAL AUDIT HOURS	80		\$ 9,080
<i>Less: Discounted Fees (Client Loyalty Discount)</i>			\$ (2,996)
<i>Plus: State Controller's Financial Transaction Report</i>			\$ 316
<i>Total Proposed Audit Fees</i>			\$ 6,400
2016-17			
STAFF LEVEL	Hours	Standard Hourly Rates	Total
Partner	16	\$ 184	\$ 2,944
Supervisor	40	\$ 114	\$ 4,560
Staff	24	\$ 78	\$ 1,872
TOTAL AUDIT HOURS	80		\$ 9,376
<i>Less: Discounted Fees (Client Loyalty Discount)</i>			\$ (3,094)
<i>Plus: State Controller's Financial Transaction Report</i>			\$ 318
<i>Total Proposed Audit Fees</i>			\$ 6,600
2017-18			
STAFF LEVEL	Hours	Standard Hourly Rates	Total
Partner	16	\$ 187	\$ 2,992
Supervisor	40	\$ 117	\$ 4,680
Staff	24	\$ 82	\$ 1,968
TOTAL AUDIT HOURS	80		\$ 9,640
<i>Less: Discounted Fees (Client Loyalty Discount)</i>			\$ (3,181)
<i>Plus: State Controller's Financial Transaction Report</i>			\$ 341
<i>Total Proposed Audit Fees</i>			\$ 6,800

Assistance Needed from Client

We work hard to ensure that the District is notified in advance of our visits to prepare records. In general, we work with the District and acquire information from their financial system electronically. It is expected that the District will make its financial data available, including capital asset records, information on payables, receivable and federal financial aid information.

ADDITIONAL DOCUMENTS



POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

SYSTEM REVIEW REPORT

To the Owners of
Nigro & Nigro, P.C.
and the Peer Review Committee of the CalCPA Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Nigro & Nigro, P.C. (the firm) in effect for the year ended August 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Nigro & Nigro, P.C. in effect for the year ended August 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Nigro & Nigro, P.C. has received a peer review rating of *pass*.

Powell & Spafford

February 10, 2015

Technical Proposal Independent Auditor Services for the



E.M.A.R.C.D.

Elsinore-Murrieta-Anza Resource Conservation District

Prepared by:

Fedak & Brown LLP
Certified Public Accountants
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307



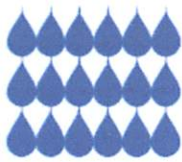
Contact Person:

Christopher J. Brown, CPA, CGMA, Partner
chris@fedakbrownllp.com

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- 8. Cost Proposal**



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy, Ste. 390
Riverside, California 92505
(951) 977-9888

May 23, 2016

Ms. Carol Lee Brady
Elsinore-Murrieta-Anza
Resource Conservation District
P.O. Box 2708
Temecula, California 92593

Re: Request for Proposal for Independent Auditor Services

Dear Ms. Carol Lee Brady:

We appreciate the opportunity to submit our proposal to provide independent auditor services for the Elsinore-Murrieta-Anza Resource Conservation District (District) for the fiscal year ended June 30, 2016. In response to your inquiry of Fedak & Brown LLP (Firm), we have prepared a proposal that reflects our understanding of the District's audit requirements and demonstrates our capability and commitment to serve. We intend to demonstrate that our Firm is the right professional services firm for the District.

We understand that you expect a timely audit conducted in a professional manner in accordance with audit standards specific to governmental entities such as yours. We are committed to meet all the requirements you have indicated, will issue the reports, and meet the timing requirements you have specified. We believe we are uniquely qualified to provide the quality and scope of service that the District desires.

Focused on the Special District Industry

Our client service team members are specialists in the governmental special district sector. This means they each focus a substantial portion of their time serving special district governmental clients. We know and understand your organization and the climate you work in.

Our Firm currently audits approximately 60 special districts in the State of California including community service, airport, harbor, library, transit etc.; therefore, enabling our Firm to continuously be immersed throughout the year in the financial and operational issues of special districts like the Elsinore-Murrieta-Anza Resource Conservation District.

Organized to Serve the District

Our service approach ensures you will receive the highest quality, personalized service when and where the District needs it. By tailoring our approach, we guarantee you will receive timely and attentive service that forms the hallmark of our approach to serving clients. Our special district audit and consulting practice for special districts accounts for approximately 85% of our Firm's annual services. Therefore, we have made a substantial commitment and investment to serve our special district governmental clients.

Our special district governmental experience is substantial, but it is not this factor that sets us apart from other firms. Rather, it is the commitment to utilize those resources and experience for the benefit of our clients. Simply put, the District will become one of our most important clients and, accordingly, will receive the priority service the District deserves.

Ms. Carol Lee Brady
Elsinore-Murrieta-Anza
Resource Conservation District
May 23, 2016
Page 2

Our approach to the engagement will establish a delivery system for providing a truly exceptional level of service. Each element of that system, including staffing, audit approach, communication and coordination, will be examined and refined to fit the needs of the District.

The hardest to quantify may be the relationship aspects of working with one professional services firm versus another. Because of the service delivery approach we are recommending and our history of working with many special district governmental units like the District, we are confident that our Firm knows how to address the unique needs of the District.

Our staff members assigned to the District's audit is experienced governmental professionals that have managed numerous audits. Each of our staff members has extensive experience that allows for a new outlook to the audit with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the District. The choice of an audit firm should be based upon several factors including, but not limited to, staff retention, training programs, proactively addressing governmental industry changes, and an adherence to a strict quality control program.

We are confident that we will provide the District with consistent staff over the contract period as the continuity of staff is as important to us as it is to the District. We will be committed to the District and believe that our audit team is the best selection for the District.

We have not provided professional services to any known affiliate agency or district during the previous five years. Further, we believe there is no conflict of interest relative to performing the proposed audit for the District.

Our proposal represents our irrevocable offer for a period of 180 days from the date of this letter to provide audit services to the District for the fiscal year ending June 30, 2016. If you have any questions or need additional information, please contact us at (657) 214-2307 or by e-mail at Chris@fedakbrownllp.com or Chuck@fedakbrownllp.com.

We look forward to hearing from you soon.

Cordially,

Fedak & Brown LLP

FEDAK & BROWN LLP
CERTIFIED PUBLIC ACCOUNTANTS

Requirements of the Annual Audit

Executive Summary

The purpose and scope of our audit will be to perform a financial and compliance audit of the District's basic financial statements and required supplemental schedule in accordance with generally accepted auditing standards, and the "Standards for Audits of Governmental Organizations, Programs, Activities and Functions," promulgated by the General Accounting Office (GAO) (the Yellow-Book - 2011 Revision), as of and for the fiscal year ended June 30, 2016. The audit will be comprised of the following elements:

1. **Audit of the District's Basic Financial Statements;**
2. **Preparation and submission of the District's Annual Financial Transactions Report; and**
3. **Preparation of the District's Management Reports**

Management Letter

The Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, establishes standards and provides guidance on communicating significant deficiencies and material weaknesses to the governance board that are related to an entity's internal control over financial reporting identified in an audit of the entity's financial statements.

Audit Committee Letter and Meeting

The Statement on Auditing Standards (SAS) No. 114, *The Auditor's Communication With Those Charged With Governance*, establishes a requirement for auditors to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process. This communication, often referred to as the audit committee letter, is in addition to the requirement to communicate internal control matters and matters relating to fraud and illegal acts. This letter will address the auditor's responsibilities under generally accepted auditing standards, significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, any disagreements with management, management consultation with other accountants, major issues discussed with management prior to retention, and difficulties encountered in performing the audit.

Also, Government Auditing Standards requires an additional reporting standard that auditors must follow. It requires the auditor to communicate his/her responsibility in a financial statement audit, including responsibilities for testing and reporting on internal controls and compliance with laws and regulations.

Other Needs

The partner in charge of the audit will be available to attend meetings of the Board of Directors to discuss and report on the audit process and the deliverables associated with the audit. We will provide the District with accounting advice regarding subjects that could affect the financial report. We consider it our responsibility to keep the District advised, on a timely basis, of any new authoritative pronouncements of an audit or reporting nature, as well as any changes in finance-related compliance requirements as they pertain to the District's reporting responsibilities.

Firm Provided Affirmations

- A. Fedak & Brown LLP affirms that the Firm is independent of the District, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.
- B. Fedak & Brown LLP affirms that the Firm and all key professional staff are properly registered and licensed to practice in the State of California.
- C. Fedak & Brown LLP affirms that the Firm has in place and will provide the required insurance coverage and Accord insurance form to the District upon acceptance of the audit engagement.
- D. Fedak & Brown LLP affirms that it has the necessary experience to conduct high quality audits of local government and enterprise special districts in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- E. Fedak & Brown LLP affirms that it will meet your timing requirements to begin and complete the audit of the District.
- F. Fedak & Brown LLP affirms that it will staff the audit of the District with experienced personnel and not use this audit as training grounds for new staff and that no person designated as "key" to the project shall be removed or replaced without the prior written consent of the District.
- G. Fedak & Brown LLP affirms that it has never been the subject of any lawsuits, claims of fraud, malpractice and/or disciplinary action by any State or Federal Agency in relation to the Firm's governmental practice in its entire existence.
- H. Fedak & Brown LLP affirms that it has not been censured or disciplined from the State Board of Accountancy. Our predecessor firm, Charles Z. Fedak & Company, CPAs – An Accountancy Corporation, has been through more than three peer reviews with satisfactory results. Additionally, our predecessor firm has never been censured or disciplined from the State Board of Accountancy.
- I. Fedak & Brown LLP affirms that it will allow the District or its designee access to pertinent District audit workpapers, financial reports and management letters.
- J. Fedak & Brown LLP affirms that it has never filed bankruptcy, there is no pending litigation against the Firm, there are no planned office closings, there are no impending mergers, and there are no potential labor disputes that may impede us the ability to complete the audit for the District.



