

MOJAVE AIR AND SPACE PORT

NOTICE OF A REGULAR MEETING OF THE BOARD OF DIRECTORS

Date: April 18, 2017 Time: 2:00 p.m.

**Location: Board Room
1434 Flightline, Mojave, California**

AGENDA

1. Call to Order

- A. Pledge of Allegiance
- B. Roll Call
- C. Approval of Agenda

2. Community Announcements

Members of the audience may make announcements regarding community events.

3. Consent Agenda

All items on the consent agenda are considered routine and non-controversial, and will be approved by one motion unless a member of the Board, staff, or public requests to move an item to Business Items.

- A. Minutes of the Regular Board Meeting on April 4, 2017
- B. Check Register Dated April 14, 2017

4. Action Items

- A. Assignment of Lease: ITT Corp to Harris Corp
- B. Board of Director Bylaws
- C. Audit Firm Proposals
- D. Hangar 931 Lease: Scaled Composites
- E. Water Pressure Reducing Station Phase II Installation

5. Reports

- A. CEO/GM Report
- B. Board Committees
- C. Board of Directors: This portion of the meeting is reserved for board members to comment on items not on the agenda

6. Public Comment on Items Not on the Agenda

Members of the public may make comments to the Board on items not on the agenda.

7. Closed Session

- A. Existing Litigation (Govt Code 54956.9(a): *Soest v MASP, Roth v. MASP, MASP v. Continuous Quality Electric*)

8. Closed Session Report

Adjournment

This Agenda was posted on April 14, 2017 by Jason.

ADA Notice: Persons desiring disability-related accommodations should contact the District no later than forty-eight hours prior to the meeting. Persons needing an alternative format of the agenda because of a disability should notify the District no later than seventy-two hours prior to the meeting. All inquiries/requests can be made by phone at (661) 824-2433, in person at 1434 Flightline, Mojave, CA, or via email to carrie@mojaeairport.com.

Copy of Records: Copies of public records related to open session items are available at the administrative office of the District at 1434 Flightline, Mojave, CA.

Public Comments: Members of the public may comment on items on the agenda before the Board takes action on that item, or for closed session items, before the Board goes into closed session. Comments on items not on the agenda, and over which the Board has jurisdiction, may be made under "Public Comments on Items not on the Agenda," but the Board may not take action on any issues raised during this time. All comments by members of the public are limited to three minutes.

MISSION STATEMENT

FOSTER AND MAINTAIN OUR RECOGNIZED AEROSPACE PRESENCE WITH A PRINCIPLE FOCUS AS THE WORLD'S PREMIER CIVILIAN AEROSPACE TEST CENTER WHILE SEEKING COMPATIBLY DIVERSE BUSINESS AND INDUSTRY

BOARD OF DIRECTORS

MINUTES OF THE REGULAR MEETING ON APRIL 4, 2017

1. CALL TO ORDER

The meeting was called to order on Tuesday, April 4, 2017, at 2:00 p.m. by President Evans in the Board Room at Mojave Air and Space Port located at 1434 Flightline, Mojave, California.

A. Pledge of Allegiance: Director Allred led those assembled in the Pledge of Allegiance.

C. Roll Call:

Directors present: Allred, Balentine, Deaver, Evans, and Parker

Directors absent: None

Others present: CEO Drees, Director of Operations Himes, Director of Planning Wojtkiewicz, Director of Administration Rawlings, District Counsel Navé

D. Approval of Agenda: Upon motion by Director Parker, seconded by Director Deaver, the minutes were unanimously approved.

2. COMMUNITY ANNOUNCEMENTS

John Joyce reported that Assemblyman Lackey would be in Rosamond to honor the high school soccer championship team on April 10th. Rebecca Pontious reported on the Mojave Chamber of Commerce dinner honoring local graduating high school seniors. Brian Bin reported on the Mojave Experimental Fly-In on April 14, 2017.

3. CONSENT AGENDA

Upon motion by Director Deaver, seconded by Director Balentine, the following Consent Agenda was unanimously approved.

A. Minutes of Regular Board Meeting on March 7, 2017

B. Check register dated March 29, 2017

4. ACTION ITEMS

A. Space Ship Company, 1st Amendment to Lease for Acreage

After returning to open session, CEO Drees presented the staff report regarding the lease amendment. Upon motion by Director Balentine, seconded by Director Parker, the Board voted unanimously to approve the lease amendment.

5. REPORTS

A. Financial Report

CAO Rawlings presented the February 2017 financial report.

B. CEO/GM Report

CEO Drees presented the CEO report and discussed the fly-in, Airport signage, Board bylaws, and audit firm proposals

B. Board Committees

There were no reports.

C. Board of Directors

There were no Director comments.

6. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

There were no public comments.

7. CLOSED SESSION

A. Existing Litigation: *Soest v. MASP and Roth v. MASP*.

B. Real Property Negotiation: Coleman Hangar 945 purchase and The Space Ship Co. ground lease.

C. Potential litigation: Continuous Quality Electric

8. CLOSED SESSION REPORT

The Board and Counsel discussed *Roth v. MASP*, and real property negotiations with Coleman regarding Hangar 945 and The Space Ship Company regarding a land lease, and potential litigation involving Continuous Quality Electric. No other items were discussed.

ADJOURNMENT

There being no further business to come before the Board, the chair adjourned the meeting at 2:28 p.m.

David Evans, President

ATTEST

Jimmy R. Balentine, Secretary

Date: Friday, April 14, 2017
 Time: 09:52AM
 User: LCALICA

Mojave Air & Space Port
Check Register - Standard
 Period: 10-17 As of: 4/14/2017

Page: 1 of 1
 Report: 03630.rpt
 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid		
Company: EKAD													
Acct / Sub: 055441	101000	CK	4/18/2017	1200	2036	T&G Construction Services, Inc.	10-17	037936	VO	041017	4/10/2017	0.00	50,400.00

Check Count: 1 Acct Sub Total: 50,400.00

Check Type	Count	Amount Paid
Regular	1	50,400.00
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	1	50,400.00

Company Disc Total: 0.00 Company Total: 50,400.00

MOJAVE

AIR AND SPACE PORT

STAFF MEMORANDUM

TO: Board of Directors
FROM: Jason Buck
SUBJECT: ITT Corp – Harris Corp Name Change
MEETING DATE: April 18, 2017

Background:

Exelis, Inc. a Sub-Division of ITT Corp whom MASP has a long term lease with, for equipment ADS-B which is located on the Control Tower. ITT Corp. has been purchased by Harris Corp. and are taking over equipment and financial obligations of ITT Corp.

Impacts:

Fiscal: None
Environmental: None
Legal: None

Recommended Action:

Staff recommends approval of the Assignment of Lease

Lease Agreement

THIS LEASE ("Lease") is entered into as of March 2, 2010 ("Effective Date") by East Kern Airport District, a California Airport District ("Landlord") and ITT Corporation, Advanced Engineering & Sciences Division ("Tenant").

ARTICLE 1. BASIC LEASE PROVISIONS

1.1 **Landlord:** East Kern Airport District

1.2 **Tenant:** ITT Corporation, Advanced Engineering & Sciences Division

1.3 **Rental Commencement Date:** March 2, 2010

1.4 **Premises:** Control tower facility, 6th floor for Tenant air traffic control system equipment and space on control tower exterior for Tenant antennas, as more shown on Exhibit A attached hereto.

1.5 **Rentable area:** Approximately _____ square feet of floor space.

1.6 **Lease term:**

Basic Term: Eight (8) years, computed from the first day of the first calendar month on or after the Rental Commencement Date.

Renewal Term: One (1) Renewal Term of Eight (8) years, exercisable pursuant to Section 22.18.

1.7 **Consideration:** In exchange for use of the premises, subject to the approval of the FAA, ITT shall provide at no cost to the Airport Management, a subscription service to the Airport Management, throughout the term of this Lease, that would include ADS-B surveillance data for the Airport Management's independent use. ITT will provide, as part of any FAA-approved subscription service, access to the authorized data through a protected website connection and proper instructions for its use. ITT will also provide any ADS-B specific software at no cost to the Airport Management, as required to access the data from a personal computer. The parties acknowledge that the service product described herein is developmental as of the date of this Lease and ultimate FAA approval is foreseen but not guaranteed. The parties further acknowledge that the service product described herein for internet delivery shall never be authorized for use in air traffic control. ITT provides ADS-B data to all FAA control facilities through a highly secure network and, thereafter, ADS-B data for air traffic control purposes can only be disseminated for use by the FAA.

1.8 **Use of Premises:** The Premises shall be occupied and used Tenant for the sole purpose of operating and maintaining a Surveillance and Broadcast Services radio station in accordance with Federal Aviation Administration (FAA) prime contract number DTFWA-07-C-00067 and for no other use or purpose.

1.9 **Security and Dumpster Fee:** None.

1.10 **Late charge:** N/A

1.11 **Addresses for notices and rent payment:**

Landlord:
East Kern Airport District
Attn: Director of Business Development
1434 Flightline Mojave, CA 93501

Tenant:
ITT Advanced Engineering & Sciences Division
Attn: ADS-B Subcontracts Department
12930 Worldgate Drive, Herndon, Virginia 20170

ASSIGNMENT OF LEASE

THIS ASSIGNMENT OF LEASE ("Assignment") is made as of March 7, 2017, between Exelis Inc., formerly ITT Corporation ("Assignor"), Harris Corporation ("Assignee"), and Mojave Air and Space Port, Formerly known as East Kern Airport District ("Landlord").

Recitals

A. Mojave Air and Space Port, as landlord, and Assignor, as Tenant, executed a lease dated as of March 2, 2010, ("Lease"), a copy of which is attached and incorporated by reference as Exhibit A, pursuant to which Landlord leased to Tenant, and Tenant leased from Landlord, that certain property described pursuant to the terms of the Lease.

B. Assignor desires to assign the Lease to Assignee, and Assignee desires to accept the assignment of the Lease from the Assignor, and assume the obligations under the Lease.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, Assignor and Assignee agree as follows:

Terms

Section 1. Assignment

Assignor assigns and transfers to Assignee all right, title, and interest in the Lease, and Assignee accepts from Assignor all right, title, and interest, subject to the terms and conditions set forth in this Assignment.

