

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339, Oceano, California 93475-0339 1600 Aloha Oceano, California 93445-9735 Telephone (805) 489-6666 FAX (805) 489-2765 www.sslocsd.org

Agenda South San Luis Obispo County Sanitation District Proposal Review Committee

April 20, 2015, 6 pm Arroyo Grande City Council Chambers 215 E. Branch Street Arroyo Grande, CA

Committee Members

Ron Holt, Mark London, April McClaughlin, Jeff Pienack, Patricia Price, Brad Snook, Beatrice Spencer, Andrea Vergne, Patty Welsh

- 1. Call to Order and Roll Call
- 2. Public Comment
- Election of Chair and Vice Chair
- 4. Distribution of Proposals
- 5. Discussion of Rating Criteria
- 6. Establishment of next meeting and topics



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Staff Report

To: Proposal Review Committee

From: Richard Sweet, PE, District Manager

Date: April 15, 2015

Subject: **ELECTION OF CHAIR AND VICE CHAIR**

RECOMMENDATION:

That the Proposal Review Committee elects a Chair and a Vice Chair.

BACKGROUND

Per the terms of the bylaws, copy attached, the Proposal Review Committee is required to have a Chair and Vice Chair. Section 1.4 of the bylaws states,

"1.4 The Chair and Vice Chair of the Committee shall be elected at the first meeting."

DISCUSSION

To fill the positions of Chair, it is recommended that the Committee make nominations from Committee members. Subsequently, the Committee should elect a Chair from the nominees for the Chair. Following election of the Chair, the same process should follow for the position of Vice Chair.

Richard G. Sweet, PE District Manager

Attachment: Attachment "A" Proposal Committee Bylaws

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT PROPOSAL REVIEW COMMITTEE BYLAWS 2015

1. OFFICERS OF THE COMMITTEE

- **1.1** The officers of the Committee are the Chair and Vice Chair.
- 1.2 The Chair of the Committee shall serve as chairperson at all Committee meetings. He/She shall have the same rights as the other members in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions.
- 1.3 In the absence of the Chair, the Vice Chair of the Committee or his/her designee shall serve as chairperson over all meetings of the Committee. If the Chair and Vice Chair of the Committee are both absent, the remaining members present shall select one of themselves to act as chairperson of the meeting.
- 1.4 The Chair and Vice Chair of the Committee shall be elected at the first meeting.
- 1.5 The term of office for the Chair and Vice Chair of the Committee shall commence after the election at the first meeting and conclude once the assignment is complete.
- 1.6 The Chair, or in his/her absence, the Vice Chair shall meet with the General Manager in advance of a regularly scheduled meeting to review all Warrants to be presented at the next regular Committee meeting immediately following the meeting with the General Manager.

2. MEETINGS

2.1 Subject to holidays and scheduling conflicts, regular meetings of the Committee shall commence at upon a date and time that is selected at the Committees first meeting. Notice shall be published a minimum of 72 hours in advance an notice shall comply with open meeting law known as the Brown Act.

2.2 SPECIAL MEETINGS.

Special meetings may be called by the Chair or two (2) Committee members with a minimum of twenty-four (24) hours public notice. A special meeting agenda shall be prepared and distributed pursuant to the procedures of the Brown Act.

2.3 Committee members shall attend all regular and special meetings of the Committee unless there is good cause for absence.

- 2.4 No action or discussion may be taken on an item not on the posted agenda; provided, however, matters deemed to be emergencies or of an urgent nature may be added to the agenda under the procedures of the Brown Act. Pursuant to the Brown Act:
 - (a) Members may briefly respond to statements or questions from the public.