Signature of Official: _____
Name: Christopher J. Brown, CPA, CGMA
Title: Partner
Firm: Fedak & Brown LLP
Date: May 23, 2016

Our Firm & Project Organization

Identification of Proposer and Geographic Location to the District

Fedak & Brown LLP, Certified Public Accountants, is celebrating over 35 years of client service with offices in Orange and Riverside Counties. Our Firm is a full service firm licensed to practice in the State of California, providing accounting, audit, and consulting services for governmental and commercial enterprises, as well as extensive tax planning for domestic and international entities. Our Governmental Services personnel are trained professionals with extensive experience in governmental accounting, auditing, and consulting services.

Your main contact will be Mr. Christopher J. Brown. Our contact information can be located on our cover letter letterhead. All of the work for the District will be staffed directly out of our Cypress and Riverside offices and will not be subcontracted out to any other firm.

Our Firm is fully computerized in-house and utilizes portable computers on all audit engagements. We utilize CCH ProSystems *fx* Engagement ® Audit Software.

Project Organization

Our Firm's philosophy is to take a team approach with our clients in the conduct of our audits. A properly developed, mutually agreeable timeline results in the most efficient audit. We want you to not only think of us as your auditor, but as a resource to be used whenever the need occurs. Also, it is our Firm's philosophy to have our partners and audit supervisors involved in the day-to-day audit details of our clients.

You will have an engagement partner and a governmental audit supervisor assigned to the audit of the District at all times. In addition, one staff accountant (governmental auditing staff only) will be assigned to the audit. Each member of the team has the following responsibilities:

The engagement partner is responsible for all services provided to the District. The engagement partner's main responsibilities consist of the overall planning, supervision and review of the audit testwork and preparation of the financial statements.

The governmental audit supervisor is responsible for coordinating the audit testwork and preparing the financial statements. The supervisor's main responsibility is to coordinate the audit testwork and the on-site supervision of staff. Once the audit testwork is completed, the supervisor will work with the staff to complete the financial reports for the District. The supervisor will be your contact throughout the engagement year.

The governmental audit staff accountant will be in the field conducting the audit testwork. The staff accountant is responsible for the test of the District's internal controls and substantive testing procedures over the District's financial balances and transactions. The staff accountant will interact with your staff at your staff's convenience. Before discussions with your staff, the staff accountant will make sure that all facts have been evaluated to minimize your staff's time in providing audit assistance.

Other Services Offered

Agreed Upon Procedures (“Performance Evaluation or Target Audit”) Capabilities in General Consulting and Compliance Testing

We believe that a performance evaluation or “**target audit**” is an examination of an entity’s department or function in order to assess efficient use of resources and program control effectiveness. Like a financial audit, a target audit involves an examination of organizational and/or departmental policies, procedures, and program controls, and compliance with those policies, procedures, and program controls, to see how well the organization or department is meeting its standards. Target audits may address the organizational structure, finances, general management or workload, and may be broad or narrow in scope.

A **target audit** is usually comprised of the following actions:

- Understanding certain objectives of an entity or division
- Determining current facts and conditions that reflect those objectives
- Defining problems and pointing out improvement opportunities
- Reporting of the findings and recommendations

The **core** of the target audit process is a series of interviews and other data gathering activities as determined is necessary. Once the data is gathered, certain conclusions can be made and the focus of the findings and recommendations can be prepared.

A target audit should assess the efficiency, quality, and equality of certain matters within a division or function. Also, a target audit should assess the approach, design, and merit of the controls and programs that are being offered and determine how these areas might be better aligned.

A well-administered target audit can provide evaluations that reflect how an organization is managing its financial and operational resources. A target audit that possesses valid and measurable objectives keeps an entity true to its purpose. Using data from a target audit to measure an entity’s success allows the entity to determine if it is meeting its fundamental objectives and adjust its efforts in order to achieve broader goals.

We have utilized this understanding in the performance of the following target audits for numerous clients:

- Budgets and financial forecasts
- Check issuance and wire transfers
- Cash collection management
- Investment management
- Investment portfolio administration
- Investment policies and modifications thereto
- Analysis of investment yields to market returns
- Water and wastewater billing procedures
- Contractual agreement compliance
- Central purchasing
- Warehouse controls and inventory systems
- Card-lock fueling systems
- Inter-District cost-sharing charges and charge-backs.
- Analysis of input and access controls related to the new financial software system
- Organizational analysis of finance and accounting departments
- Accounting for development projects and fees to comply with AB-1600 revenues

Peer Review

Quality Control

The Board of Directors of the District can measure the quality of the opinions expressed by Fedak & Brown LLP by evaluating the level of professional standards maintained by our Firm as discussed in this proposal. The Board of Directors can also measure the performance and quality control of our Firm by evaluating our participation in the profession's peer review process as well as evaluating our Firm's professional standards and quality of work ethic in discussions with our Firm's current client base in the special district industry.

Fedak & Brown LLP, are pleased to announce the successful completion of our most recent independent quality review of our accounting and auditing practice, which included a review of specific governmental audit engagements. Our Firm's governmental audit engagements were reviewed as they related to governmental agencies and other special districts in the field of governmental auditing. After a thorough study of our procedures and work practices, the reviewers concluded that our Firm complies with the stringent quality control standards established by the American Institute of Certified Public Accountants (AICPA). Our Firm has received an unqualified opinion in every independent quality review that it has participated in since its inception of the program by the profession.

A team of independent CPAs, who were appointed by the California Society of Certified Public Accountants, conducted the review. Using guidelines established by the AICPA, the reviewers determined that our Firm has an effective quality control system and that our accounting and auditing work conforms to professional standards. Our Firm has not had any clients who have been the subject of any desk reviews. ***Our Firm has never been the subject of any disciplinary action by any State or Federal Agency in its entire existence.***

Our continued participation in required periodic quality reviews, our voluntary membership in the AICPA and California Society of CPAs, as well as our continuing professional education supports our commitment to quality and our high standards for client service.

Fedak & Brown LLP is an equal opportunity employer and certifies that our Firm is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965. Our Firm is committed to affirmative action in hiring practices.

Marcia J. Hein, CPA

5922 Bromborough Drive
Windsor, CO 80550

Phone: (970) 775-7332 e-mail: marcia@mjh-cpa.com

System Review Report

March 8, 2016

To the Partners

Fedak & Brown LLP (fka Charles Z. Fedak & Co.)
and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Fedak & Brown LLP (fka Charles Z. Fedak & Co.) (the firm) in effect for the year ended September 30, 2015. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my peer review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In my opinion, the system of quality control for the accounting and auditing practice of Fedak & Brown LLP (fka Charles Z. Fedak & Co.) in effect for the year ended September 30, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Fedak & Brown LLP (fka Charles Z. Fedak & Co.) has received a peer review rating of *pass*.

Marcia J. Hein, CPA

Marcia J. Hein, CPA

Special District Clients Served

“We Are Committed to the Special District Industry!”

The following is a listing of Special District Clients we have served by County

Kern County

*Bear Valley Community Services District
Rosamond Community Services District
Stallion Springs Community Services District*

Los Angeles County

*Castaic Lake Water Agency
Crescenta Valley Water District
Greater Los Angeles County Vector Control District
Long Beach Airport
Long Beach Water Department
Palmdale Water District
Palos Verdes Library District
San Gabriel Valley Municipal Water District
Sanitation Districts of LA County
Southern California Library Cooperative
Valley County Water District
Water Replenishment District*

Orange County

*Buena Park Library District
Capistrano Bay Community Services District
East Orange County Water District
El Toro Water District
Irvine Ranch Water District
Mesa Consolidated Water District
Nature Reserve of Orange County
Rossmoor/Los Alamitos Area Sewer District
Santiago County Water District
Southern California Coastal Water Resource Authority
Yorba Linda Water District*

Riverside County

*Beaumont-Cherry Valley Water District
Cabazon Water District
Coachella Valley Mosquito and Vector Control
Farm Mutual Water Company
Jurupa Community Services District
Lake Elsinore & San Jacinto Watersheds Auth
Northwest Mosquito and Vector Control
Santa Ana Watershed Project Authority
Temecula Public Cemetery District
Western Municipal Water District
Western Riverside County Regional Wastewater*

Santa Barbara County

*Goleta Water District
Montecito Water District
Santa Maria Public Airport Authority
Santa Ynez Community Services District
Summerland Sanitary District*

San Bernardino County

*Baldy Mesa Water District
Big Bear City Community Services District
Big River Community Services District
Chino Basin Water Conservation District
Chino Basin Watermaster
Hi-Desert Water District
Inland Empire Utilities Agency
Joshua Basin Water District
Mojave Water Agency
Monte Vista Water District
Phelan Pinon Hills Community Services District
Pomona Valley Protective Agency
San Bernardino Valley Water Conservation District
Victor Valley Wastewater Reclamation Authority
Victor Valley Water District
Victorville Water District
Water Facilities Authority - JPA
West Valley Mosquito and Vector Control District
West Valley Water District*