Section 2. Assumption of Lease Obligations

Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as tenant under the Lease, including the making of all payments due to or payable on behalf of Landlord under the Lease as they become due and payable.

Section 3. Assignor's Covenants

(a) Assignor covenants that the copy of the Lease attached as Exhibit A is a true and accurate copy of the Lease as currently in effect, and that there exists no other agreement affecting Assignor's tenancy under the Lease.

(b) Assignor covenants that the Lease is in full effect and no default exists under the Lease, nor any acts or events which, with the passage of time or the giving of notice or both, could become defaults.

Section 4. Litigation Costs

If any litigation between Assignor, Assignee, and/or Landlord arises out of this Assignment, or concerning the meaning or interpretation of this Assignment, the losing party shall pay the prevailing party's costs and expenses of this litigation, including, without limitation, reasonable attorney's fees.

Section 5. Indemnification

Assignor and Assignee jointly and severally indemnify Landlord from and against any loss, cost, or expense, including attorney's fees and court costs relating to the failure of Assignor or Assignee to fulfill their obligations under this Assignment and/or the Lease.

Section 6. Successors and Assigns

This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

Section 7. Governing Law

This Assignment shall be governed by and construed in accordance with California law.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

Assignor, Exelis, Inc.

By _____
[name, title]

Assignee, Harris Corporation

By _____
[name, title]

CONSENT OF LANDLORD

The undersigned, as Landlord under the Lease, consents to this Assignment of the Lease to Assignee, provided however, that notwithstanding this Assignment and the undersigned's consent to this Assignment, Assignor shall remain primarily obligated as Tenant under the Lease, and the undersigned does not waive or relinquish any rights under the Lease against Assignor or Assignee.

Landlord, Mojave Air and Space Port

By _____
[name, title]

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF
MOJAVE AIR AND SPACE PORT
ADOPTING BOARD BYLAWS

Whereas, Mojave Air and Space Port (the "District") has an Administrative Code governing, inter alia, the organization of the Board of Directors and District officers;

Whereas, the Board desires replace the Administrative Code with Bylaws for the Board of Directors and Rules and Regulations regarding other aspects of operations; and

Whereas, as a first step the Board of Directors desires to adopt the attached Bylaws;

Now, therefore, be it resolved by the Board of Directors of Mojave Air and Space Port as follows:

1. **Adoption of Bylaws**

"The Bylaws of the Board of Directors of Mojave Air and Space Port" attached hereto as Exhibit 1, and incorporated herein by reference as though set forth in full, are adopted as Bylaws of the District's Board of Directors.

2. **Repeal of Provisions of the Administrative Code.**

Those provisions of the Administrative Code corresponding to the Bylaws are hereby repealed and replaced in full by the attached Bylaws.

2. **Other.**

Except as provided herein, those portions of the Administrative Code not repealed by this Resolution are reaffirmed and readopted.

PASSED, APPROVED AND ADOPTED on April 18, 2017.

David Evans, President

ATTEST:

Jim Balentine, Secretary

(SEAL)

EXHIBIT 1

BYLAWS OF THE BOARD OF DIRECTORS

**BYLAWS OF THE
BOARD OF DIRECTORS OF
MOJAVE AIR AND SPACE PORT**

Adopted:

ARTICLE I. GENERAL

Section 1.1 Title

These Bylaws shall be known as the "Bylaws of the Board of Directors of Mojave Air and Space Port," and may be referenced as the "Bylaws."

Section 1.2 The District

(a) District Law. Mojave Air and Space Port (the "District") is a California Airport District organized on February 24, 1972, under the provisions of the Airport District Law, Public Utilities Code section 22001, *et seq.*, (the "District Law"). Under the terms of the District Law, as amended from time to time, the District owns and operates an airport and spaceport located in Mojave, California (the "Facilities").

(b) Governance. The District is governed by an elected five-member Board of Directors (the "Board"). The Board is responsible for the operation of District Facilities owned, leased, or operated by the District, and shall make all rules and regulations necessary for the administration of the District Facilities.

Section 1.3 Bylaws, Policies, and Rules & Regulations

These Bylaws govern the conduct of the Board and implementation and compliance with the District Law and other applicable federal and state statutes and regulations. In addition to the Bylaws, the Board shall adopt policies governing specific matters of the Board to augment the Bylaws (the "Policy Manual"), and Rules and Regulations governing use and operations at the Facilities.

Section 1.4 Effect of Bylaws on Past Actions and Obligations

The adoption of these Bylaws or the repeal of a resolution by the Bylaws shall not affect:

- (1) Vested rights and obligations pertaining to any prior resolution; or
- (2) Other matters of record referring to resolutions and not included within the Bylaws.

Section 1.5 Maintenance of Bylaws

(a) Copies. At least one certified copy of the Bylaws shall be maintained on file in the District offices as the official copies of the Bylaws, and on the District website. Each director shall be given a copy of the Board Bylaws and Policies. Additional copies of the Bylaws shall be distributed as directed by the President.

(b) Resolutions. Each resolution making a change in the Bylaws shall be filed by the Secretary in books for such purpose, properly indexed for ready reference.

Section 1.6 Official Seal of Authority

The seal set forth in the "Secretary's Certification" is adopted as the official seal of the District. The seal is circular in form and has engraved on the outer edge of the face, the words: "Mojave Air & Space Port A California Airport District" and within the circle the words " Formed Feb 24,

1972."

ARTICLE II. BOARD OF DIRECTORS

Section 2.1 Mission of Board of Directors

The mission of the Board is to ensure operation of the District and Facilities in the best interests of the citizens of the District; establish rules, regulations, and policies for the administration, governance, protection and maintenance of the District's Facilities; establish standards of operation; and operate the District on a self-supporting basis.

Section 2.2 Membership

(a) Assuming office. A person may assume the office of Director by election or appointment.

(b) Election. Directors shall be elected in accordance with the District Law, except the date of election shall be the same date as the statewide general election. The dates of any notices, canvass of voters, certification of election, and all other procedural requirements shall comply with those for the statewide general election. Directors shall take office at noon on the first Friday in December following an election, as provided by Elections Code section 10554.

(c) Appointment.

- (1) The office of director may become vacant before the end of the term because of death, resignation, or other event causing vacancy. A resignation is effective when accepted by the Board, and is irrevocable.
- (2) A notice of intention to fill the vacancy by appointment shall be posted by the Secretary immediately when a vacancy on the Board occurs. At least fifteen days after the notice is posted and within 60 days after the effective date of the vacancy, the remaining Directors may fill such vacancy by appointment or by calling an election. The Board of Supervisors may fill the vacancy if the Board fails to act within sixty days of the effective date of the vacancy.
- (3) If a vacancy is not filled by appointment, an election shall be held at the next regular election date at least 130 days after the effective date of the vacancy.
- (4) A person appointed or elected to fill an unexpired term shall hold office until the next regular district election held at least 130 days after the effective date of the vacancy.

(d) Oath of Office. Persons elected or appointed to the Board shall take the oath of office prior to assuming office in the manner and at the time prescribed by law. The Secretary or other person authorized by law shall administer the oath.

Section 2.3 Ethics and Conflict of Interest Code

It is the intent of the Board to act in the highest ethical standard in carrying out its duties to the public and in the operation of its Facilities. It is also the intent of the Board to protect the District's interests when entering in to a transaction or agreement, and not the private interests of any director, officer, or employee. To that end, the Board has adopted an "Ethics Policy" and a "Conflict of Interest Code."

Section 2.4 Organization

(a) Officers. The following board offices are established: President, Vice President, Treasurer, Secretary.

- (1) President shall be the chair of meetings, shall execute resolutions and contracts adopted by the Board, and perform other acts required by law.
- (2) Vice President shall serve as chair in the absence of the President.
- (3) The Treasurer shall maintain accurate records of the financial condition of the District, shall review and recommend action on claims, and shall recommend investment of District money.
- (4) The Secretary shall record accurate minutes of meetings, and attest to the signature of the President. The Secretary may, but need not be a Director.

(b) Election. Board officers shall be elected annually at the first regular meeting in each calendar year. Officers shall serve until a successor is appointed.

Section 2.5. Powers

The powers of the District are set forth in the District Law and other applicable law. The powers of the District are vested in the Board, which may delegate one or more of its powers in its sole discretion. Specifically, the Board shall:

- (1) Establish the substantive and procedural policies regarding the affairs of the District in accordance with the best interests of the communities served by the District.
- (2) Monitor the activities of the Chief Executive Officer (or other designee) as operator of the District Facilities.
- (3) Enter into contracts and agreements with respect to the affairs of the District, including contracts for management services and for other activities approved by the Board.
- (4) Exercise all other powers now or hereinafter set forth in and given to it by the District Law and other public agency laws applicable to the District.
- (5) No director shall represent the District's policy unless the policy has been established by the Board.
- (6) Employees are supervised by the CEO. No employee shall take orders from a Director. An employee who takes orders from a Director shall be disciplined by the CEO. Directors shall address the CEO if services are needed. The CEO shall

- provide Directors with the same services as provided to the public.
- (7) Directors may occupy the board room to conduct District business when the board room is not used by the board. Directors may not use other offices without the written consent of the Board, unless the director is using the facility as a member of the public on the same basis as the public.

Section 2.6 Meetings

(a) Brown Act. The Board shall conduct meetings as established by Board Policy. All meetings of the Board and its committees shall be conducted in accordance with the Ralph M. Brown Act, Government Code section 54950, *et seq.* (the "Brown Act"), and any other applicable law or regulation.

(b) Open Meetings. Meetings of the Board shall be open and public, except as allowed by law. Persons shall be permitted to attend any portion of a meeting, except a closed session.

(c) Prohibited Meetings. A quorum of the Board shall not discuss the business of the District directly, serially, or through an intermediary, except at a properly noticed public meeting. A quorum of the Board may discuss the time, place, and agenda for a meeting at any time. Less than a quorum of the Board (but not a standing committee) may discuss District business at any time.

Section 2.7 Compensation, Benefits and Expenses

(a) Compensation. Directors shall be paid \$100 for each day's attendance at meetings of the Board, or for each day's service rendered as a Director by request of the Board, not to exceed four (4) days in any calendar month. A Director shall not be compensated for more than one (1) meeting per day even if more than one meeting is attended in one day.