2.5 MEETING PROTOCOL

- (a) Policy. The purpose of oral presentation at Committee meetings, as well as written presentations, is to formally communicate to the Committee on matters (1) listed on the Agenda, or (2) matters that are within the jurisdiction of the Committee during general public comment. However, the Committee is not required to provide a public forum for remarks or conduct in violation of the Rules of Decorum.
- (b) Each public commenter shall be limited to 3 minutes unless shortened or extended by the Chairperson with consideration of the length of the Agenda, the nature of the agenda item, and the meeting limitations of Sections 2.2, above.

2.6 DISTURBANCE OF COMMITTEE MEETINGS

- **2.6.1** Rules of Decorum. The rules of decorum, below, shall apply to public comment and attendance at Committee meetings.
- (a) Members of the audience shall not engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, whistling, stamping of feet, clapping and talking (other than giving public comment) or other acts which disrupts the orderly conduct of the Committee meeting.
- (b) Members of the audience who wish to address the Committee on a particular item on the Agenda shall line up behind the podium or sit in the front two (2) rows next to the podium.
- (c) No person shall address the Committee without first being recognized by the Chairperson.
- (d) Persons addressing the Committee are requested to state their name and their general place of residence.
- (e) Public comment and public testimony shall be directed to the Chairperson and shall be addressed to the Committee as a whole. Persons addressing the Committee shall not engage in a dialogue with individual Committee members, District staff or members of the audience. The Chairperson shall

- determine whether, or in what manner, the Committee will respond to questions.
- (f) Persons addressing the Committee are limited to one opportunity per Agenda item unless otherwise directed by the Chairperson in his/her discretion.
- **(g)** A person cannot defer his/her time allocation to another person.
- (h) When a group or organization wishes to address the Committee on the same subject, the Chairperson may request that a spokesperson be chosen to speak for that group. The spokesperson's three (3) minute time allocation may be extended by the Chairperson in his/her discretion.
- (i) Persons addressing the Committee shall confine the subject matter of their comments to the Agenda item being considered by the Committee.
- (j) Each person addressing the Committee shall do so in an orderly and civil manner and shall not engage in conduct which disrupts the orderly conduct of the Committee meeting.
- **(k)** The Chairperson may rule a speaker out of order who is unduly repetitious or extending discussion of irrelevance.
- (I) Except as provided below, persons who reference or read from documents such as reports, exhibits, or letters ("Documents") as part of his/her comment to the Committee shall lodge the Document (or a copy) with the Committee Secretary at the end of the comment, to allow the Document to be appropriately referenced in the meeting Minutes and to allow District staff the opportunity to review and respond to the Document. The Chairperson has the discretion to strike a speaker's comments from the record for failure to lodge the referenced Documents. Upon request, the lodged Documents shall be returned to the speaker after 1:00 p.m. on the day following the meeting.

Exceptions:

- Speaker's presentation outline, however, Documents referenced in the outline shall be lodged.
- Documents that are in the Agenda packet.
- Documents that have been previously published by the Committee, so long as the speaker identifies the Document by date, author and the pages referenced or read from.
- For voluminous Documents the speaker need only lodge the cover sheet that identifies the author and date and the pages read from or referenced.
- 2.7 <u>Enforcement of Rules of Decorum</u>. Any person who violates the Rules of Decorum may, at the discretion of the Chairperson, be removed from the meeting. The Rules of Decorum shall be enforced in the following manner:

- (a) <u>Warning</u>. The Chairperson shall warn the person who is violating the rules of decorum.
- **(b)** <u>Expulsion</u>. If after receiving a warning from the Chairperson, the person persists in violating the rules of decorum the Chairperson shall order the person to leave the Committee meeting room for the remainder of the meeting.
- (c) <u>Assisted Removal</u>. If such person does not voluntarily remove himself/herself, the Chairperson may order any law enforcement officer who is on duty at the meeting, or who may be summoned to the meeting, to remove the person from the Committee room.
- (d) Restoration of Order. If order cannot be restored by the removal of individuals who are disrupting the meeting, the Committee meeting will be continued under the provisions of Government Code §54957.9
- **2.8** <u>Limitations (Government Code §59454.3(c))</u> The Rules of Decorum shall not be interpreted to prohibit public criticism of the policies, procedures, programs or services of the Committee.
- 2.9 The Chair, or in his/her absence the Vice Chair (or his/her designee), shall be the presiding officer at Committee meetings. He/She shall conduct all meetings in a manner consistent with the policies of the Committee. He/She shall determine the order in which agenda items shall be considered for discussion and/or actions taken by the Committee. He/She shall announce the Committee's decision on all subjects. He/She shall vote on all questions and on roll call votes his/her name shall be called last.
- **2.10** Four (4) Directors of the Committee shall constitute a quorum for the transaction of business. When a quorum is lacking for a regular, adjourned, or special meeting, the Chair, Vice Chair, or any Director shall adjourn such meeting; or, if no Director is present, the District Secretary shall adjourn the meeting.
- **2.11** Except as otherwise specifically provided by law, a majority vote of the total membership of the Committee is required for the Committee to take action.
- 2.12 A roll call vote shall be taken upon the passage of all ordinances and resolutions, and shall be entered in the Minutes of the Committee, showing those Directors voting aye, those voting no, those not voting because of a conflict of interest, and absent. A roll call vote shall be taken and recorded on any motion not passed unanimously by the Committee. Silence shall be recorded as an affirmative vote.
- 2.13 Any person attending a meeting of the Committee may record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding that the recording cannot continue without disruptive noise, illumination, or obstruction of view that constitutes or would constitute a disruption of the proceedings.
- 2.14 All video tape recorders, still and/or motion picture cameras shall remain stationary and shall be located and operated from behind the public speakers podium once the meeting begins. The Chair retains the discretion to alter these guidelines, including the authority to require that all video tape recorders, still and/or motion picture cameras be located in the back of the room.

3. ETHICS TRAINING

3.1 Pursuant to sections 53234 et seq. of the Government Code all Committee members and shall receive ethics training.

4. AGENDAS

4.1 The General Manager, in cooperation with the Committee Chair, shall prepare the agenda for each regular and special meeting of the Committee.

5. PREPARATION OF MINUTES AND MAINTENANCE OF TAPES

- 5.1 The minutes of the Committee shall be kept by the Committee Secretary and shall be neatly produced and kept in a file for that purpose, with a record of each particular type of business transacted set off in paragraphs with proper subheads;
- 5.2 The minutes of the Committee shall record the aye and no votes taken by the members of the Board of Directors for the passage or denial of all motions.
- 5.3 The Committee Secretary shall be required to make a record only of such business as was actually considered by a vote of the Committee and, except as provided in Sections 4.4 and 4.6 below, shall not be required to record any remarks of Committee member or any other person;
- 5.4 Any Committee member may request for inclusion into the Minutes brief comments pertinent to an agenda item, only at the meeting in which the item is discussed.
- The Committee Secretary shall attempt to record the names and general place of residence of persons addressing the Committee, the title of the subject matter to which their remarks related, and whether they spoke in support or opposition to such matter.
- 5.7 The District shall keep and maintain the electronic recordings of Committee Meetings for a period of three hundred sixty-five (365) days beyond the date that the Minutes for any meeting are approved. The purpose is to insure accuracy of the Minutes and the electronic recording is not intended to substitute for the official record of the meeting.

6. DIRECTORS

- 6.1 Committee members shall prepare themselves to discuss agenda items at meetings of the Committee.
- 6.2 Members of the Committee shall exercise their independent judgment on behalf of the interest of the entire District, including the residents, property owners and the public as a whole.