San Diego County

*Leucadia Wastewater District
Public Agency Self-Insurance System
Rincon Del Diablo Water District
Vallecitos Water District*

Ventura County

*Oxnard Harbor District
Pleasant Valley Recreation and Park District
Saticoy Sanitary District
Triunfo Sanitation District
Ventura County Regional Energy Alliance
Ventura County Resource Conservation District
Ventura Regional Sanitation District*

Northern California/ Bay Area

*Inverness Public Utilities District
North Coast County Water District
North Marin Water District
Novato Sanitary District
Purissima Hills Water District
Sacramento Suburban Water District
San Lorenzo Valley Water District
Santa Clara County Open Space Authority
Saratoga Cemetery District
Scotts Valley Water District
Soquel Creek Water District
Tres Pinos Water District
Westborough Water District*

Professional References of Similar Engagements

Experience and Technical Competence

We have prepared a listing of some of our governmental audit clients on the previous page. We believe that this listing exemplifies that we have significant experience in conducting high quality audits of local governments and enterprise special districts. The governmental audit team that we have assembled for the District may have conducted some of these audits over the past year. Our team has significant experience in auditing special district governmental agencies. Also, some members of our team, while working for other firms, have worked with clients that are or have electric power utilities – such as Metropolitan Water District.

Presented below are five client references of officials of California Special Districts and/or agencies who currently conduct enterprise type activities. Please do not hesitate to contact these references regarding our Firm and the high level of service we provide.

- | | |
|--|---|
| 1. Mr. Carlos Corrales, Controller
Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
(661) 297-1600 x 237 | Wholesale Water Agency &
Retail Water District
Annual Audit – CAFR
Engagement Partner: Chris Brown
Total Hours: 450 hours |
| 2. Mr. Ray Harton, Finance Manager
Monte Vista Water District
10575 Central Avenue
Montclair, CA 91763
(909) 624-0035 x 110 | Retail Water District
Annual Audit – CAFR
Engagement Partner: Chris Brown
Total Hours: 280 hours |
| 3. Mr. Darryl Barrow, General Manager
Westborough Water District
2263 Westborough Boulevard.
South San Francisco, CA 94080
(650) 589-1435 | Retail Water & Wastewater District
Annual Audit
Engagement Partner: Chris Brown
Total Hours: 140 hours |
| 4. Ms. Kathy Chang, Finance Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066
(831) 658-3241 | Retail Water District
Annual Audit
Engagement Partner: Chris Brown
Total Hours: 160 hours |
| 5. Mrs. LeAnn Markham, Adm Serv. Mgr
Lake Hemet Municipal Water District
26385 Fairview Avenue
Hemet, CA 92544
(951) 658-3241 x 230 | Retail Water District
Annual Audit
Engagement Partner: Chris Brown
Total Hours: 180 hours |

Summary of Qualifications of Personnel

Our Firm's Staff

We have included resumes of our Firm's key employees including the partners, manager, and supervisors. All of our Firm's employees are licensed as Certified Public Accountants (CPA) in the State of California or in the process of attaining their license.

Technical Partner

Charles Z. Fedak is a CPA in the State of California and has been in public accounting for forty-two plus years, having worked seven years at the national firm level before starting his own practice in January of 1981. Mr. Fedak holds a Bachelors of Science Degree in Accounting and a Masters in Business Administration from California State University, Long Beach. He has extensive experience in the audits of governmental entities including cities, towns, and special districts, while working at the national firm level as well as in our own Firm.

Mr. Fedak has also participated in various tours and educational trips sponsored by the Metropolitan Water District including the southern section of the Colorado River and the northern portion of the California Delta as they both relate to the State Water Project.

Engagement Partner

Christopher J. Brown is a CPA in the State of California and has over eighteen years of experience in public accounting and auditing governmental entities. Mr. Brown holds a Bachelor's Degree from California State University, San Bernardino. He has extensive experience in the areas of governmental financial reporting while working at a national firm and servicing our Firm's clients.

Mr. Brown has also provided significant other services to various governmental and not-for-profit entities. In these engagements, he has been involved in the strategic planning processes, design, and implementation of policies and procedures manuals and operational and organizational reviews of accounting departments. He has also been involved in the implementation of performance management budgeting and planning processes, financial reviews, trend analysis, cash management practices, and utility rate setting.

Governmental Audit Manager

Jonathan P. Abadesco is a CPA in the State of California and has over fourteen years of experience in public accounting including a mixture of governmental entities, not-for-profit organizations, and billion dollar global organizations within the private industry. He has served as CFO/Controller for a not-for-profit organization.

Mr. Abadesco's public accounting experience includes tenure with Big Four CPA Firms in Ernst & Young and PricewaterhouseCoopers, and was a lead auditor for large global organizations. He has also provided significant audit and accounting services to various governmental agencies performing financial statement and single audits, financial management oversight and compliance reviews.

Governmental – Audit Supervisors

This engagement will be staffed with our governmental audit supervisor at the time we perform the interim and year-end audit. Our team members are as follows:

Mr. Andy Beck – over eleven years of experience in accounting and auditing governmental entities, not-for-profit organizations, and employee benefit plans

Mr. Jeffrey J. Palmer – over ten years of experience in accounting and auditing governmental entities, not-for-profit organizations, and private industries

Resumes of Key Personnel

CHARLES Z. FEDAK, CPA, MBA TECHNICAL REVIEW PARTNER

Education

- 1973 – Bachelor of Science – Business Administration: Accountancy
California State University, Long Beach
- 1984 – Master of Business Administration
California State University, Long Beach

Employment Record

- 4/15- Present Fedak & Brown LLP
Cypress, California
- 1/81 – 4/15 Principal in the firm of
Charles Z. Fedak & Company, CPAs
An Accountancy Corporation
Cypress, California
- 2/75 – 1/80 KPMG
Certified Public Accountants
Newport Beach, California
- 6/73 – 2/75 Ernst & Young
Certified Public Accountants
Santa Ana, California

Work Experience

Auditing of governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. Thoroughly knowledgeable in Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act. Work experience also includes tax planning and preparation at the corporate, individual, estate and trust levels.

Business Qualifications - Associations

- Certified Public Accountant - State of California
- Member of California State Society of Certified Public Accountants
- Member of American Institute of Certified Public Accountants
- Member of the National Association of Corporate Directors
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

Public Work

- Member of Board of Directors – Molina Healthcare, Inc. (MOH)
New York Stock Exchange since 2002
- Chairman, Compensation Committee – MOH; 2002 – 2006
- Chairman, Audit Committee – MOH; 2004 – Present

Resumes of Key Personnel, continued

CHRISTOPHER J. BROWN, CPA, CGMA ENGAGEMENT PARTNER

Education

- 1995 – Bachelor of Arts - Business Administration: Finance
California State University, San Bernardino
- 1998 – Accountancy
California State University, San Bernardino

Employment Record

- 3/05 – Present Fedak & Brown LLP
Previously - Charles Z Fedak & Company CPAs
Cypress, California
- 3/01 – 3/05 Swenson Accountancy Corporation
Rancho Cucamonga, California
- 9/98 – 3/01 McGladrey & Pullen, LLP
Riverside, California
- 6/95 – 9/98 Morgan Stanley
Formerly: Dean Witter Reynolds
Riverside, California

Work Experience

Eighteen years of experience in public accounting and auditing governmental entities, not-for-profit organizations, and private industry. Extensive experience in the area of governmental financial and compliance reporting. Thoroughly knowledgeable in generally accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act.

Business Qualifications - Associations

- Certified Public Accountant – State of California
- Member of California State Society of Certified Public Accountants
- Member of American Institute of Certified Public Accountants
- Member of Government Finance Officers Association
- Member of California Society of Municipal Finance Officers Association
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

Mr. Brown has provided significant audit and accounting services to various governmental entities. In these accounting engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures. He has also been involved in the implementation of performance management budgeting and planning processes.

Resumes of Key Personnel, continued

JONATHAN P. ABADESCO, CPA AUDIT MANAGER

Education

1999 – Bachelor of Science in Accountancy
Miriam College Foundation, Inc., Philippines

Employment Record

Present	Manager – Governmental Audit & Consulting Fedak & Brown LLP Cypress, California
12/12 – 2/15	CFO/Controller Inland Counties Legal Services Riverside, California
8/08 – 11/12	Audit Supervisor – Audit & Assurance Group Lopez and Company, LLP Chino Hills, California
11/05 – 11/06	Audit Team Manager – Audit & Assurance Group Ernst and Young, LLP Dubai, United Arab Emirates
9/03 – 11/05	Audit Supervisor – Audit & Assurance Group PricewaterhouseCoopers, LLP Manila, Philippines
8/01 – 9/03	Senior Auditor – Audit & Assurance Group BDO Seidman, LLP Manila, Philippines
6/00 – 7/01	Senior Accountant KPMG, LLP Manila, Philippines

Work Experience

Over fourteen years of experience in public accounting including a mixture of governmental entities, not for profit organizations, and private industry with billion dollar global organizations. He has served as CFO/Controller for a non-profit organization.