(b) Approved meetings. Except as provided herein, Directors shall only be compensated for attendance at meetings previously approved by the Board. Meetings for which Directors are entitled to compensation for attending are:

- (1) A meeting of the District board within the meaning of Government Code section 54952.2(a);
- (2) A meeting of a District committee within the meaning of Government Code section 54952(b);
- (3) An advisory body meeting within the meaning of Government Code section 54952(b);
- (4) A conference or organized educational activity conducted in compliance with Government Code section 54952.2(c), including ethics training required by Government Code sections 53234 and following;
- (5) A meeting of any multi-jurisdictional governmental body on which the District director serves as the District's designated representative;
- (6) Any meeting attended or service provided on a given day at the formal request of the District board and for which the District board approves payment of a daily meeting stipend;

(c) Benefits. Directors are entitled to the following benefits on the same terms and conditions as employees:

- (1) Medical, vision and dental plan coverage for active directors and their dependents;
- (2) Medical, vision and dental plan coverage for retired Directors and their dependents if the Director first assumed office before January 1, 1995, and has served at least twelve (12) consecutive years;
- (3) Medical, vision and dental plan coverage for a retired Director and their dependents at the Director's cost and if permitted by the District's health plan; and
- (4) Life insurance with a beneficiary of the Director's choice in an amount determined by the Board.

(d) Expenses. If previously approved by the Board, a Director shall receive actual, reasonable, and necessary reimbursement for travel, meals, lodging, registration, and similar expenses incurred on District business. The rate for reimbursement shall not exceed the rate published by the IRS for deduction from taxes. However, if the expenses are incurred in connection with a trade conference, the reimbursement rates shall not exceed the posted rates for the conference, and if the posted rates are not available, the reimbursement rate shall be comparable to the posted rates.

(e) Posting of Expenses. During July of each year, the CEO shall prepare a list of amounts paid during the prior fiscal year to reimburse a director or employee for individual expenses of \$100.00 or more. To determine the value of an item, the total charges for the item for the day shall be considered. For example, several transportation bills, each less than \$100.00, but totaling more than \$100, requires a report. During August of each year, the list shall be reviewed by each person receiving expense reimbursement. The CEO shall consider suggested corrections and post the final list at the District by September.

ARTICLE III. BOARD COMMITTEES

Section 3.1 Standing Committees

Committees of the Board shall be standing or ad hoc. Upon the creation of a standing committee, the President shall appoint, in consultation with the Board, members of the committee, including two directors and, as appropriate, members of staff or the community. One of the directors shall be the committee chair, and both shall be voting members. A majority of members of a committee shall count as a quorum for holding a meeting. All committees shall be advisory to the Board, except as otherwise expressly specified by the Board. The Director members shall be the only voting members of the committee.

Section 3.2 Ad Hoc Committees

Ad hoc committees may be established by the President, subject to approval of the Board, for defined tasks of a limited duration (for instance, not to exceed six months). An ad hoc committee

shall only perform those duties assigned by the President, and upon their completion be discharged. The President, in consultation with the Board, shall appoint the members of the committee.

ARTICLE IV. DISTRICT OFFICERS

Section 4.1 District Officers

District officers include a Chief Executive Officer and General Manager (“CEO”), and other officers as determined by the Board.

Section 4.2 Chief Executive Officer

(a) CEO. The CEO shall be appointed by and hold office at the pleasure of the Board. The CEO shall receive such annual compensation as set by the Board. In addition, the CEO shall be reimbursed for actual, reasonable, and necessary expenses incurred in the performance of official duties. The performance of the CEO shall be reviewed annually by the board.

(b) CEO Authority. The CEO shall be the administrative head of the District under the direction and control of the Board. The CEO shall be responsible for the efficient administration of affairs of the District. The CEO shall have the authority to:

- (1) enforce rules and regulations and see that franchises, contracts, permits, and privileges are faithfully observed;
- (2) control, order, and give directions to subordinate officers and employees;
- (3) appoint, remove, promote, and demote officers and employees, subject to all applicable resolutions, rules, and regulations, except the Secretary, Treasurer, District Counsel, and the Auditor;
- (4) appoint the Director of Administration with the advice and consent of the Board;
- (5) recommend to the Board measures and resolutions;
- (6) attend board meetings, unless excused by the President or the Board;
- (7) keep the Board fully advised as to the financial condition and needs of the District;
- (8) file monthly financial reports at the second regular meeting of each month;
- (9) exercise general supervision over buildings, and other property under the control and jurisdiction of the District; and
- (10) periodically report upon Federal Grant and Aid programs.

(c) The Board and its members shall deal with the administrative services of the District only through the CEO. Except for the purpose of inquiry, the Board and directors shall not give orders or instructions to any subordinate of the CEO. The CEO shall take orders and instructions from the Board only when sitting in a duly convened meeting of the Board, and no individual Director shall give any orders or instructions to the CEO.

(d) Subordinate officers and District Counsel and the Auditor shall assist the CEO in administering the affairs of the District efficiently and harmoniously.

Section 4.3 Personnel System

The CEO is the Personnel Officer and shall:

- (1) Prepare an employee classification plan for Board approval;
- (2) Prepare a compensation plan for Board approval;
- (3) Provide for the publication or notice of employment openings, and conduct an examination of candidates;
- (4) Annually evaluate the performance of each employee; and
- (5) Recommend promotions.

Section 4.4 Auditor

The District shall annually hire an independent auditor to audit the books and records of the District and to certify as to the accuracy of the same. The independent auditor shall not be a director, officer, or employee. The Auditor is not an officer of the District.

Section 4.5 Legal Counsel

(a) Legal counsel shall advise the District concerning legal matters, and shall prepare resolutions, contracts, and other documents. Counsel may also assist the District in any litigation to which the District is a party.

(b) Counsel shall be compensated at a rate as determined by the Board.

(c) Counsel shall serve at the pleasure of the Board. Legal counsel is not an officer of the District.

Section 4.6 Direct Board Supervision

The CEO and District Counsel shall be appointed by the board, report to the board, and serve at the pleasure of the board.

ARTICLE V. MISCELLANEOUS

Section 5.1 Review of Bylaws

At least biennially the Board shall review these Bylaws to ensure they comply with the District Law and all other applicable federal and state laws and regulations in keeping with the functions of the Board.

Section 5.2 Amendment of Bylaws

These Bylaws may be amended by the Board at a duly noticed Board meeting, provided a full statement of each proposed amendment has been sent to each director along with the meeting agenda and packet.

Section 5.3 Indemnification

(a) Civil proceedings. The District shall defend and indemnify each of its directors, officers, and employees against expenses, judgments, fines, settlements, and other amounts

actually and reasonably incurred in connection with any civil claim arising out of the scope of his or her employment for the District in accordance with the Government Claims Act or any successor statute. For purposes of this section, the term "employee" shall have the same meaning set for in Government Code section 810.2, or any successor statute thereof, and includes without limitation any person who was or is a director, officer, employee or servant of the District.

(b) Criminal and administrative proceedings. The District may, but is not obligated to, defend and indemnify its directors, officers, and employees. If an employee seeks defense and indemnification in any such proceeding, he or she shall submit a written request to the Board, which shall conduct a review of the request in accordance with the Government Claims Act or any successor statutes.

CERTIFICATION OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of Mojave Air and Space Port; and
2. That the foregoing Bylaws comprised of nine pages constitute the Bylaws of the District as duly adopted at a meeting of the Board of Directors thereof duly held on _____, 20__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of the District on this ___ day of _____, 20__.

[name], Secretary

PROPOSAL TO PROVIDE SERVICES
MOJAVE AIR & SPACEPORT



March 7, 2017

Board of Directors
Mojave Air & Spaceport
1434 Flightline
Mojave, California 93501

We are pleased to respond to your Board's request regarding a fee estimate proposal for the audit engagement to be performed for Mojave Air & Spaceport, (hereafter referred to as "the District") for the year ending June 30, 2017.

Our client service team will ensure that you receive the highest degree of professional accounting and other consulting services on a timely and efficient basis. Geoffrey King, audit partner, will have overall responsibility for the audited financial statements and business advisory aspects of your engagement. Mark Gehring, manager in the accounting and auditing department, will have responsibility for assisting Mr. King in coordinating all aspects of your engagement. Both Mr. King and Mr. Gehring have numerous years of experience in Governmental and Special District audits. In addition to our overall experience, we have previous experience with a number of other Special Districts in the Kern County (See Appendix A).

As auditors, our role is to work directly with and for the respective organizations governing board. While we will have a day to day ongoing working relationship with your management team, ultimately, we are always responsible and accountable to the governing board. We are always open to direct communications with such boards. We pride ourselves on good communication with the respective board and management team.

We have put together an engagement team with the skills, resources and, above all, the commitment to enable us to make a distinct contribution to your success. We offer you numerous services, including the following:

- **Responsive service** - In our business, professional and working relationships, we strive for responsive, quality service. What this means to the Authority is that we can guarantee our work will be timely, of high quality and sensitive to your needs.
- **Pro-active approach** - Our approach is pro-active rather than reactive. We don't just respond to change, we anticipate it. This means we are well equipped to advise you about new opportunities for increasing efficiency and competitiveness.
- **Business approach to the engagement** - Our professionals have the experience and the industry expertise to meet your business, financial statement, and consulting requirements now and as you continue to grow. Each member of your client engagement team is committed to long-term client service.
- **Seamless transition** - We are experienced in replacing other accountants, and we offer tangible benefits in transition. A fresh look is vital in rethinking the accounting process to achieve cost and productivity improvements. We commit to a rapid and smooth transition.

P.O. BOX 11171 | BAKERSFIELD, CA 93389

5001 E. COMMERCENTER DRIVE | SUITE 350 | BAKERSFIELD, CA 93309

(661) 631-1171 OFFICE | (661) 631-0244 FAX | BHKCPAS.com

We subscribe to a review of our practice by our peers every three years. This review includes actual tests of our audit, review and compilation engagements as well as our internal system for maintaining quality control and the continuing education of our staff. This peer review was most recently completed in November 2013, at which time our firm received an unqualified report. Our firm has not been the subject of any disciplinary actions of the California State Board of Accountancy, California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, or any other regulatory body of the accounting profession.