- 6.3 Information may be requested from staff or exchanged between Committee members before meetings, within such limitations as required by the Brown Act. Information that is requested or exchanged shall be distributed through the General Manager, and all Committee members will receive a copy of all information being distributed.
- 6.4 Committee members shall at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Committee meetings.
- 6.5 Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Committee takes action, dissenting members should not to create barriers to the implementation of said action.
- 6.6 Except during open and public meetings the use of direct communication, personal intermediaries, or technological devices that is employed by a majority of the Committee to develop a collective concurrence as to action to be taken on an item by the Committee is prohibited.
- 6.7 Committee members shall not be prohibited by action of the Committee from citing his or her District affiliation or title in any endorsement or publication, so long as no misrepresentation is made, or implied, about the Committee's position on the issue.
- 6.8 Committee members are cautioned when using e-mail communications. Any communication from the General Manager, or the District's legal counsel, or from other members of the Board of Directors, in each case the Committee member in responding to that e-mail shall not respond to "all", as that could constitute a violation of the Brown Act for a serial meeting or other provisions.

7. **AUTHORITY OF DIRECTORS**

- 7.1 The Committee is a unit of authority within the District. Apart from his/her normal function as a part of this unit, Committee members have no individual authority. As individuals, Committee members may not commit the District to any policy, act or expenditure.
- **7.2** Committee members do not represent any fractional segment of the community but are, rather, a part of the body which represents and acts for the community as a whole.
- 7.3 The primary responsibility of the Committee is to provide an advisory opinion to the District Board of Directors regarding each proposal
- 7.4 Committee members, when attending other meetings, may refer to their affiliation as a member of the Committee and may make statements on their own behalf or endorsements on their own behalf as long as there is no misrepresentation made or implied about the Committee's position in regards to the issue presented.

8. AUTHORITY OF THE GENERAL MANAGER

The General Manager shall be responsible for all of the following:

1) Provide necessary assistance to allow the Committee to render an advisory opinion

9. CORRESPONDENCE DISTRIBUTION POLICY

Time permitting, the following letters and other documents shall be accumulated and delivered to the Board of Directors on Monday of each week and/or with agenda packet.

9.1 All letters approved by the Committee and/or signed by the Chair on behalf of the Committee; and

10. CONFLICTS AND RELATED POLICY

State laws are in place which attempt to eliminate any action by a Director or the District which may reflect a conflict of interest. The purpose of such laws and regulations is to insure that all actions are taken in the public interest. Laws which regulate conflicts are very complicated. The following provides a brief policy summary of various conflict related laws. Committee members are encouraged to consult with District Legal Counsel and/or the FPPC at 1-800-ASK-FPPC (1-800-275-3772), prior to the day of the meeting, if they have questions about a particular agenda item.

10.1 Conflict of Interest

Each Committee member is encouraged to review the District Conflict Code on an annual basis. The general rule is that an official may not participate in the making of a governmental decision if it is: reasonably foreseeable that the decision will have a material financial effect on the official or a member of his or her immediate family or on an economic interest of the official, and the effect is distinguishable from the effect on the public generally. Additionally, the FPPC regulations relating to interests in real property have recently been changed. If the real property in which the Committee member has an interest is located within 500 feet of the boundaries of the property affected by decision, that interest is now deemed to be directly involved in the decision.

10.2 Interest in Contracts, Government Codes Section 1090

The prohibitions of Government Code Section 1090 provide that the Board of Directors may not contract with any business in which another Director has a financial interest.

10.3 Incompatible Office

The basic rule is that public policy requires that when the duties of two offices are repugnant or overlap so that their exercise may require contradictory or inconsistent action, to the detriment to the other public interest, their discharge by one person is incompatible with that interest. When a Director is sworn in for such a second office, he/she is simultaneously terminated from holding the first office.

11. RESTRICTIONS ON RULES

The rules contained herein shall govern the Board in all cases to which they are applicable, and in which they are not inconsistent with State or Federal laws.



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Staff Report

To: Proposal Review Committee

From: Richard Sweet, PE, District Manager

Date: April 15, 2015

Subject: **DISTRIBUTION OF PROPOSALS**

RECOMMENDATION:

That the Proposal Review Committee receives the proposals received by the District in response to the Request For Proposals Issued by the District for the Review of Past Management Practices.