Business Qualifications – Associations

- * Certified Public Accountant – State of California
- * Member of California State Society of Certified Public Accountants
- * Member of American Institute of Certified Public Accountants
- * 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

Mr. Abadesco's public accounting experience includes tenure with Big Four CPA Firms in Ernst & Young and PricewaterhouseCoopers, and was a lead auditor for large global organizations. He has provided significant audit and accounting services to various governmental agencies performing financial statement and single audits, financial management oversight, and compliance reviews.

Resumes of Key Personnel, continued

ANDY BECK, CPA AUDIT SUPERVISOR

Education

12/01 – Bachelor of Arts - Economics
University of California, Irvine

Employment Record

Present	Supervisor – Governmental Audit & Consulting Fedak & Brown LLP Previously - Charles Z Fedak & Company CPAs Cypress, California
02/05 – 05/14	Manager Lindquist LLP Orange, California Senior Associate and Supervising Senior Associate Lindquist, LLP Orange, California Staff Associate Lindquist, LLP Orange, California

Work Experience

Over eleven years of experience in public accounting and auditing governmental entities, not-for-profit organizations, and employee benefit plans. **Mr. Beck is involved in 40%-45% of the Special District clients served by our Firm.**

Business Qualifications

- Certified Public Accountant – State of California
- Member of California State Society of Certified Public Accountants
- Member of American Institute of Certified Public Accountants
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

Continuing Professional Education

- Governmental Accounting and Auditing Annual Update
- California Society of Municipal Finance Officers Annual Conference
 - GASB Basic Financial Statements for State and Local Governments
 - Pension Accounting and Financial Reporting: New Standards
 - Single Audits: OMB Circular A-133 Annual Update

Mr. Beck has provided significant audit, accounting and consulting services to various governmental entities. In these attest engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures.

Resumes of Key Personnel, continued

JEFFREY PALMER AUDIT SUPERVISOR

Education

12/05 – Bachelor of Science – Business Administration: Accountancy & Finance
California State University, Long Beach

Employment Record

6/10 – Present	Supervisor – Governmental Audit & Consulting Fedak & Brown LLP Previously - Charles Z Fedak & Company CPAs Cypress, California
6/07 – 5/10	Senior – Governmental Audit & Consulting Diehl, Evans & Company, LLP Irvine, California
1/06 – 5/07	Staff Auditor White, Nelson & Company, LLP Irvine, California

Work Experience

Over ten years of experience in public accounting and auditing of governmental, private, and non-profit entities. Relevant governmental experience includes: cities, special districts, airports, transportation agencies, and public financing authorities. He has extensive experience in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with OMB Circular A-133. He has assisted clients in publishing their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Business Qualifications – Associations

- Member of California State Society of Certified Public Accountants
- Member of American Institute of Certified Public Accountants
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

Continuing Professional Education

- Governmental Accounting and Auditing Annual Update
- California Society of Municipal Finance Officers Annual Conference
- GASB Basic Financial Statements for State and Local Governments
- Pension Accounting and Financial Reporting: New Standards
- Not-for-profit Organizations Annual Update
- Single Audits: OMB Circular A-133 Annual Update

Mr. Palmer has provided significant audit, accounting and consulting services to various governmental entities. In these accounting and auditing engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures, performance management budgeting and planning processes, financial reviews, and cash management practices. In these consulting engagements, he has provided services including franchise tax compliance reviews, excise tax compliance and reporting reviews, and enterprise utility tax-exempt purchasing reviews.

Our Specific Approach to your Audit

Specific Audit Approach

Our Firm's audit approach is tailored to each client in the following manner:

- We understand the significant work requirements of our clients. We work with our client's schedules when scheduling segments of the audit or requesting documentation in order to minimize disruption during the audit process.
- We strive to utilize accounting support already prepared by our clients in order to avoid duplication or unnecessary requests for audit supporting schedules.
- We have developed an electronic audit-binder strategy that has worked well with our governmental clients to analyze audit supporting schedules that agree with the trial balance.
- Our staff is trained and familiar with government accounting and audit concepts, so you will see the difference in working with our professional staff.
- We audit various large and small governmental organizations, allowing us to consult with our clients on implementing various best-practices in their organizations.
- We believe constant communication is the most important part of the audit process; as a result, we ask that if you ever have any questions about any financial, accounting, or audit issues, please contact us anytime throughout the year.

Electronic Audit

Our Firm uses computers and software technology to make the audit process more efficient and effective. We use paperless auditing software from CCH ProSystems *fx* Engagement ® and audit programs through Practitioners Publishing Company, to manage the audit electronically. Benefits of a paperless audit are composed of:

- Automated work paper preparation, review, reporting, and storage capability.
- Importation and integration of the trial balance sourcing from the District's accounting system. The time and expense of keying in account numbers, descriptions and account balances is avoided. We easily import the electronic trial balance provided to us directly into our audit program software.
- Automatically created lead sheets, which include prior year's final balances, to track the year end balances throughout the audit.
- Automatic analytical review, which assists us in identifying significant fluctuations between fiscal years. This capability facilitates the targeting of inquiries to specific key areas during final audit fieldwork.
- Financial statements can be linked to trial balances. Linked financials are updated automatically for any last minute journal entries, if necessary.

Audit Planning and Interim Audit Testwork

Planning is necessary to ensure a quality audit, efficient use of professional staff and timely delivery of reports. Adequate planning of the audit is essential to minimize disruption of the ongoing daily operations of the District. We have developed a comprehensive, efficient planning process. We will begin the planning of the audit upon notification of award of the contract.

Our Specific Approach to the Audit, continued

Audit Planning and Interim Audit Testwork, continued

Tasks to be accomplished during the planning phase include:

- Conducting an Audit Entrance Conference with the audit/finance committee and management to discuss the scope and timing of interim and final audit testwork, availability of the District's accounting staff, prior audit problems encountered, the extent of interim audit testwork to be performed, the establishment of an overall District liaison for the audit, and arrangements for workspace and other needs to conduct the audit testwork.
- Performing a "walkthrough" of major balance and transaction areas to determine if internal controls have been properly designed and implemented. In performing walkthroughs of the District's major balance and transaction areas, we will be obtaining an understanding of the District and its control environment.
- Reviewing minutes of the Board of Directors meetings to obtain information of the District's activities during the fiscal year and develop expectations in relevance to the District's financial information.
- Discussing the status of prior year's audit findings, if any.
- Inquiry and observation of District personnel in accordance with the audit requirements of SAS 99 – *Consideration of Fraud in Financial Statement Audit*.
- Completing an analytical view of the District's year-to-date financial information and the District's budget and related materials. *Analytical procedures* will be utilized in planning the audit which will focus on:
 - Enhancing our understanding of the District and the transactions and events that have occurred since the prior year audit; and
 - Identifying key areas and unusual items that may represent specific risks relevant to the audit (assessment of control risk).

In conjunction with our planning of the engagement, we will perform our *interim audit testwork*. After obtaining an understanding of the District's internal controls and evaluating their design and implementation, we need to determine their effectiveness.

Tasks to be accomplished during the interim audit testwork phase include tests of controls of audit areas where we have determined that the internal controls have been properly designed and implemented, and will prevent, detect and correct material misstatement on a timely manner.

At the conclusion of the audit planning and interim audit testwork phase, we will determine the audit risk for each audit area and customize our audit programs.

Final Audit Testwork

After the final closing of the District's books and preparation of final trial balances and audit supporting schedule by District personnel, we will commence performing our *final audit testwork*.

Task to be performed during the final audit testwork phase include substantive testing of major account balances, unusual items, and other identified areas where a risk of material misstatement is present. Substantive procedures include confirmation, observation, recalculation and reperformance, inquire, inspection, and analysis.

Our Specific Approach to the Audit, continued

Audit Completion

At the completion of the audit each year, we will meet with the District's management team to review our audit findings and any adjusting journal entries. We will communicate all deficiencies in controls which may assist the District in strengthening its internal control structure. Comments and recommendations relating to the accounting system will also be discussed and where appropriate be included in our management letter which will be issued at the conclusion of the examination.

Understand the District and the District's Business

We will gather information about the District. This will include a review of prior audit reports and current year budgets. Our understanding will include:

- *External Factors* - affecting the District including the State and Federal regulatory environment and environmental requirements that affect the District.
- *Nature of the District's Business* - its operations, governance, types of investments it makes and plans to make, bonded indebtedness it has or plans to finance.
- *Strategies and Business Risks* - which may result in material misstatement of the financial statements as a whole, or individual assertions.
- *Measurement and Review of Financial Performance* - we will determine with management those indicators management believes to be important for day to day operations of the District.
- *Internal Controls* - which consists of five components
 - The Control Environment
 - Risk Assessment
 - Information and Communication
 - Control Activities and
 - Monitoring

These components may operate at the entity level or the component unit business process activity level. Obtaining an appropriate understanding of internal control will require our Firm to understand and evaluate the design of all five components of internal control and determine whether the controls are in use at the District.