We strive to add value that is greater than the costs of our fees. Our objective is to provide outstanding client service at a reasonable fee. The fee we charge will be commensurate with the level of experience and effort required to complete the work. We keep our fees to a minimum by assigning experienced personnel to the engagement and by involving your accounting staff as much as possible so that our representatives can concentrate on the significant phases of the engagement. We do not believe that fees should be a primary basis for selecting an accounting firm. These decisions should be based on industry experience, commitment to client service and the ability to get the job done in the most efficient manner possible. Therefore, we would be happy to discuss the fees for our proposed services in more detail. Our estimated fee for the audited financial statements for the year ended June 30, 2017 is estimated in the range of \$22,000 - \$24,000 (inclusive of all travel and out of pocket costs). In addition, if the audit requires specific compliance work with respect to any Federal grants requiring an A-133 audit, we estimate the cost of such A-133 audit procedures could add fees in a range of \$5,000 - \$10,000. The final amount charged will be based on the level of involvement by District staff and the amount of time spent testing the general ledger.

In order to meet these projections we have anticipated maximum assistance from the District's accounting staff and management. If during our engagement any extraordinary matters come to our attention, and an extension of our services beyond the scope of our intended engagement as described in this proposal is required, we reserve the right to consult with you regarding an adjustment to the fees quoted for the periods noted above. The fee estimates presented herein are developed based upon your current accounting and management systems in place. Fees for our services are billed on a monthly basis and are due upon presentation.

For additional services performed, billing for such services would be at the rates in effect at the time services are performed. Rates currently in effect are as follows, which may increase nominally each year:

Partner	\$ 260
Manager	220
Senior/Supervisor	90 - 130
Staff Accountant	65 - 80
Administrative Staff	50

We appreciate the opportunity to be of service to you. Please contact Mark or myself should you have any further questions.

BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation


By: Geoffrey B. King, CPA


By: Mark Gehring, CPA

Appendix A
List of Special District Audits and other Government Audits

Wheeler Ridge-Maricopa Water Storage District
Mr. Robert Kunde, Engineer-Manager

Arvin-Edison Water Storage District
Mr. David Nixon, Assistant Manager

Power and Water Resources Pooling Authority
Mr. David Nixon, Treasurer

Semitropic Water Storage District
Mr. Luis Salinas, Controller

Semitropic-Rosamond Water Banking Authority
Mr. Luis Salinas, Treasurer

West Kern Water Storage District
Sunny Kapoor, Director of Finance

North Kern Water Storage District
Mr. Richard Diamond, General Manager

15th District Agricultural Association
(Kern Country Fair)
Michael Olcott, Chief Executive Officer

Rabobank Arena – A Division of Bakersfield City
Nelson Smith, Finance Director

Minter Field Airport District
Jonathan Hudson, General Manager

Geoffrey B. King, CPA
Partner

Geoffrey B. King is a partner in the Bakersfield office of Barbich Hooper King Dill Hoffman Accountancy Corporation, with overall firm responsibility for quality control in the area of accounting and auditing. In addition to accounting and auditing, his areas of expertise are taxation, general business consulting, with emphasis in agriculture, wholesale distribution, oil industry, employee benefit plans, non-profit, special Organizations and litigation services.

Mr. King graduated from California State University, Bakersfield in 1976 with a Bachelor of Science degree in Accounting. He continues his relationship with the University as a member of the Board of Directors of the California State University Bakersfield Foundation and has served as chairman of Board. He is also a past Chairman of the Intercollegiate Athletic Committee and has served as a member of the finance committee and audit committee. Mr. King was named CSUB Alumnus of the Year in 2001 and was inducted into the CSUB Alumni Hall of Fame in 2015.

He is a member of the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (CSCPA). Mr. King has served on the AICPA Peer Review Board, and as Chairman of the CSCPA Peer Review Committee. He is a past Chairman of the CSCPA Accounting Principles and Auditing Standards Committee, and is a past president of the Bakersfield Chapter.

Mr. King is a member of the Rotary Club of Bakersfield, and is a past treasurer and a past member of the Board of Directors for that organization. He is a past board member of the Bakersfield Community House, and a past President of the Bakersfield Gunners Soccer Club, a youth soccer organization. He was also a Bakersfield City Council appointee to the City Center Expert Citizens Oversight Committee. Mr. King is a past board member and Chairman of the Board of Directors of the Kern County Employees' Retirement Association, which is responsible for administering Kern County's public retirement system.

He is a past member of the Board of Directors of Garces Memorial High School and currently serves as a board member for the Garces Memorial High School Foundation. Mr. King was named Garces High School's Man of the Year in 2012.

Mr. King currently serves on the Citizens Advisory Committee of the Assistance League of Bakersfield. He serves on the Board of Directors of The Friends of Mercy Foundation, a foundation for Mercy Hospital/Dignity Health. Mr. King also serves as an independent member of the Board of Directors of a large century-old family owned farming and real estate company. He also sits on the two governing HOA Boards of Directors of a Hawaii resort property; he currently serves as the Treasurer for one of those Associations.

He has served with Cooks from the Valley, a volunteer group providing and performing steak barbeques for the armed services throughout the world. Mr. King has served U.S. Troops in the Arabian Peninsula, Europe, and domestically.

Mark R. Gehring, CPA
Manager

Mr. Gehring's specific areas of expertise are in auditing and attestation. He worked extensively in the high technology industry for three years in Silicon Valley for a Big 4 firm. He has been with Barbich Hooper King Dill Hoffman for over ten years working on manufacturing companies, water districts, agricultural companies, and mortgage banks. Mr. Gehring also serves as the Firm's primary technical resource on accounting and auditing, financial reporting and GAAP matters.

Mr. Gehring graduated with a Bachelor of Science in Accounting from California Polytechnic State University, San Luis Obispo.

He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

He volunteers as a coach for his children's soccer teams and enjoys spending time with his family and playing golf.



Audit Proposal

Proposal for Audit Services

Mojave Air and Space Port

March 10, 2017

Andrew J. Paulden, CPA/Managing Partner
E: apaulden@bacpas.com

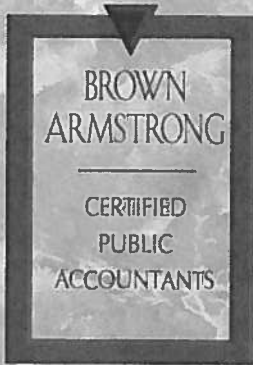
T: (661) 324-4971
4200 Truxtun Ave., Suite 300
Bakersfield, CA 93309

BROWN ARMSTRONG

Certified Public Accountants

TABLE OF CONTENTS

	<u>Page</u>
Transmittal Letter	1
Detailed Proposal	
Independence	3
License to Practice in California	3
Firm Qualifications and Experience	3
Staff Qualifications and Experience	5
Similar Engagements with Other Special Districts	11
Specific Audit Approach	12
Identification of Potential Audit Problems	19
Bidding Proposal	
Cost of Services	20
Rates for Additional Services	20
Manner of Payment	20
Appendices	
I. Summary of Recent Governmental Experience	21
II. External Quality Control Review Report	22



BROWN ARMSTRONG

Certified Public Accountants

Transmittal Letter

March 10, 2017

Carrie Rawlings
Director of Administration
Mojave Air and Space Port
1434 Flightline, Building 58
Mojave, CA 93501

Dear Ms. Rawlings;

Brown Armstrong Accountancy Corporation is pleased to submit this proposal to perform audit services for Mojave Air and Space Port (the District) for the year end 2016-2017. We feel that we are the best candidate to meet your needs. We are committed to performance and efficient completion of this audit on or before the required due dates.

Brown Armstrong is one of the largest regional accounting firms in Central California. Our mission is simple, we are set out "to exceed expectations and provide opportunities" for our clients. Our seventy-one (71) employees lead us in achieving this mission by working with our clients individually to overcome any challenges with a special combination of knowledge and experience in governmental and non-profit audits. We have audited numerous agencies similar to yours for four decades. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

Our firm partners, managers, and seniors are actively involved in trade associations such as Government Finance Officers Association (GFOA), and the California Society of Municipal Finance Officers. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee. We enthusiastically contribute our time to this Award process because as we review Comprehensive Annual Financial Reports (CAFRs) from all across the United States, we maintain current, up-to-date knowledge of municipal accounting principles.

Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTON AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

Our approach, people, commitment to timelines, and dedication to financial reporting excellence makes Brown Armstrong the best-qualified firm to meet your needs.

Brown Armstrong has been in business for over 40 years. Over the past five (5) years, we have performed over 900 audits of public agencies.

Please contact me, Andrew J. Paulden, if I can clarify or expand on any item contained in this proposal. I can be reached at 4200 Truxtun Ave., Suite 300, Bakersfield, CA 93309, Tel. (661) 324-4971, or by email at apaulden@bacpas.com. We are available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for ninety (90) days.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "Andrew J. Paulden", with a long horizontal flourish extending to the right.

By: Andrew J. Paulden, CPA
Managing Partner

BROWN ARMSTRONG

Certified Public Accountants

Special District Experts

Brown Armstrong is a full service, regional accounting firm that bases our success on the relationships fostered, and performance of the best quality service. The team assembled for you has been specially chosen to fit your needs. From staff accountant to partner, this group is trained to understand audit requirements and carry out the desired scope of work based on your needs.

Not only is our team of professionals trained to perform audits, but all members have experience auditing agencies similar to Mojave Air and Space Port (the District). This knowledge and background will lead to an efficient, timely, and quality audit that will keep your operation running smoothly.

Independence

Our firm, its shareholders and employees are independent of the District, as defined by generally accepted auditing standards and generally accepted government auditing standards.

License to Practice in California

Our firm and all assigned key professional staff are properly licensed to practice in the State of California.

Firm Qualifications and Experience

We took off in the late 1960's when founders Peter C. Brown and Burton H. Armstrong began their public accounting careers with Big Eight international accounting firms. Both found themselves in Bakersfield in 1985 to form what is now the premier public accounting firm in the California central valley. Now, with 70 highly skilled employees, Brown Armstrong continues its growth as a regional firm by offering auditing, tax, accounting, consulting, and assurance services to governmental entities, nonprofits, corporations, partnerships and individuals throughout California.