BACKGROUND

At the meeting of February 18, 2015 the Board approved the issuance of a Request for Proposals (RFP) for the review of past management practices for the period of 2004 through the February 2013. As per the approved RFP, the RFP was issued on March 9, 2015, in conformance with the original project schedule, responses were received on April 13, 2015.

DISCUSSION

Two proposals were received in response to the RFP. Both of these are attached.

Proposals were received from

Richard G. Sweet, PE District Manager

Attachment: Proposal from Knudson and Associates

Proposal from PERC Water

KNUDSON & ASSOCIATES

PROPOSAL

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT Review of Management Practices

Richard Sweet, PE, District Manager

South San Luis Obispo County Sanitation District

1600 Aloha Place

Oceano, CA 93475

April 13, 2015

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1. Executive Summary

We wish to thank the SSLOCSD for the opportunity to bid on the "Review management practices of financial, operational and engineering functions." However, after discussions with the SSLOCSD our main focus will be on the "financial, operational" aspects of the work. The "engineering" part of the RFP will be addressed later.

In order to further familiarize ourselves with the RFP, we have had several conversations with Amy Simpson at the district and have asked for and received answers that were helpful in further understanding the RFP. We have also researched the website of the district and have reviewed the public documents related to Board of Directors meetings in January and February of this year.

Based upon the RFP and our background research, we have designed a work plan that will cover the areas set forth in the RFP. We will work with Amy Simpson, Rick Sweet and John Clemons at the district office in order to; access the accounting records, access the historical business records retained at the district office and access the audit reports stored at the district office.

Our work plan is divided into three phases; the First Phase will be a fact finding process to evaluate the extensive business records of the district for the period 2004 to February 2013.

We understand that there are 56 boxes of records received from Mr. Wallace upon his departure in 2013 and we will review those 56 boxes of records for completeness and isolate files for further review. The review of the records will be time consuming, but a necessary step.

We will analyze the prior audited financial statements for the period 2004 to 2013 and develop a program to isolate anomalies and trends found by the previous auditors.

Working with Amy Simpson we will review the electronic QuickBooks accounting records and perform certain analysis to identify anomalies and areas of concern. Phase One will be a time-consuming process because of the volume of records and the fact that our work will cover nine years of records (2004 to 2013). We understand that Amy Simpson started her work at the district in 2014 and is the person most knowledgeable about the QuickBooks accounting system.

The Second Phase of the project will include investigating the areas of concern identified in Phase One, and will include the interview of current/former employees of the district, and board members current and former. This phase will be time consuming

since we will have to find and interview past employees and coordinate with their schedules.

Finally, at the end of our work, we will prepare a report of our findings and meet with district management and Board Members of the SSLOCSD.

Our estimated costs for Phase One are \$23,520, Phase Two, \$23,520 and \$8,460 for the final report for a total value of \$55,500. We have done our best to predict the number of man-hours to complete all phases, but our efforts will depend upon the state of district records and availability of witnesses, which we cannot appreciate at this time. It is possible that we could conclude our work under budget and we will be diligent in the use of the approved budget.

Sincerely,

Carl R. Knudson

Knudson & Associates

Attachments; as stated

2. <u>Understanding of Requirements</u>

The RFP states: "Review management practices of financial, operational and engineering functions. Review documents, interview past and present employees, contact administrators, and consultants to analyze and present professional analysis of the following for the period of 2004 to February 2013."

Financial

Line item evaluation of expenditures

Compare expenditures to that of similar agencies, identify anomalies or unusual expenditures

Review of agency audits; identify irregularities and how/if addressed

Identify any malfeasance

Identify practices that are not consistent with best management practices.

Operation

Evaluate past practices associated with plant operations

Evaluate contracts for engineering, purchasing and capital projects to ascertain whether they are consistent with standard practices"

The "financial" analysis will begin with meeting with SSLOSD officials who advised us that there will be an office at the district where we can review the bookkeeping/accounting records of the district.