Performing Risk Assessments and Other Procedures

The audit procedures we will perform to obtain an understanding of the District and its internal control are referred to as risk assessment procedures. We will use the information, obtained by performing risk assessment procedures, to support our assessments of the risks of material misstatement. Our risk assessment procedures will include:

- Inquiries of management
- Analytical Procedures
- Observation
- Inspection of Documents

Our Specific Approach to the Audit, continued

Assessing the Risk of Material Misstatement

The risk of material misstatement is the risk that an account balance, class of transactions, and disclosures are materially misstated. The risk of material misstatement consists of the following two components:

- *Inherent Risk* — the risk that a material misstatement may exist in a relevant assertion due to fraud or error in the absence of internal controls.
- *Control Risk* — the risk that a material misstatement may exist in a relevant assertion due to the failure of internal controls to prevent, detect and correct a misstatement due to fraud or error.

Inherent risk and control risk are the District's risks; that is, they exist independently of our audit. Our risk assessment procedures will help better assess these District risks, but do not alter the District's existing inherent and control risks.

Assessing Versus Testing Controls

We will assess the District's controls by reviewing their design and observing that they have been implemented (that is placed in operation); however, based solely on our assessment, we would not necessarily have an adequate basis for considering that *control risk* is low (or even moderate). As part of our audit strategy we would consider further evidence of the effective operation of controls through *sufficient tests of controls* to reach that conclusion.

Financial Statement Level and the Assertion Level Risks

We will identify and assess the risks of material misstatement at both the financial statement level and relevant assertion level.

- *Financial Statement Level Risks and Controls* — Some risks of material misstatement relate persuasively to the financial statements taken as a whole and potentially affect many relevant accounts and assertions. These risks at the financial statement level may be identifiable with specific assertions for account balances, classes of transactions, or note disclosure. These are also called *Entity Level Controls*.
- *Relevant Assertion Level Risk and Controls* — Other risk of material misstatement relate to specific account balances, classes of transactions, and note disclosures at the assertion level. For example, our risk assessment for the valuation of unbilled receivables at the assertion level provides a basis for designing and performing the appropriate audit approach. Our audit approach may include only *substantive procedures* or a combination of *substantive procedures* and *test of controls*. Assertion level risks are also referred to as *Activity Level Risks*.

Responding to Assessed Risks

The risk assessment process culminates with our articulation of the account balances, classes of transactions or disclosures where material misstatements are most likely to occur given the unique circumstances of the District. This assessment of the risk of misstatement, which relates identified risks to what can go wrong at the assertion level, provides a basis for designing and performing further audit procedures. Further audit procedures are defined as tests of controls and substantive tests. Often a combined approach using both tests of controls and substantive procedures is an effective approach.

Our Specific Approach to the Audit, continued

Identification and Communication of Internal Control Matters

The objective of our audit is to form an opinion on the District's financial statements taken as a whole. Our objective is not to identify deficiencies in internal controls; however when control deficiencies are identified in the course of our audit and if they constitute significant deficiencies or material weaknesses, we will communicate in writing those deficiencies to management and the Board of Directors of the District.

Audit Documentation

We will document matters pertaining to each phase of the risk assessment process. The audit documentation will clearly demonstrate procedures performed, evidence obtained and conclusions reached.

Consideration of Laws and Regulations

Our audit approach recognizes the importance of laws and regulations in planning the audit of a local governmental entity. As a part of the audit, our Firm obtains an understanding of those laws and regulations that have a direct and material effect on the determination of financial statement amounts. We then design the audit to provide reasonable assurance of detecting instances of noncompliance that will have a direct and material effect on the determination of financial statement amounts.

Communication with Management and the Board

In addition to our written reports and letters, we believe an oral presentation to the District's management and the Board, if requested, to be a minimum service provided by our Firm and would be pleased to schedule a mutually convenient time for such a presentation at the conclusion of the engagement.

Written Communication

A major benefit of employing outside auditors is the opportunity for the District's Board and management to receive comments about various aspects of their operations from qualified, independent professionals. We will issue three letters, which will give you such comments: the *Internal Control Letter*, the *Management Letter*, and the *Board Letter*.

The *Internal Control Letter* will communicate significant deficiencies and material weaknesses in internal controls noted during our evaluation of those controls. This letter will also contain our recommendations for any improvements in those controls, which might be needed.

The *Management Letter* will provide prioritized ideas and recommendations to help take advantage of specific opportunities to promote operational efficiency, achieve financial goals and help you improve effectiveness and efficiency within your operations

The *Board Letter* will communicate the auditor's responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultations with other accountants, major issues discussed with management prior to retention, and any difficulties encountered in performing the audit.

The preparation of these communications is an essential part of our work. Management and Internal Control Letters are authored by the senior members of the audit team, in conjunction with the partner in charge of the engagement.

Our Specific Approach to the Audit, continued

Written Communication, continued

Our ability to provide innovative suggestions and ideas to management sets us apart from other firms. Our assistance centers on practical solutions, which can be implemented. A goal we have with every client is to provide management advice that will generate significant annual savings.

Other Assistance

Providing management assistance requires more than having talented people on staff. First, we assign experienced senior level professionals to our engagements. Our client base of governmental entities and commercial companies demands broad business and industry experience, as well as technical expertise. Those talented professionals have to be exposed to clients and develop an in-depth understanding of particular situations.

Second, we actively look for opportunities to provide assistance. We try to initiate rather than respond. If we believe a situation is developing, we will approach the client, offer to investigate and provide recommendations. If a formal project to address the problem is called for, we will define the approach, execute the assignment and follow through with implementation assistance.

Timing of Our Procedures

We understand that the District is looking for value in the professional relationship they have with their auditors. Value comes from the knowledge, experience and dedication that our Firm employs. We stress “employs” because all of the knowledge and expertise shown on paper will have no benefit for you unless it is applied. This application equates to time spent. We have developed an audit plan that we feel will accomplish the objectives of the District and meet your special needs.

In order to accomplish our audit objectives and meet your deadlines for delivery, the sequence and timing of our procedures are critical. Interim work is to be performed during the months of April through July (District preference) of each year; year-end fieldwork to begin in August of each year (District preference of dates), concluding no later than August 31st of each year; and delivery of the Final auditor’s opinions on the financial statements and Management Letter no later than October 15th of each year or earlier per District requirements.

Our Specific Approach to the Audit, continued

Timing of Our Procedures, continued

In the table that follows, we provide a summary of our planned activities and their timing:

Timing	Activity (See Appendix A for more details)
April - July (schedule meeting during this period)	Conduct audit entrance conference.
During April - July each year (1 day scheduled during this period at the District's convenience)	Perform preliminary procedures including: transition efforts, initial control assessments, minute and contract/major agreement review, major transaction review, conduct EDP review, final controls assessment, determination of specific audit procedures, provide finance department with audit plan and listing of audit schedules required, conduct progress conference with key Finance personnel. Complete test for Federal Awards.
During August (TBD) (1 working day during this period)	Commence audit fieldwork and execute detailed audit plan, conduct progress conference with key Finance personnel.
By September 30 th	Present drafts of the Annual Financial Report Opinions, Management Report, Other Letters and conduct an exit conference.
By October 10 th	Provide final recommendations, revisions and suggestions of the District Financials.
By October 15 th	Deliver Final Opinions and then present the Financials to Board.

Proposed Hours and Segmentation of the Audit

Audit Steps	Fiscal Year - 2016			
	Partner	Manager/ Supervisor	Staff	Total
Planning	1	2	1	4
Controls Testwork	2	2	7	11
Substantive Testwork	2	8	7	17
Reporting	3	4	1	8
	8	16	16	40

See our Cost Proposal for further information of the segmentation of the proposed audit process by hours and staffing.

Exhibit II – Schedule of Professional Fees

<u>Total Engagement Fees By Fiscal Year</u>	<u>Audit Service Fees*</u>	<u>Not-to-Exceed Out -of-Pocket Costs**</u>	<u>Preparation of State Controller's Report</u>	<u>Total Engagement</u>
Fiscal Year 2016	\$ <u>5,520</u>	<u>280</u>	<u>200</u>	<u>6,000</u>

* Professional audit services fees – labor only.

** Estimate of out-of-pocket costs consist of: travel, mileage, postage and printing costs – may not be fully utilized.

Please note that any additional services requested by the District during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedule.

See our Schedule of Fees by Hours estimated per engagement on the following page.

Exhibit III – Schedule of Fees By Hours

FISCAL YEAR 2016			
Breakdown of Fees by Hours			
	Hours	Hourly Rates	Total
Fiscal Year 2016 Audit of:			
District's Basic Financial Statements			
Partner - Engagement	6	\$ 200	\$ 1,200
Partner - Technical	2	200	400
Manager/Supervisor	16	150	2,400
Staff	16	95	1,520
Total Financial Statement Audit for 2016	40		5,520
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			280
Preparation of the District's Annual State Controller's Report	2	\$ 100	200
Total Maximum for 2016 Audit			\$ 6,000

[TEAMRCD]

BUDGET REPORT

For the Period 07/01/2016 to 06/30/2017

Income

Interest - Easement Brokerage Union Bank	\$2,700.00
Stipend Allowance	\$18,000.00
General Income	\$5,000.00
Gross Income Budget:	\$25,700.00

Expenses

General Administration	\$6,921.00
Contracted Site Reports	\$1,500.00
Water Audit Expense	\$4,000.00
Annual Financial Audit	\$6,400.00
QuickBooks Subscription	\$120.00
Memberships and Dues	\$600.00
General Liability Insurance	\$1,134.00
Office Supplies	\$1,200.00
Postage	\$75.00
Print and Copy	\$600.00
Transcript	\$2,000.00
Website	\$1,150.00
Total Expense Budget:	\$25,700.00

COUNTRY ROADS MAINTENANCE

AGREEMENT FOR CONSERVATION AREA MAINTENANCE AND MONITORING

1. PARTIES AND DATE.

This Agreement for Conservation Area Maintenance and Monitoring (this "Agreement") is made and entered into this 5 day of AUGUST, 2010, by and between D.R. Horton Los Angeles Holding Company, Inc., a California corporation (hereinafter referred to as the "Developer"), and the Elsinore-Murrieta-Anza Resource Conservation District, a California Resource Conservation District (hereinafter referred to as "Contractor"). Developer and Contractor are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

2. RECITALS.

2.1 Contractor.

Contractor desires to perform and assume responsibility for the provision of certain maintenance and monitoring services required pursuant to that certain conservation easement dated March 15, 2006 and filed as document number 2006-019884 in the official records of the County of Riverside, on the terms and conditions set forth in this Agreement. A copy of the conservation easement is attached hereto as Exhibit "A" and incorporated herein by reference.