DETAILED PROPOSAL

Our governmental audit staff is made up of thirty-eight (38) professionals who are experts in their field. We have crafted expertise in auditing the public sector since the birth of the company. We offer unmatched customer service, reliability, and quality that you can't find in other accounting firms. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations. We have four (4) offices located throughout the state of California. Our main office is located in Bakersfield, California. We have additional offices in Fresno, Pasadena, and Stockton to better serve our client's needs. For this engagement, the staff will work from the Bakersfield office. All assigned personnel will be employed on a full-time basis. We are not proposing as a joint venture or consortium.

Our Staff

All Staff		Governmental Staff	
Partners	9	Partners	6
Managers	15	Managers	8
Seniors	7	Seniors	5
Supervisors	5	Supervisors	3
Staff Accountants	14	Staff Accountants	15
Support Staff	21	Support Staff	1
Total	71	Total	38

External Quality Control Review Report

As part of our commitment to quality control, our firm is a member of the Center for Public Firms Auditors Section (Center) of the American Institute of Certified Public Accountants (AICPA). We have completed several External Quality Control reviews under the AICPA's guidance, all of which included one or more governmental audits. A copy of our most recent peer review report is included as Appendix II. As indicated in that report, our Firm received a peer review rating of a "pass," which is the highest rating available.

Desk or Field Reviews and Disciplinary Actions

Our firm has been subjected to one field review during the past three years. All of our reports are subjected to annual desk reviews by federal and state cognizant agencies. All of our reports for the past three years were accepted by these agencies. We have had no disciplinary action taken against the Firm or any of its members nor do we have any actions pending at the date of this proposal. Single audit reports are filed annually with the Federal Audit Clearinghouse. All of our reports are desk reviewed by the California State Controller's Office (SCO) every year.

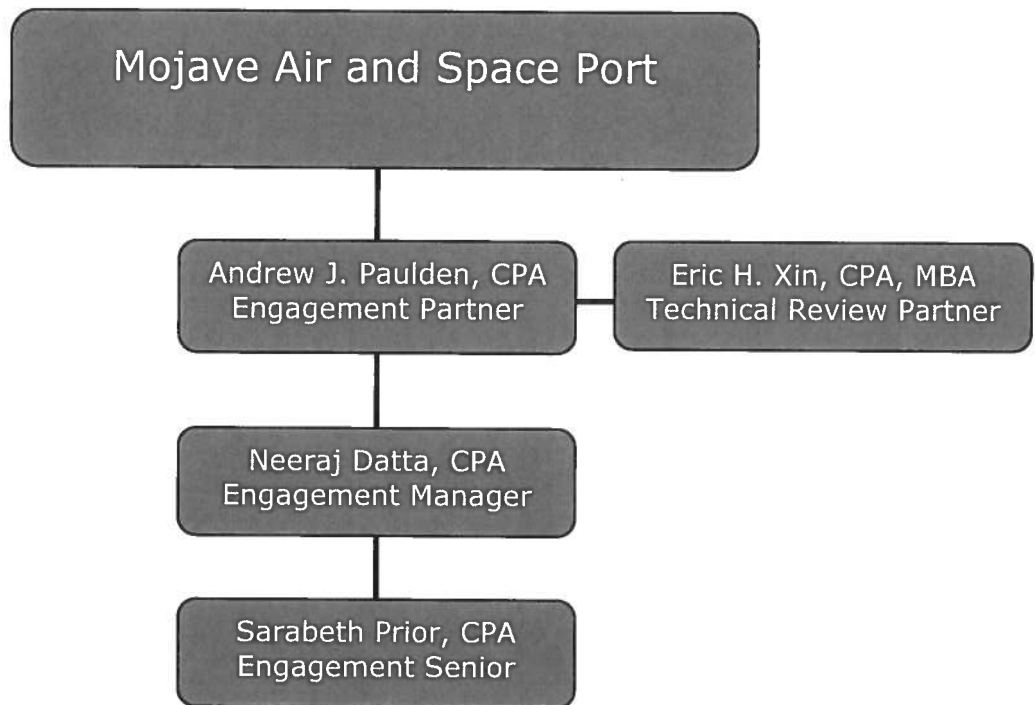
Staff Qualifications and Experience

The District requires auditors who can quickly identify and understand the pertinent issues and promptly provide assistance whenever and wherever needed. This cannot be accomplished without a comprehensive knowledge of operations. Brown Armstrong has assembled a key group of professionals that possess a firm grasp of the subject matter, as well as the experience, confidence, and friendliness you deserve. Our staff will be there when you need them, and they will be continually involved in the audit procedures. This will allow you to have access to decision makers and the resources you need at all times.

The audit team will be staffed from our Bakersfield office, which will provide you with the best customer experience and quality of service that the engagement deserves. All assigned personnel will be employed on a full-time basis, and have direct experience with special districts.

Engagement Team Structure

Mojave Air and Space Port Audit Services



Andy J. Paulden, CPA
Engagement Partner



Andy Paulden is a principal with over 30 years experience in governmental accounting. He has grown within the firm serving a diverse client base. His expertise ranges from special districts and retirement systems to municipal entities and nonprofit organizations. Andy enjoys working "hands-on" with his clients and will never be too far away from audit procedures.

Andy has always ensured that we have the highest level of audit, tax, and consulting services for all of his clients. He is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, and the Governmental Auditing and Accounting State Committee as a member at large.

Education

California State University,
Chico, 1985

Bachelor of Science Degree in
Business Administration with a
Concentration in Accounting

Roles and Responsibilities

- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the District, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery

Clients Served

*Only chosen clients are listed

Special Districts

Bear Mountain Recreation & Park District
Belridge Water Storage District
Goleta Water District
Kern Water Bank Authority
Minter Field Airport District
Mojave Public Utility District
North Bakersfield Recreation & Park District
Port Hueneme Water Agency
San Joaquin Valley Air Pollution Control District
Westside Mosquito & Vector Control District

Cities

City of Bakersfield
City of Fresno
City of Madera
City of Modesto
City of Tulare
City of Visalia

Eric H. Xin, CPA, MBA
Technical Review Partner



Eric Xin, a partner at Brown Armstrong, will be the Technical Review partner for this engagement. He has over 19 years experience in auditing governmental entities and brings expertise in many areas. His primary audit focus is in counties, cities, and special districts.

Not only does he have experience in the audit process, but he will be an integral member of the team when it comes to keeping standards up to date. He is a reviewer for the GFOA Certificate of Achievement Program and reviews the Governmental Accounting Standards Board (GASB) advisory committees' latest pronouncements.

Education

California State University,
Bakersfield, 1996
Masters of Business Degree in
Business Administration

Nankai University, China, 1989
Bachelors of Science Degree in
Business

Roles and Responsibilities

- Responsible for assisting the Engagement partner in performing the audit risk assessment and design audit procedures.
- Assists in audit documentation review in significant areas.
- Reviews financial statements to ensure they are in conformance with GAAP and GFOA requirements.
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports.

Clients Served

*Only chosen clients are listed

Special Districts

San Joaquin Area Flood Control Agency
Los Osos Community Services District
San Joaquin Valley Air Pollution Control District
San Joaquin Valleywide Air Pollution Study Agency

Counties

County of Kern
County of Fresno
County of Kings
County of Riverside
County of Tulare

Cities

City of Bakersfield / RDA
City of Fresno / RDA
City of Tulare / RDA
City of Visalia / RDA
City of Santa Barbara / RDA

Neeraj Datta, CPA
Engagement Manager



Neeraj is the engagement manager of the project. He has more than 11 years of governmental auditing experience. His primary business focus is governmental entities audit and accounting. His audit specialties include cities, retirements, investment funds, and special districts.

Neeraj will be highly involved in the field work and a face to face presence for Brown Armstrong. He and the senior accountant will be easily accessible for the District at all times. His ability to manage an audit has become invaluable for Brown Armstrong. He is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Roles and Responsibilities

- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the District regarding audit planning, fieldwork, and reporting

Clients Served

*Only chosen clients are listed

Special Districts

Port Hueneme Water Agency
Rose Bowl Operating Company
Pasadena Center Operating Company
Goleta Water District
Pixley Public Utility District
North of the River Municipal Water District

Retirement Associations

Ventura County Employees' Retirement Association
San Diego County Employees' Retirement Association
Marin County Employees' Retirement Association
Los Angeles County Employees' Retirement Association
Imperial County Employees Retirement System

Cities

City of Pasadena
City of Tulare
City of Fresno

Counties

County of Fresno
County of Tulare

Nonprofits

California State University, Sonoma Campus
Pasadena Community Access Corporation
Rotary Club of Bakersfield
Rotary Waterman Foundation
National Test Pilot School

Education

Delhi University, India

Bachelor of Commerce Honors
Degree

Sarabeth Prior, CPA
Engagement Senior



Education

California State University,
Bakersfield

Bachelor of Science Degree in
Business Administration,
Concentration in Accounting

Clients Served

*Only chosen clients are listed

Special Districts

Bear Mountain Recreation & Park District
Buena Vista Water Storage District
Eastern Kern Air Pollution Control District
Goleta Water District
Mojave Public Utility District
Rosamond Community Services District

Transit Districts

Kern Council of Governments
Riverside Transit Agency
San Joaquin Council of Governments
Stanislaus Council of Governments

Counties

County of Kern
County of Merced
County of San Joaquin
County of Santa Barbara
County of San Luis Obispo

Non-Profits

Bakersfield ARC, Inc.
National Test Pilot School

Sarabeth is an audit senior with over 3 years of governmental auditing experience. She has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. She has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

Roles and Responsibilities

- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and partners for further review.