District officials have indicated that there are 56 boxes of records (related to the period 2004 to 2013) that were turned over by Mr. Wallace upon his departure. It is also our understanding that some of the accounting records, up to 2008, were hand-written ledgers. We will analyze the bookkeeping/accounting records for completeness and content to ensure "all" records are available for analysis. We will also look for any financial statements prepared by Mr. Wallace during the 2004 to 2013 period of time.

We are aware that the 2004-2013 "audited" financial statements are also located at the district office.

During the "Operation" review portion of the RFP, we will attempt to recover the retained contracts and any related supporting documents that will document past practices associated with the awarding of contracts and whether the contracted services were

performed and were consistent with the operations of SSLOCD. We will consult with district officials including Mr. John Clemons, District Supervisor for the SSLOCD.

3. Standards and Practices that will identify methods utilized to evaluate business, financial and operational practices.

The methodology will be a fact based analysis of historical records maintained by the SSLOCSD. We will review past practices related to the finances, business practices and operation practices, and then compare them to current practices.

We understand that there have been dramatic decreases in expenditures by the current district management and they have created a budget surplus.

The areas that we will analyze will determine whether the district records are complete or that selected records have not been provided in the 56 boxes of records received from Mr. Wallace.

We will examine the internal "Controls" used by Mr. Wallace to insure that all expenses were properly recorded and that materials purchased were actually received by the district.

We will examine the "Approval" process for payments and contracts to determine whether district guidelines were followed with respect to bidding on projects and/or the approval of expenditures.

We will look for "Weaknesses" in the bookkeeping/accounting system related to expenditures, record keeping and expenses paid by the district.

We will do some "Testing" of expenditure items that are high in dollar value.

We will look for conflicts of interest between vendors and district officials and whether personal benefits were received by Mr. Wallace or his employees.

We will review the previous practice of using capital expenditure funds (LAIF) for general operating expenses.

We will seek out current and previous employees of the district and conduct interviews to address issues highlighted in previous board meetings and local newspaper coverage. We will speak with all available parties including Mr. Wallace, if appropriate.

4. Who we are

Knudson & Associates, located in Thousand Oaks, CA, have provided consulting services to government entities and private clients for over 14 years. Mr. Knudson as a special agent with the IRS conducted several investigations into city government malfeasance in the awarding of contracts to the Waste Management Industry and General Contractors doing business with cities located in the County of Los Angeles. As a director at Price Waterhouse, Mr. Knudson led a team of analysts to determine whether the alleged "evaporation" of a 65 million dollar cities construction fund was related to malfeasance in the awarding of contracts to vendors and/or the conflict of interest between city officials and the vendors.

Knudson & Associates have conducted internal investigations for their corporate clientele for the past 15 years which included employee malfeasance, embezzlement and regulatory violations. We have analyzed corporate entities whose revenue and financial positions range from the \$100,000 million to \$1 billion in gross revenue.

We have also worked with indigent clients represented by the Los Angeles Federal Public Defenders Office, The Los Angeles County Public Defender's Office, the Orange County Public Defender's Office and the California Criminal Justice Act attorneys. The general fraud loss to victims has ranged from \$10,000 to over \$350 million.

We have attached Letters of Recommendation from some of the attorneys we have worked with on behalf of their corporate clientele. (Tab 1)

Our core expertise is the analysis of business records in the anticipation of litigation, which includes; accounting records, bank records and other related financial/business records. Mr. Knudson will be managing the day-to-day execution of our work plan. We are fair and unbiased in our review and examination of business and financial records. We let the facts of the situation speak for themselves.