Contractor represents that it is experienced in providing maintenance and monitoring services to similar clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the Services in the State of California, and that it is familiar with the requirements of Developer.

2.2 Project.

Developer desires to engage Contractor to render such maintenance and monitoring services for the development commonly referred to as Country Roads (the "Project") as specifically outlined in the attached conservation easement and as specifically set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Contractor promises and agrees to furnish to the Developer all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the maintenance and monitoring services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "B" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. This initial term of this Agreement shall commence on January 1, 2013 and shall continue for a period of five (5) years thereafter. Upon expiration of the initial term, Developer and Contractor may renew this Agreement for an additional 5-year term upon mutual execution of a written extension of this Agreement. Contractor shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Contractor.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Contractor or under its supervision. Contractor will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Developer retains Contractor on an independent contractor basis and not as an employee. Contractor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Contractor shall also not be employees of Developer and shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, taxes, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel.

3.2.2 Schedule of Services. Contractor shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "C" attached hereto and incorporated herein by reference. Contractor represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Contractor's conformance with the Schedule, Developer shall respond to Contractor's submittals in a timely manner. Upon request of Developer, Contractor shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Contractor shall be subject to the approval of Developer.

3.2.4 Coordination of Services. Contractor agrees to work closely with Developer staff in the performance of Services and shall be available to Developer's staff, consultants and other staff at all reasonable times.

3.2.5 Standard of Care; Performance of Employees. Contractor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Services. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a Developer Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Contractor shall perform, at its own cost and expense and without

reimbursement from the Developer, any services necessary to correct errors or omissions which are caused by the Contractor's failure to comply with the standard of care provided for herein.

3.2.6 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If the Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the Developer, Contractor shall be solely responsible for all costs arising therefrom. Contractor shall defend, indemnify and hold Developer, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.7 Insurance. Contractor and its associated subcontractors and workers shall each be responsible for maintaining the insurance coverage set forth below: The Developer, its parent company, affiliates, officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement. The proper additional insured wording is: D.R. Horton Los Angeles Holding Company, Inc. and D.R. Horton, Inc. and its affiliates and subsidiaries.

3.2.7.1 General Liability Insurance. Contractor shall, at Contractor's sole expense, procure and maintain Broad Form Commercial General Liability Insurance on an Occurrence Form, containing a per occurrence limit of no less than one million dollars (\$1,000,000), with an aggregate limit of no less than one million dollars (\$1,000,000), protecting against bodily injury, broad form property damage and personal injury claims arising from the exposures of (i) premises-operations; (ii) independent subcontractors; (iii) contractual liability risk covering the indemnity obligations set forth in this Agreement; and (iv) property damage.

3.2.7.2 Automobile Insurance. At all times while performing the Services, Contractor shall, at Contractor's sole expense, procure and maintain (i) automobile liability insurance coverage with limits of not less than \$500,000 per person (bodily injury), \$500,000 property damage per occurrence and \$500,000 combined single limit bodily and property damage per occurrence covering all automobiles used by Contractor in the performance of Services under this Agreement.

3.2.7.3 Workers' Compensation Insurance. To the extent Contractor has any employees, Contractor shall be responsible for providing for workers' compensation insurance for said employees, and Contractor further promises to withhold and pay all appropriate payroll taxes related to such work. Contractor expressly acknowledges and understands that Developer shall have no obligation to provide workers' compensation insurance, unemployment insurance or any employee benefits of any nature for Contractor or its employees. Contractor agrees to obtain, provide and maintain workers' compensation insurance for Contractor's employees and agents during the term of this Agreement, and agrees to hold harmless and indemnify Developer for any and all claims arising out of any injury, disability or death of any of Contractor's employees or agents. The workers' compensation insurance will name Contractor as the insured. All such insurance shall contain express waivers and endorsements providing that each insurance underwriter waives all of its rights of recovery by

subrogation, or otherwise, against Developer and any of its officers, directors, consultants, agents, employees and representatives.

3.2.7.4 Evidence of Insurance. The Contractor, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the Developer. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the Developer. If such coverage is cancelled or reduced, Contractor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the Developer evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.7.5 Failure to Maintain Coverage. Contractor agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the Developer. The Developer shall have the right to withhold any payment due Contractor until Contractor has fully complied with the insurance provisions of this Agreement.

3.2.9 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed.

3.3.1 Compensation. Contractor shall receive compensation in the amount and manner set forth in Exhibit "D" attached hereto and incorporated herein by reference. All compensation called for under this Agreement will be paid without deductions or withholdings, and will be accompanied by an IRS Form 1099 at year end. Contractor shall fill out and execute an IRS form W-9 and provide it to Developer.

3.4 General Provisions.

3.4.1 Termination of Agreement.

3.4.1.1 Grounds for Termination. Developer may, by written notice to Contractor, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Contractor of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Contractor shall be compensated only for those services which have been adequately rendered to Developer, and Contractor shall be entitled to no further compensation. Contractor may not terminate this Agreement except for cause.

3.4.1.2 Effect of Termination. If this Agreement is terminated as provided herein, Developer may require Contractor to provide all finished or unfinished Documents and Data and other information of any kind prepared by Contractor in connection with the

performance of Services under this Agreement. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

3.4.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Developer may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated from any party without liability to Contractor.

3.4.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Developer: DR Horton Los Angeles Holding Company, Inc.
Attn: Division President
2280 Wardlow Circle, Suite 100
Corona, CA 92880

Contractor: Elsinore-Murrieta-Anza Resource Conservation District
Attn: _____

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.4.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.4.4 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.4.5 Indemnification. Contractor shall defend, indemnify and hold the Developer, its parent company, affiliates, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions, negligence or willful misconduct of Contractor, its officials, officers, employees, agents, consultants and contractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys fees and other related costs and expenses. Contractor shall defend, at Contractor's own cost, expense and risk, and with counsel reasonably satisfactory to Developer, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Developer, its directors, officials, officers, employees, agents or volunteers. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against Developer or its directors, officials,

officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Contractor shall reimburse Developer and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the Developer, its directors, officials, officers, employees, agents or volunteers. Contractor's indemnification obligations shall survive the expiration or termination of this Agreement.

3.4.6 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified in a writing signed by both parties.

3.4.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.4.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.4.9 Developer's Right to Employ Other Contractors. Developer reserves the right to employ other contractors in connection with this Project.

3.4.10 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.4.11 Assignment or Transfer. Developer reserves the right at any time to assign or transfer this Agreement, in its entirety, to the appropriate homeowners association for the Project (the "HOA"). Developer shall inform the Contractor of the contact person and new contact information at the time of the assignment or transfer. Upon such assignment or transfer to the HOA, all references to "Developer" in this Agreement shall be deemed to refer to the HOA.

3.4.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Contractor include all personnel, employees, agents, and subcontractors of Contractor, except as otherwise specified in this Agreement. All references to Developer include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.4.13 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.4.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit,

privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.4.15 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.4.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.4.17 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.4.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.5 Subcontracting.

3.5.1 Prior Approval Required. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of Developer, which may be withheld in Developer's reasonable discretion. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

IN WITNESS WHEREOF, this Agreement is hereby executed as of the date first written above.