Continuing Professional Education

***Relevant Education Listed**

Andrew J. Paulden

GAAP Update, 2017
Practical Approach to Prevention and Detection, 2017
Single Audits: A Case Study Approach, 2017
Single Audit Update, Internal Control Challenges, and Fraud, 2016
GASB Update and Common Accounting & Financial Reporting Issues, 2016
Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB 67 and 71: New Pension Standards, 2015
U.S. GAAP and IFRS Divergence, 2015
Governmental Accounting and Auditing Conference, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Audit Update, Single Audit and Ethics, 2014
GASB Update, 2014
Pension Accounting and Financial Reporting: New Standards, 2014
Not-for-Profit Organizations: Accounting and Auditing Principles, 2014

Sarabeth Prior

GAAP Update, 2017
Practical Approach to Prevention and Detection, 2017
Single Audits: A Case Study Approach, 2017
Ethical and Legal Standards for CPAs, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015
GAAP Update, 2015
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014

Eric Xin, CPA

GAAP Update, 2017
Practical Approach to Prevention and Detection, 2017
Single Audits: A Case Study Approach, 2017
Governmental Topics: Pension Plan, SCO Cities Financial Transaction Report, Conservation Projects, Gas Tax Accruals, Fair Value Issues, and Independence, 2016
GOAC Annual Update, 2016
GASB Update and Common Accounting & Financial Reporting Issues, 2016
Single Audit Update, Internal Control Challenges, and Fraud, 2016
Annual Conference of the State Association of County Auditors, 2016
Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015
OMB A133 Update – Audits of State, Local and Nonprofits, 2014
GAAP Update, 2014
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014

Neeraj Datta, CPA

GAAP Update, 2017
Practical Approach to Prevention and Detection, 2017
Single Audits: A Case Study Approach, 2017
Single Audit Update, Internal Control Challenges, and Fraud, 2016
GASB Update and Common Accounting & Financial Reporting Issues, 2016
Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015
Avoiding Common Audit Deficiencies in SLG Financial Audits, 2015
GAAP Update, 2014
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014

DETAILED PROPOSAL

Continuity of Personnel

We want to provide the most stable staffing available during our partnership. Excessive personnel turnover can complicate engagements and decrease the efficiency of the audit due to "catch-up" time needed. Our mission to provide stable staffing during the engagement is fundamental to our approach. To ensure the District's maximum benefit from their working relationship with Brown Armstrong, we will continue to maintain the highest level of staff continuity throughout the course of the engagement. The engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. We understand that the District retains the right to approve or reject replacements. We also understand that other audit personnel may be changed at our discretion, provided that replacements have substantially the same or better qualification or experience. If the District wishes to rotate staff members to enhance independence, we are willing to discuss those terms in the engagement.

Similar Engagements with Other Special Districts

Following is a list of the most recent significant engagements that we have performed in the last five years that are similar to your engagement:

Client	Scope of Work	Date(s)	Partner	Total Hours
Goleta Water District Jonathan Wunderlich, CFO (805) 879-4615 JWunderlich@goletawater.com	Financial & Compliance Audits	2015 to Present	Paulden	400
National Test Pilot School Dr. Allen L. Peterson, President/CEO (661) 824 -2977 apeterson@ntps.edu	Financial & Compliance Audits	2011 to Present	Paulden	250
Kern-Tulare Water District Skye Grass, Office Manager (661) 327-3132 skye@kern-tulare.com	Financial & Compliance Audits	2008 to Present	Paulden	200
Kern Water Bank Authority Danelle Scott, Office Manager (661) 398-4900 dscott@kwb.org	Financial & Compliance Audits	2005 to Present	Paulden	150
Port Hueneme Water Agency Al Burrell, Finance Director (805) 986-6500 aburrell@ci.port-hueneme.ca.us	Financial & Compliance Audits	1999 to present	Paulden/ Young	150

Brown Armstrong has extensive governmental audit experience. A summary listing of our previous and current governmental auditing experience can be found at Appendix I.

Specific Audit Approach

The audit will be done in accordance with audit standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the District's Board President and General Manager. We will not perform extended services unless mutually agreed upon by both parties.

In accordance with *Government Auditing Standards*, we will perform a compliance audit by selecting necessary procedures for testing to express an opinion regarding compliance with the provisions of any and all Federal, State, and Agency Statutes, Ordinances Administrative Code and rules and regulations.

Following is our detailed audit work plan to be followed to perform the services included in your request for proposal.

We will begin with an entrance conference with District Management. During this time we will begin the following procedures:

Planning

During this phase of the audit, we will:

- < Confer with management to coordinate our efforts with the District's efforts in terms of confirmations, schedules to be prepared, and critical dates to be met to ensure a smooth flow of the audit process;
- < Prepare a preliminary assessment of the District's internal control structure including controls over federal and state financial assistance programs;
- < Perform review of the Electronic Data Processing (EDP) controls relating to the District's computer system;
- < Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing based on our expectations);
- < Confer with management regarding the results of our planning;
- < Submit questionnaires and requests for information to management regarding internal control. Our approach will emphasize transaction processing; investments, cash receipts, cash disbursements, payroll, capital assets, and external reporting;

DETAILED PROPOSAL

- < Obtain an understanding of general ledger and related reports available for audit; and
- < Obtain basic information from management relating to risk assessment, including fraud risks.

Approach to Determine Applicable Laws and Regulations Subject to Audit Test Work

Our experience with various special districts and municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs participated in by the District. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents.

Internal Control Evaluation and Audit Risk Assessment

During this phase we will obtain an understanding of and evaluate key components of the District's internal control structure. We will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- < Reviewing questionnaires and documents obtained from management regarding the internal control structure.
- < Performing walk-throughs and tests of compliance with policies and procedures.
- < Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- < Interviewing key management personnel to verify or resolve complicated issues.
- < Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

Test of Controls and Compliance

Based on our preliminary assessment of the internal control structure and risk factors, we anticipate performing internal control testing in the following areas:

<u>Area</u>	<u>Sample Size</u>
Receipts and revenues;	40-60
Disbursements and accounts payable;	40-60
Payroll and related liabilities; and	40-60
Capital assets additions.	40-60

DETAILED PROPOSAL

We will perform internal control testing, with direct supervision by Mr. Datta and Mr. Paulden. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use audit command language (ACL) software and your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

Approach for Drawing Audit Samples for Compliance Tests

Compliance test samples will be drawn usually by statistical sampling techniques. The universe from which the sample is drawn begins at the beginning of the year under audit, and ends with the end of that year. If a null is picked, it is replaced in draw sequence until sufficient live items comprise the planned sample size.

We will request the District to provide us with all disbursements and payroll data files for the year in spreadsheet format from which to draw our samples.

Analytical Procedures

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will build our expectations based on historical experience and known current year factors and will investigate significant departures at the financial statement level to decide if we can reach our comfort level for certain audit areas. We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

Establishment of Final Audit Plan

Our audit plan will be based on the following:

- Results of our compliance and control testing;
- Analytical procedures applied to interim financial statements of the District;
- Results of our risk assessment;
- Results of audit brainstorming and team discussions; and
- Discussions with management.

Final Field Work

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures and reviewing estimates for unpaid claims.

At the end of our field work, we will discuss any proposed adjustments with management, and we will request a representation letter from management regarding the audit.

DETAILED PROPOSAL

Completion of the Audit

At the completion of all of the above procedures, we will draft the basic financial statements and notes and GAAP compliance at our manager and partner level. We will then issue drafts of all required reports, and discuss these drafts with appropriate District personnel. Upon approval by the District, we will issue our reports in final form and be available for a presentation to the District Board of Directors, if required.

On the following pages, we have detailed our proposed project schedule for the District's engagement. This proposed project schedule includes the number and type of personnel and amount of hours by segment and phase. We will finalize this schedule after initial discussions with District personnel by documenting those discussions, proposing a written schedule and gaining agreement.

Proposed Project Schedule

Audit Tasks
Contract Award
Planning and Administration
<ul style="list-style-type: none">• Review and obtain copies of key work papers of prior audit firm.• Review and evaluate District's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements.• Discuss audit approach, timing, assistance and issues with Management.• Prepare overall memo confirming audit procedures, timing and assistance.• Prepare detailed work plan and audit programs, audit budget and staffing schedule. Provide schedules to District Management.• Obtain a trial balance for interim analytical procedures.

Audit Tasks

Internal Control Structure

- Obtain and document our understanding of the following key internal control systems through walkthroughs, interviews of staff, and reviews of supporting documentation:
 - ◊ Budgeting
 - ◊ Revenue, billing, accounts receivable & cash collections
 - ◊ Purchasing, expenditures, accounts payable & cash disbursements
 - ◊ Capital assets and journal entry procedures
 - ◊ Debt issuance
 - ◊ Payroll
 - ◊ Other significant internal control systems as necessary.
- Perform testing of the internal control system and evaluate the effectiveness of the District's systems. Select large dollar and random samples of transactions in key operating systems. (Sample size designed to meet assessed / required level of risk, but generally higher than in previous years.) Review supporting documentation of selected transactions, evaluate transactions, evaluate adequacy of support and approvals and conclude on degree of adherence to accuracy and compliance with the District's policies.
- Prepare to the District's Management a memo concerning management letter points and identify issues, if any.
- Obtain preliminary schedule of expenditures of federal awards and sub-recipient disbursements for the latest closed month.
- Perform audit tests of grant programs and compliance with Federal laws and regulations. Review grant documents; select sufficient number of transactions to test for compliance with the most recent OMB Compliance Supplement, if necessary.
- Review minutes of District Board meetings and other key committees.
- Coordinate and assist District staff in the preparation of all appropriate confirmation requests including:
 - ◊ Bank accounts
 - ◊ Investment accounts
 - ◊ Federal grants
 - ◊ Revenue from governmental agencies
 - ◊ Bond and other debts
 - ◊ Attorney letters
 - ◊ Others, as required

Audit Tasks**Year End Audit Procedures**

- Follow-up on all outstanding confirmations.
- Verify and validate account balances by including invoices, vouchers, resolutions, minutes, and other documentation, as required.
- Perform analytical review of revenues and expenditures. Determine reasons for material differences between budget and actual.
- Perform payroll testing from journals to W-2 amounts (cross fiscal year). Tie W-2's to other available information.
- Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing staff.
- Perform review of subsequent events by discussions with Management and review of all minutes of the District's Board and key committees.
- Validate all analytical procedures, assumptions and perform additional testing as necessary. Discuss any proposed adjustments.
- Hold exit conference with management.

Financial Reporting

- Review the District's financial statements.
- Finalize Audit Reports and Financial Statements Delivered.
- Available to present all reports to the District's Board and Committees.