DEVELOPER

CONTRACTOR

By: 

By: 

Name: STEPHEN FITZPATRICK

Name: Vicki Long

Title: DIVISION PRESIDENT

Title: EMARCO President

EXHIBIT "A"
CONSERVATION EASEMENT

EXHIBIT "B"

SCOPE OF SERVICES

Contractor shall perform the following services in the course of this Agreement:

- 1. Annual inspection and removal of trash and man-made debris from the Project conservation easement area;**
- 2. Quarterly inspections of the signage and notification features denoting the conservation easement area and provide notification, as necessary, to the Developer or its designee in the event that the signage or notification features need to be repaired or replaced;**
- 3. Quarterly inspections of the exclusionary fencing that separates the development areas from the conservation easement area and provide notification, as necessary, to the Developer or its designee in the event that the fencing needs to be repaired or replaced;**
- 4. In the event of damage to the conservation easement area, due to man-made or external factors, as more fully outlined in Section 4 of the conservation easement, restoration of the conservation easement area as necessary. The restoration will need to be accomplished under the guidance of a qualified biological monitor pursuant to a plan submitted to and approved by the Army Corps of Engineers and the US Fish and Wildlife Service, as per the requirements of the conservation easement, Section 20; and**
- 5. Preparation of an annual report to the Regional Conservation Agency detailing the activities and findings from the annual inspections of the conservation easement area.**

EXHIBIT "C"
SCHEDULE OF MAINTENANCE AND MONITORING SERVICES

Commencing in the first quarter of 2013, and continuing for the term of the Agreement and any extensions thereof, the Contractor shall perform the following services at the times specified:

1. On an annual basis, conduct a detailed inspection of the Project conservation easement area;
2. On an annual basis, conduct a thorough removal of all trash and man-made debris from the conservation easement area;
3. Conduct quarterly inspections of the signage and notification features denoting the conservation easement area and provide notification, as necessary, to the Developer or its designee in the event that the signage or notification features need to be repaired or replaced;
4. Conduct quarterly inspections of the exclusionary fencing that separates the development areas from the conservation easement area and notification, as necessary, to the Developer or its designee in the event that the fencing needs to be repaired or replaced
5. Preparation of an annual report to the Regional Conservation Agency detailing the activities and findings from the annual inspections of the conservation easement area.

EXHIBIT "D"
COMPENSATION

In exchange for performance of the tasks outlined in this Agreement, the Developer or its related assigns shall make the following payments:

1. Commencing in the first quarter of 2013, the year in which the Contractor begins performance of the tasks outlined in the Agreement, Developer shall make quarterly payments of \$1,250.00 to the Contractor to cover all costs, including, without limitation, fees and out of pocket expenses, associates with the tasks and responsibilities that the Contractor is assuming;
2. An endowment of \$75,000.00 shall be established with the Contractor to cover all fees and costs associated with a potential catastrophic loss or destruction of the conservation area. The endowment shall be paid over the course of three (3) years, in equal annual installments of \$25,000.00. The initial payment of the endowment shall be made on the same date as the first quarterly payment in 2013, with subsequent equal annual installments being paid in 2014 and 2015. In no event shall the total amount of the endowment exceed \$75,000 in the aggregate.
3. Contractor shall submit to Developer a written invoice for all payments due under this Agreement. Developer shall pay Contractor within thirty (30) days after receiving any such invoice. In the event of termination of this Agreement, Developer shall pay Contractor for all Services completed through the date of termination within fifteen (15) days of receipt of a detailed invoice statement.
4. If Developer terminates this Agreement prior to the exhaustion of the endowment established by Paragraph 2 above, Contractor shall promptly refund to Developer any unused portion of the endowment.
5. If Developer and Contractor elect not to renew this Agreement at the end of the initial term, Contractor shall promptly refund to Developer the entirety of the endowment, as established by Paragraph 2 above.

OLD BUSINESS

EMECULA EL SINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT





TEMECULA ELSINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT



TEMECULA ELSINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT



TEMECULA ELSINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT



TEMECULA ELSINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT



TEMECULA ELSINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT



TEMECULA ELSINORE ANZA MURRIETA
RESOURCE CONSERVATION DISTRICT

NEW BUSINESS

Subject **De Luz wetland restoration project**
From <Kim.Freeburn@wildlife.ca.gov>
To rose.corona@emarcd.org <rose.corona@emarcd.org>
Cc rick.neugebauer@emarcd.org
<rick.neugebauer@emarcd.org>
Date 2016-05-24 09:26



-
- Shady_Creek_NOV_kf.doc (117 KB)
 - after.pond.widening_from Ingui.pdf (1.9 MB)

Hello Rose,

I sent your contact information to Christian Ingui and Fen Yong. A Notice of Violation was sent to the property owner because of unauthorized dredging within a wetland/stream. Expectations for the site including ongoing (maybe 3 years) of non-native plant removal, supplemental planting of native species, if necessary, and Bullfrog eradication (if possible). My hope would be that the project could be funded upfront and that the EMARCD, or contractor, would lead the effort and the property owner, once the funding is provided, can be released from the mitigation requirements.

Kimberly Freeburn Marquez
Department of Fish and Wildlife
3602 Inland Empire Blvd., Suite C-220
Ontario, CA 91764
(909) 945-3484 (phone)

Every Californian should conserve water. Find out how at:



SaveOurWater.com · Drought.CA.gov



Inland Deserts Region
3602 Inland Empire Blvd., Suite C-220
Ontario, CA 91764
909-484-0167
www.wildlife.ca.gov



December 8, 2015

Fen Yong
43876 Shady Creek
Temecula, CA 92590

Subject: Notice of Violation of Fish and Game Code Section 1602

Dear Mr. Yong:

On November 4, 2015, the California Department of Fish and Wildlife (Department) Environmental Scientist Kimberly Freeburn-Marquez visited the property at 43876 Shady Creek, in the City of Temecula, Riverside County, California (APN 939-050-011). During her visit, Ms. Freeburn-Marquez observed substantial alteration to the bed, bank, and channel of a stream and its associated wetland and riparian habitat as a result of vegetation and sediment removal activities on the property. Alteration to the bed, channel, or bank of any stream is subject to Fish and Game Code section 1602.

Fish and Game Code section 1602 requires a person to notify the Department before: 1) substantially diverting or obstructing the natural flow of a river, stream, or lake; 2) substantially changing the bed, channel, or bank of a river, stream, or lake; 3) using any material from the bed, channel, or bank of a river, stream, or lake; and/or 4) depositing or disposing of debris, waste, material containing crumbled, flaked, or ground pavement where it may pass into a river, stream, or lake. A violation of Fish and Game Code section 1602 may result in civil or criminal prosecution.

In this case, the Department has determined that notification was required because the activity substantially altered the bed, bank, and channel of the stream. In order to address this violation, you will need to immediately stop any vegetation removal, dredging, or other ground disturbing activities and submit to the Department a Streambed Alteration Notification. Notification shall be provided to the Department no later than January 1, 2016 and shall contain the following items, at a minimum: a detailed restoration plan prepared by a qualified restoration ecologist; a timeline for the initiation of the restoration activities (to begin no later than January 30, 2016); a monitoring, maintenance, and reporting schedule; success criteria; and contact information for the contracted restoration ecologist. A notification form can be obtained at the Department's website at: <https://www.wildlife.ca.gov/Conservation/LSA>.

If the timelines outlined in this letter are not met, the Department may refer the matter to the District Attorney's Office for further action.

Conserving California's Wildlife Since 1870

December 08, 2015
Page 2 of 2

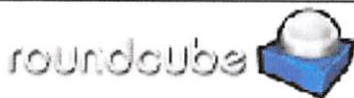
If you have any questions regarding this letter, please contact Environmental Scientist Kimberly Freeburn-Marquez at 909-945-3484 or by email at Kim.Freeburn@wildlife.ca.gov.

Sincerely,

Leslie MacNair
Regional Manager

cc: Kimberly Freeburn-Marquez



[About](#)rose.corona@emarcd.org[Logout](#)[Mail](#)[Address Book](#)[Settings](#)[Back](#)[Compose](#)[Reply](#)[Reply all](#)[Forward](#)[Delete](#)[Move to...](#)[Print](#)[Mark](#)[More](#)**Inbox**

AGENDAS

Agenda subject r...

Board Members

BOARD OF SUPERVIS...

Supervisor Jeffries

Supervisor Washi...

CARCD SO CAL REGI...

SO CAL AREA ME...

Clerk of the Board-Riv...

County Counsel-Prism...

Fish and Wildlife

FLOOD CONTROL

Form 700

IACCO

MITIGATION

BEAR CREEK

Benton Channel

CLINTON KEITH

MEADOWVIEW

Mitigation Contac...

Morgan Heights

RCWD Water Audits

Riverside-Corona RCD

Santa Margarita River...

SAWA

Website Info

Green Area on P...

Message 1 of 367

From **Christian Ingui**To **rose.corona@emarcd.org**,
Freeburn, **Fen Yong**,
Peter LarsonHello. Date **Today 09:32**

My Name is Chris Ingui, and I have a new house nearing completion this month in De Luz area.

I performed some clean up in the green area of my property where there is a creek. Vegetation has grown back however we have an issue with a code violation with Dept of fish and game. Work was performed last fall, and we had a recent site visit from Ms. Kim Freeburn.

She has referred us to you for evaluation of what we need to bring site into compliance.

Please let me know if you have time to consult with me on this issue.

Here is the email below.

Hello,

The site has re-vegetated but contains many non-native species (including Bullfrog) that must be removed prior to Department sign-off. Since Mr. Yong seemed to be having difficulty obtaining a consultant to lead the restoration effort, I told him I would provide a contact for a local resource conservation district as another alternative. The Elsinore-Murrieta-Anza Resource Conservation District would be your local contact for the De Luz area. If you would like to contact Rose Corona at EMARCD to get an idea on the cost for this project, please call her at [951-387-8992](tel:951-387-8992) or e-mail at rose.corona@emarcd.org.

Kimberly Freeburn Marquez
Department of Fish and Wildlife
3602 Inland Empire Blvd., Suite C-220
Ontario, CA 91764
[\(909\) 945-3484](tel:909-945-3484) (phone)

Sincerely,

ORAL REPORTS

**MEMORANDUM OF UNDERSTANDING BETWEEN THE TEMECULA-ELSINORE-
ANZA-MURRIETA RESOURCE CONSERVATION DISTRICT AND MISSION RESOURCE
CONSERVATION DISTRICT**

This Memorandum of Understanding ("MOU") is entered into by and between the Temecula-Elsinore-Anza-Murrieta Resource Conservation District ("TEAM RCD"), a California resource conservation district, and Mission Resource Conservation District ("Mission"), a California resource conservation district (TEAM RCD and Mission may each be referred to separately as a "Party" or together as the "Parties" or the "Districts").

RECITALS

WHEREAS, pursuant to Public Resources Code section 9001, the California Legislature has found that resource conservation is of fundamental importance to the prosperity and welfare of the state and has authorized resource conservation districts to organize and operate for the purposes of soil and water conservation, among other purposes, in open areas, agricultural areas, urban areas, wildlife areas, and residential areas; and

WHEREAS, TEAM RCD is a resource conservation district created and authorized pursuant to Public Resources Code section 9001 et seq., with a service area covering approximately 789 square miles in northwestern Riverside County; and

WHEREAS, TEAM RCD has recently changed its name from the Elsinore-Murrieta-Anza Resource Conservation District ("EMARCD"), a change which is now official but has no effect on any prior agreements or legal obligations in this MOU or otherwise; and

WHEREAS, Mission is a neighboring resource conservation district also created and authorized pursuant to Public Resources Code section 9001 et seq., with a service area covering approximately 185.2 square miles in northwestern San Diego County; and

WHEREAS, TEAM RCD is in need of specific assistance in order to fulfill its public services within its service area, which TEAM RCD lacks employees to provide; and

WHEREAS, the Parties desire to enter into this MOU with each other to provide for cooperation between the Districts wherein Mission's staff will provide needed services to TEAM RCD, and, except as otherwise agreed to and appropriate, TEAM RCD will provide the necessary federal and/or state permits, and to memorialize the rights and obligations of the Parties relating to such services; and

WHEREAS, the services provided under this MOU would facilitate a strong partnership of mutual cooperation in providing opportunities for resource conservation and enhancement practices within TEAM RCD's service area.

AGREEMENT

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms and conditions contained herein, and pursuant to the laws of the State of California, TEAM RCD and Mission hereby agree as follows:

1. Services: Mission agrees, at its discretion, to make available to TEAM RCD, upon written request from TEAM RCD and when Mission is capable of doing so, its employees and staff who are qualified to provide the specific activities and services ("Activities") within the jurisdiction of resource conservation districts requested by TEAM RCD. Such Activities shall include, but not be limited to, those set forth in Exhibit A, attached hereto and by this reference incorporated herein. TEAM RCD will identify what specific activities are required, what specific certifications or licenses are required, if any, and the expected duration of the subject activities.
2. Compensation: TEAM RCD will compensate Mission for its use of Mission employees, staff, and agents. Such compensation will be based on the hours of work performed for TEAM RCD and will be determined based on the current hourly rate of the Mission employee(s), staff, or agent(s) performing those services, which will be disclosed to TEAM RCD before any work begins. The Parties agree that said payment will fulfill any obligation TEAM RCD may have to Mission and to any Mission employee, staff, or agent with respect to the payment of wages and any required benefits under the law, including Workers' Compensation insurance. To the extent allowed by law, TEAM RCD will also compensate Mission for its use of federal and/or state permits for each project at a rate to be determined by the Parties at the time the project is contemplated.
3. Payment: Mission shall provide to TEAM RCD a detailed invoice for all activities performed pursuant to this Agreement by the end of each quarter. TEAM RCD shall render payment to Mission no later than forty-five (45) days after the receipt of any invoice or within three (3) business days of the next TEAM RCD Board of Directors' meeting following the receipt of the invoice, whichever is later. All invoices must identify: (1) the type of work provided, (2) the person(s) who performed such work, (3) the hourly rate of each person performing the work, (4) the date(s) of service, (5) the time spent providing such services, and (6) the total amount of the invoice in question.
4. Wage Payment: Mission expressly agrees that it will be solely responsible for the payment of any and all wages due and owing its employees or contractors arising out of services to TEAM RCD pursuant to this Agreement and that all payments will be made in accordance with California, federal, and any other applicable law. Mission further expressly agrees that it will be solely responsible for all required benefits owed to Mission employees, staff, and agents, whether required by statute, rule, regulation, contract or otherwise.
5. Workers' Compensation: Pursuant to California Labor Code section 3602(d) and any other applicable law, TEAM RCD and Mission further agree that, to the extent TEAM RCD is legally required to provide Workers' Compensation coverage related to the work provided for it by Mission employees, Mission has and will obtain Workers' Compensation coverage for any and all of its employees who provide services for TEAM RCD and that such Workers' Compensation coverage will specifically cover and encompass any and all work performed by Mission for TEAM RCD.

pursuant to this Agreement. Mission will advise TEAM RCD in the event that the required Workers' Compensation insurance is about to or expected to lapse.

6. Mutual Indemnification: TEAM RCD and Mission shall each defend, indemnify, and hold the other party and its officials, officers, employees, consultants, subcontractors, volunteers, and agents harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage, or injury, in law or equity, to property or persons, to the extent arising out of incident to any negligent acts, omissions, or willful misconduct of the indemnifying party or its officials, officers, employees, consultants, subcontractors, volunteers, and agents arising out of or in connection with the performance of this Agreement, including, without limitation, the payment of all consequential damages and attorneys' fees and other related costs and expenses.

7. Insurance: Mission shall procure and maintain during the period of performance of this MOU, and for twelve (12) months thereafter, adequate third party policies of insurance from an insurance company or companies authorized to do business in the State of California that covers any activities performed by Mission under this Agreement. Proof of this insurance shall be provided to TEAM RCD within one (1) week of the effective date of this Agreement. Mission will advise TEAM RCD in the event that the required third party insurance is about to or expected to lapse. TEAM RCD shall be responsible for carrying adequate insurance for any TEAM RCD employee or facility related to any activities performed under this Agreement.

8. Term: The term of this Agreement shall be for the period of one (1) year from the date of full execution of this Agreement by both Parties ("Initial Term"). The term of this Agreement shall be automatically extended for additional one (1) year terms ("Extended Term" or "Extended Terms," as appropriate) unless either Party terminates the Agreement pursuant to Paragraph 9, below.

9. Amendment and Cancellation: This MOU shall be effective when signed by both Parties. It contains the entire agreement between the Parties with respect to the matters herein provided for. It may be amended only by mutual written consent of both Parties, and either Party may cancel this MOU at any time upon thirty (30) days' written notice by so notifying the other Party by certified mail. Mission shall not be responsible to perform any work other than Activities requested in writing by TEAM RCD that have been agreed to by Mission, and TEAM RCD shall only be responsible to pay for work TEAM RCD has requested in writing to Mission.

10. Notices: Any notice, demand, request, consent, approval, or communication that either Party is required to give to the other shall be in writing and either served personally or sent by first class mail, postage prepaid, to the appropriate address. Either TEAM RCD or Mission may change the name or address to which its notices are sent by delivering written notice to the other Party at the address listed in this subsection. The addresses for the Parties are as follows:

To TEAM RCD at:

Temecula-Elsinore-Anza-Murrieta
Resource Conservation District
P.O. Box 2078
Temecula, CA 92593-2078

To Mission at:

Mission Resource Conservation District
1588 South Mission Road, Suite 100
Fallbrook, CA 92028

11. Severability: If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

12. Attorneys' Fees: If either Party commences an action in court with respect to the rights and obligations of the Parties under this Agreement, the Party prevailing in such action shall be entitled to recover from the other Party, in addition to all other relief granted by the court, its reasonable attorneys' fees and incurred in prosecuting or defending such action, including any appeal from the judgment therein.

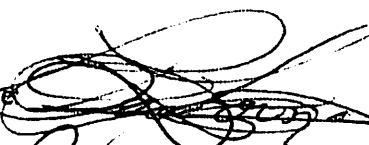
13. Governing Law and Venue: This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any lawsuit brought to enforce this Agreement shall be brought in an appropriate court in Riverside County, State of California.

14. Authority: Each Party to this Agreement warrants to the other that it is duly organized and existing and that it and the respective signatories have full right and authority to enter into and consummate this Agreement and all related documents and bind the parties thereto.

15. Counterparts: This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

TEMECULA-ELSINORE-ANZA-
MURRIETA RESOURCE
CONSERVATION DISTRICT, a
California resource conservation district

MISSION RESOURCE CONSERVATION
DISTRICT, a California resource conservation
district

Name: 
Title: President - Team RCD
Date: 6/3/16

Name: Judith M. Talala
Title: District Manager
Date: 06/03/2016

EXHIBIT A:
Activities

Use of Mission employees, staff, and agents, or any combination of same, under this Agreement may include, but is not limited to:

- a. Assistance with the TEAM RCD Aquatics Program;
- b. Assistance with the biological monitoring and reporting on TEAM RCD conservation easements;
- c. Assistance with mitigation work;
- d. Assistance with the development of the projected costs associated with implementing mitigation and conservation easements;
- e. Assistance with the development of habitat mitigation and monitoring plans; and
- f. Assistance with related TEAM RCD projects or programs.