Computer Software in the Engagement

Brown Armstrong uses Windows Server 2008 virtual servers in a VMWare environment hosted on redundant Cisco UCS physical servers. We use Microsoft Exchange Server 2010 for our email, and we have a centralized data storage system running on a Netapp disk array. Our network backbone is comprised of Cisco routers and switches and we have WAN connections to our satellite offices. Our servers are on protected power and have redundant drive arrays to eliminate any single points of failure. All of our data is backed up using Zetta.net, which is HIPAA, FINRA, FIRPA, ITAR, SEC 17A-4 and SOX compliant. In addition, our IT system is reviewed (peer review) by a third-party IT consulting firm on a bi-annual basis to ensure we are up-to-date on security and efficiency issues.

All key personnel assigned to your audit have computer application skills and experience in auditing computerized accounting systems. At least two members of our proposed audit team are considered "power users" with skills above normal users. In addition, Brown Armstrong contracts with an outside IT consulting firm to perform testing on audit client's EDP and computer logistics on an as-needed basis.

In 2007, Brown Armstrong switched to paperless audits utilizing CCH Pfx Engagement software. Our staff is equipped with portable computer equipment that enables them to work effectively from the field. Our laptops have both hard drive

DETAILED PROPOSAL

encryption technology and tracking software to help us locate them in the case they are lost or stolen, and client data is regularly cleared off the local drives after jobs are finished. The data on each laptop in our main auditing software (CCH Pfx Engagement) is synched both with the central file room in our office and between each laptop in the field so there are multiple copies of the data available in case a laptop fails. Also, we use ACL software in performing computer assisted audit procedures. Several of the procedures we have performed using ACL were:

- Selection of warrants for test of control procedures
- Test for duplicate payments
- Test for potential employee fraud
- Transfer of trial balance data to our financial statement preparation software
- Test of inventory pricing

In performing such procedures, our clients were requested to provide us with their disbursements, payroll and other modules in either Dbase, ASCII or spreadsheet formats. ACL is able to read such files and perform various data mining functions such as sorting, recalculating, comparing, etc.

Additionally, Brian Letlow, our IT Director, provides a wide range of computer support to the Firm and its clients. Mr. Letlow is a Certified Network Engineer (CNE) and Certified Network Administrator (CNA).

Information Technology within the Financial Statement Audit

Brown Armstrong utilizes the Risk-based audit approach that recognizes the pervasiveness of Information Technology within business processes and financial transaction cycles. The first step is determining the level of IT sophistication, ranking entities by high, medium and low sophistication. High and Medium sophistication requires the assistance of a subject matter expert to evaluate and test the Information Technology and related controls. Once we have identified the relevant information systems we will test the IT General Controls surrounding the system to determine that the system can be relied upon. We will then test relevant Application controls and integrate that control assessment with our manual control testing and risk assessment process. We also may utilize various Computer Assisted Audit Tools to improve both the efficiency and effectiveness of our substantive procedures. In addition to the procedures noted above, we will provide recommendations to management on how to improve or streamline internal controls as they relate to your deployed Information Technology.

Identification of Potential Audit Problems

We currently do not anticipate any audit problems. However, with our history of working with numerous entities, often the greatest challenge and area that causes the most audit problems is the handling and implementation of new GASB standards.

In the event problems are identified during the course of our audit procedures, we will resolve the problem as follows:

- Discussion amongst audit team at the time of identified potential audit problem for consultation and consensus amongst the team.
- Consultation and discussion with appropriate District personnel when identified to ensure all facts are known and agreed upon with the audit team.
- Consultation and discussion with liaison(s).
- Resolution with appropriate District personnel.
- If applicable, a management letter will be submitted documenting the criteria, condition, cause and effect of the issue, along with our recommendation and management's response and corrective action plan.

BROWN ARMSTRONG

Certified Public Accountants

Cost of Services

The total all-inclusive maximum price contains all direct and indirect costs, including all out-of-pocket expenses. The total all-inclusive maximum price is as follows:

	2017
Total All-Inclusive Maximum Price	\$ 24,650

Rates for Additional Services

We do not anticipate that additional services will be necessary to complete the audit. If it should become necessary for the District to request Brown Armstrong to render any additional services to either supplement the services requested in the Request for Proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work agreed to between the District and Brown Armstrong shall be performed at the quoted hourly rates set forth in the schedule above.

Manner of Payment

Brown Armstrong agrees to progress payments on the basis of hours of work performed during the course of the engagement and out-of-pocket expenses incurred in accordance with our formal bidding proposal. Interim billings shall cover a period of not less than one calendar month.

APPENDICES

Appendix I

Summary of Recent Governmental Experience

CITIES	RETIREMENT PLANS	SPECIAL DISTRICTS
City of Bakersfield City of Baldwin Park City of Burlingame City of Delano City of Fresno City of Lindsay City of Modesto City of Pasadena City of Santa Barbara City of Seaside City of Tulare City of Visalia	Contra Costa County Employees' Retirement Association Fresno City Employees' Retirement System Fresno County Employees' Retirement Association Imperial County Employees' Retirement System Kern County Employees' Retirement Association Los Angeles Fire and Police Pension System Los Angeles City Employees' Retirement System Los Angeles County Employees' Retirement Association Marin County Employees' Retirement Association Merced County Employees' Retirement Association Orange County Employees' Retirement System San Diego City Employees' Retirement System San Diego County Employees' Retirement Association San Joaquin County Employees' Retirement Association San Mateo County Employees' Retirement Association Sonoma County Employees' Retirement Association Tulare County Employees' Retirement Association Ventura County Employees' Retirement Association San Francisco Bay Area Rapid Transit District Money Purchase Plan and Deferred Compensation Plan San Luis Obispo County Employees' Pension Trust Pasadena Fire & Police Retirement System Santa Barbara County Employees' Retirement System Fresno Metropolitan Flood Control District Pension Plan and Trust	Bear Mountain Recreation & Park District Delano Mosquito Abatement District Fresno Irrigation District Fresno Metropolitan Flood Control District Kern Tulare Water District Kern Water Bank Authority Kings County Economic Development Corporation Mojave Public Utility District Mother Lode Job Training Agency Riverside County Habitat Conservation Agency Pasadena Center Operating Company Pixley Public Utility District Port Hueneme Water Agency Rosamond Community Services District Rose Bowl Operating Company San Joaquin Area Flood Control Agency San Joaquin Valley Air Pollution Control District Santa Clara Valley Water District Stanislaus County Community Services Agency
TRANSIT	SCHOOL DISTRICTS	COUNTIES
Central Contra Costa Transit Authority Golden Empire Transit District Kern Council of Governments Napa County Transportation and Planning Agency Riverside Transit Agency San Joaquin Council of Governments Santa Cruz Metropolitan Transit District Solano County Transit Stanislaus Council of Governments Tulare County Association of Governments	Bakersfield City School District Castaic Union School District Delano Union School District Kern County Superintendent of Schools Richgrove Elementary School District Saugus Union School District Taft Union High School District Tehachapi Unified School District Visalia Unified School District	County of Fresno County of Kern County of Kings County of Merced County of Riverside County of San Joaquin County of San Luis Obispo County of Santa Barbara County of Santa Cruz County of Stanislaus County of Tulare
NON-PROFITS	HEALTH CARE	
Bakersfield ARC Community Action Partnership of Kern Community Action Partnership of San Luis Obispo Goodwill Industries of South Central California Kern County Bar Association Kern County Library Foundation Missionary Church Western District Pasadena Chamber of Commerce Pasadena Community Access Corporation Tranquil Waters Guidance Center Valley Consortium for Medical Education Women's Center – High Desert	Kern Health Systems Kern Medical Center Liberty Health Advantage Heritage Provider Network Heritage California Medical Group Heritage New York Medical Group Caring Corner Southwest Health Care District West Side Health Care District Riverside County Regional Medical Center San Joaquin County General Hospital Stanislaus County Health Services Agency	

Appendix II

External Quality Control Review Report



System Review Report

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2015. 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 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 upon 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* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 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*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

Weaver and Tidwell, LLP
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 29, 2016

AN INDEPENDENT MEMBER OF
BAKER TILLY INTERNATIONAL

WEAVER AND TIDWELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P: 972.490.1970 F: 972.702.6321

MOJAVE
AIR AND SPACE PORT
STAFF MEMORANDUM

TO: Board of Directors
FROM: Kevin Wojtkiewicz, Director of Planning
SUBJECT: T-Hangar 931 Lease
MEETING DATE: April 18, 2017

Background:

MASP recently purchased T-Hangar 931 from Richard Fischer. Scaled Composites was renting the Hangar from Mr. Fischer upon MASP's purchase and would like to continue renting the Hangar from MASP.

Staff recommends approval of the lease and authorization for the CEO to finalize the agreement.

Impacts:

Fiscal: \$512.00 per month

Environmental: N/A

Legal: N/A

Recommended Action:

Approve the CEO to sign the lease.

BASIC LEASE FOR HANGAR 931

Mojave Air and Space Port ("Landlord") and Scaled Composites, a Delaware Limited Liability Company ("Tenant") enter into this agreement for Basic Lease for Hangar 931 as of April 4, 2017, pursuant to the terms and conditions herein and in the Master Lease Agreement dated, April 1, 2013, incorporated herein by reference.

1.1 Premises: Hangar 931, comprised of approximately 1,656 square feet of building, as more specifically described on Exhibit A, Site Plan, attached hereto. Tenant acknowledges that, prior to execution of this Basic Lease, Tenant has had the opportunity to inspect the Premises and, by its execution of this Lease, Tenant hereby accepts the Premises in an 'as-is' condition.

1.2 Rental Commencement Date: April 1, 2017

1.3 Lease term:

1.3.1 Basic Term: Five (5) years, computed from the Rental Commencement Date.

1.3.2 Renewal Term(s): One (1) Renewal Term of Five (5) years, exercisable pursuant to Section 1.3.3.

1.3.3 Option to renew. Tenant is hereby granted the option to extend the term of this Basic Lease for the Renewal Terms described in Section 1.3.2 by giving notice of exercise of the option ("Option Notice") to Landlord at least 60 days, but not more than 180 days, before the expiration of the Basic Term, or the then current Renewal Term, as the case may be; provided, however, that if Tenant is in default on the date of giving any such Option Notice or if Tenant has assigned or sublet the Premises, the Option Notice shall be totally ineffective, and provided further, that if Tenant is in default on any payments due under the Basic Lease on the day that the Renewal Term would otherwise commence, such Renewal Term at the election of Landlord shall not commence and this Lease shall expire at the end of the Basic Term, or at the end of the then current Renewal Term, as the case may be. Tenant shall have no other right to extend the term beyond the specific number of Renewal Terms described in Section 1.3.2. During the Renewal Term(s), all of the terms and provisions contained herein shall apply.

1.4 Rent:

1.4.1 Basic Term: Tenant shall pay monthly installments of \$512.00. The Rent shall be adjusted in accordance with Section 3.2 of the Master Lease. Tenant shall pay a charge for security patrol and monitoring in the amount of 5% of the amount of such monthly rent payment.

1.4.2 Renewal Term: Annual Rent during a Renewal Term shall be adjusted pursuant to Section 3.2 of the Master Lease.

1.5 Use of Premises: The Premises shall be occupied and used by Tenant for storage and/or manufacturing purposes.

1.6 Tenant's Work: Deleted

1.7 Tenant Notice Address: (All copies are mandatory)
Scaled Composites, LLC
1624 Flight Line
Mojave, CA 93501

MOJAVE
AIR AND SPACE PORT
STAFF MEMORANDUM

TO: Board of Directors
FROM: Kevin Wojtkiewicz
SUBJECT: Water Pressure Reducing Station Phase II Installation
MEETING DATE: April 18, 2017

Background:

The Board approved a capital expense to upgrade and relocate the District's pressure reducing station from the t-hangers to the west side of the property near gate 41. The water infrastructure on property is extremely old and an incident involving this infrastructure could be catastrophic for the District. This pressure reducing station will upgrade the existing infrastructure and make it more accessible in the event of a future needed repair.

Phase I was completed by Griffith Company and a precise development plan was approved by Kern County. Phase II to consists of water pipe/valve installation, pressure reducing valves and the structure that houses them.

Bid opening is scheduled for April 17, 2017. Bids shall be scanned and transmitted to board members after opening, furthermore a hard copy of the bids shall be available at the board meeting.

MASP staff recommends Board review bids and choose LRB, award contract and empower CEO to finalize contract.

Impacts:

Fiscal: TBD bid opening April 17, 2017

Environmental: This project is exempt under CEQA regulations section 15303

Legal: N/A

Recommended Action:

Choose LRB, award contract and empower CEO to finalize contract.

MOJAVE

AIR AND SPACE PORT

CEO REPORT

TO: MASP Board of Directors
FROM: Karina Drees
MEETING DATE: April 18, 2017

Airport Improvements and Objectives

- Our fitness center is up and running with Elevation Fitness managing the facility. Fitness classes have begun and the facility is accessible 24/7.
- Our car charging stations at Legacy Park are installed and operational.

Updates

- We have established District email accounts for each Director and would like to know whether the Board is interested in having a separate device for their email account.
- Staff is working on the FY 17-18 budget and hope to have a draft for discussion next meeting.

Authorized Payments

- See check registers dated 3/30/17, total checks/payment amount: \$43,995.88.

Mojave Air & Space Port

Check Register - Standard

Periods: 09-17 Through 10-17 As of: 3/30/2017

Date: Thursday, March 30, 2017
 Time: 08:04PM
 User: LCALICA

Page: 1 of 4
 Report: 03630.rpt
 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: EKAD												
Acct / Sub:	101000		1200									
055414	CK	3/30/2017	0109	AT&T	09-17		037854	VO	82423366431/MAR	3/20/2017	0.00	229.50
055414	CK	3/30/2017	0109	AT&T	09-17		037855	VO	82425977755/MAR	3/20/2017	0.00	120.67
055414	CK	3/30/2017	0109	AT&T	09-17		037856	VO	82433413389/MAR	3/20/2017	0.00	459.84
055414	CK	3/30/2017	0109	AT&T	09-17		037857	VO	82438219146/MAR	3/20/2017	0.00	124.67
Check Total												
055415	CK	3/30/2017	0158	Ameripride Uniform Services	09-17		037871	VO	2100591529	3/24/2017	0.00	934.68
055415	CK	3/30/2017	0158	Ameripride Uniform Services	09-17		037872	VO	2100591531	3/24/2017	0.00	165.95
Check Total												
055416	CK	3/30/2017	0187	AFLAC	09-17		037870	VO	699199/MAR	3/25/2017	0.00	227.40
055417	CK	3/30/2017	0215	Allied Universal Security Services	09-17		037852	VO	6875105	3/23/2017	0.00	4,754.77
055417	CK	3/30/2017	0215	Allied Universal Security Services	09-17		037853	VO	6875106	3/23/2017	0.00	210.00
Check Total												
055418	CK	3/30/2017	0381	California Fencing, Inc.	09-17		037873	VO	STRATO GATE	3/14/2017	0.00	4,964.77
055419	CK	3/30/2017	0396	CDW Government	09-17		037874	VO	HCT0425	3/7/2017	0.00	79.05
055419	CK	3/30/2017	0396	CDW Government	09-17		037875	VO	HFG5113	3/14/2017	0.00	869.66
Check Total												
055420	CK	3/30/2017	0839	Highway Glass	09-17		037876	VO	109179	3/7/2017	0.00	948.71
055421	CK	3/30/2017	1043	Jim's CB & Radios	09-17		037858	VO	10130643	3/8/2017	0.00	42.90
055422	CK	3/30/2017	1122	Kelley-Randall	09-17		037859	VO	12013	3/27/2017	0.00	2,018.08
055422	CK	3/30/2017	1122		09-17		037877	VO	12024	3/29/2017	0.00	255.11

Mojave Air & Space Port

Date: Thursday, March 30, 2017
 Time: 08:04PM
 User: LCALICA

Check Register - Standard

Page: 2 of 4
 Report: 03630.rpt
 Company: EKAD

Periods: 09-17 Through 10-17 As of: 3/30/2017

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
055423	CK	3/30/2017	1136 Kern County Elections	09-17	037878	VO	11/8/16 ELECTIO	3/13/2017	0.00	2,273.19 30.92
055424	CK	3/30/2017	1154 Kieffe & Sons Ford	09-17	037879	VO	28162	3/27/2017	0.00	798.81
055425	CK	3/30/2017	1200 L & L Construction	09-17	037840	VO	W/E 3/19/17	3/19/2017	0.00	3,128.80
055425	CK	3/30/2017	1200 L & L Construction	09-17	037880	VO	W/E 3/19/17	3/19/2017	0.00	1,500.00
055425	CK	3/30/2017	1200 L & L Construction	09-17	037881	VO	W/E 3/26/17	3/26/2017	0.00	3,143.98
055426	CK	3/30/2017	1322 Made To Order	09-17	037882	VO	295148	3/21/2017	0.00	7,772.78 857.15
055427	CK	3/30/2017	1324 Mojave Transportation Museum	09-17	037883	VO	GRIT & STEAM	3/23/2017	0.00	350.00
055428	CK	3/30/2017	1406 Napa Auto Parts	09-17	037860	VO	863943	3/21/2017	0.00	93.84
055428	CK	3/30/2017	1406 Napa Auto Parts	09-17	037861	VO	863946	2/21/2017	0.00	4.58
055429	CK	3/30/2017	1670 Praxair	09-17	037884	VO	76674997	3/21/2017	0.00	98.42 218.67
055430	CK	3/30/2017	1800 RSI Petroleum	09-17	037862	VO	0303929	3/24/2017	0.00	881.72
055431	CK	3/30/2017	1802 RB DEVELOPMENT	09-17	037885	VO	0617MH	3/15/2017	0.00	6,700.00
055432	CK	3/30/2017	19258 SBS Group	09-17	037886	VO	522741	3/21/2017	0.00	1,755.00
055433	CK	3/30/2017	1952 So. Calif. Edison	09-17	037887	VO	2340063106/MAR	3/21/2017	0.00	1,245.45

Mojave Air & Space Port

Date: Thursday, March 30, 2017
 Time: 08:04PM
 User: LCAJLCA

Check Register - Standard

Page: 3 of 4
 Report: 03630.rpt
 Company: EKAD

Periods: 09-17 Through 10-17 As of: 3/30/2017

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
055434	CK	3/30/2017	2006	Sierra Rail Services, LLC	09-17		037863	VO	171203/03-17	3/25/2017	0.00	492.20
055435	CK	3/30/2017	2007	Synapse Technologies Inc	09-17		037891	VO	1051	3/6/2017	0.00	1,860.00
055436	CK	3/30/2017	3005	Cornellous Hughes	09-17		037888	VO	4295059	3/6/2017	0.00	244.98
055437	CK	3/30/2017	3010	Balentine-Jim	09-17		037842	VO	4649836-1	3/21/2017	0.00	399.96
055438	CK	3/30/2017	3864	Rawlings-Carrie	09-17		037864	VO	5374/032817	3/28/2017	0.00	232.00
055438	CK	3/30/2017	3864	Rawlings-Carrie	09-17		037865	VO	170176-0/032717	3/27/2017	0.00	317.00
				Rawlings-Carrie								549.00
055439	CK	3/30/2017	4000	Fang D.D.S.-Ted Y. T.	09-17		037841	VO	9179/031317-1	3/13/2017	0.00	262.00
055439	CK	3/30/2017	4000	Fang D.D.S.-Ted Y. T.	09-17		037843	VO	9179/022717-1	2/27/2017	0.00	280.00
				Fang D.D.S.-Ted Y. T.								542.00
055440	CK	3/30/2017	4225	Tehachapi Optometric	09-17		037889	VO	29/013117	1/31/2017	0.00	148.50
055440	CK	3/30/2017	4225	Tehachapi Optometric	09-17		037890	VO	29/013117	1/31/2017	0.00	359.20
				Tehachapi Optometric								507.70
Check Count:		27										43,995.88
												Acct Sub Total: 43,995.88

Check Type	Count	Amount Paid
Regular	27	43,995.88
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	27	43,995.88

Mojave Air & Space Port

Date: Thursday, March 30, 2017
 Time: 08:04PM
 User: LCALICA

Check Register - Standard

Page: 4 of 4
 Report: 03630.rpt
 Company: EKAD

Periods: 09-17 Through 10-17 As of: 3/30/2017

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period	Ref	Doc	Invoice	Invoice	Discount	Amount
					To Post	Nbr	Type	Number	Date	Taken	Paid
					Company Disc Total						0.00
					Company Total						43,995.88