5. <u>Line item review of expenditures, identify anomalies or unusual expenditures.</u>

Initially, we will analyze the QuickBooks accounting program for the period 2008 to 2013 and the handwritten accounting ledgers for the period 2004 to 2007. We will analyze expenses and look for trends, and anomalies in the accounting data. We will do a test sampling of expenditures that are extensive and unusual and compare the expense to the actual invoice or request for payment located in the 56 boxes. We will determine the person or persons who authorized the expenditure. We will also verify selected

vendors by a QuickBooks database search, and visit the actual business address to verify the address and the invoice(s).

We may review the minutes of the board for the period 2004 to 2013 if necessary in order to highlight expenditure issues brought before the board.

6. Review of agency audits; identify irregularities and how/if addressed.

We will review the district audited financial statements from 2004 to 2013, and look for issues found/identified by the auditors. If appropriate and possible, we will contact the auditor to discuss any issues they raised during their audits and ask to review their work papers for further detail of the areas they audited and issues they uncovered.

7. <u>Identify any Malfeasance</u>

There have been several allegations regarding the conduct of Mr. Wallace during his tenure as director of the SSLOCSD. We will review all of the allegations and attempt to contact the relevant parties. Our review of the "Wallace" documents that he turned over to the district upon his retirement will be designed to identify any malfeasance by Mr. Wallace or his employee's.

8. <u>Identify practices that are not consistent with best management practices.</u>

This will be a subjective exercise, but we believe that the issues at the SSLOCSD offices included; use of Capital Expenditure Funds (LAIF) for operating expenses, cost overruns on awarded contracts, record keeping, security of inventory and assets, internal controls, selection of vendors, approval of contracts and conflict of interest.

.9. Cost of services provided

Mr. Knudson's hourly rate is \$150 per hour, plus reasonable expenses. The associates are charged out at \$75 per hour, plus reasonable expenses. The hourly rates are charged when we are at the district office and while we are traveling.

Other expenses will include hotel accommodations while we are working at the district offices, current prices for Holiday Inn Express are \$105 per night. We will charge for mileage @ fifty cents (.50) per mile (versus airfare). We do not charge for meals (per diem), telephone charges or emails, but we charge a 10% administrative fee of the net consulting fees.

We estimate that the first phase of the work will include a visit to the district office to go through the 56 boxes of records which are said to be the "Wallace" records that he

maintained during the period 2004 to February 2013. We understand that the 56 boxes of records include; the accounting documents maintained by Wallace, the contracts and supporting documents related to the contracts such as approval forms for vendor payment requests. Also, during the First Phase, we would expect to review the audited financial statements prepared by the district auditor for the period 2004 to February 2013. All of this work will be done at the district office.

We expect Phase One to last two weeks with an estimated cost of \$23,520.

We estimate that the Second Phase will last two weeks at a cost of \$23,520 (Tab 2, itemized spreadsheet of costs for all phases).

If for any reason it appears that will exceed the estimated costs we will inform Mr. Sweet immediately and discuss the reasons for increasing the fee amounts. We will also notify Mr. Sweet if we finish our projected work under budget.

The final phase will be writing the report for presentation to District Management and the SSLOCD Board and I estimate that work to be \$8,460. See detail of allocated hours for the project in the attached spreadsheet Tab 2.

10. Resumes of Mr. Knudson and associates.

Attached to this proposal (Tab 3) are the resumes of Mr. Knudson and the associates that are projected to assist in this project. Each of the individual associates are uniquely qualified to assist in the financial analysis of the district records and also assist in the interview of potential witnesses. The listed associates are battle tested and have worked with Knudson & Associates since 2005, some even longer.

11. <u>Insurance coverage</u>.

I have included the relevant proof of my Errors and Omissions coverage at Tab 4. It should be noted that the insurance policy automatically renews on April 25, 2015.



STEPHEN A. MANSFIELD +1 415.765.9519/fax: +1 415.765.9501 smansfield@akingump.com

March 19, 2015

VIA U.S. MAIL

Richard Sweet, PE District Manager South San Luis Obispo County Sanitation District Oceano, California 93445

Dear Mr. Sweet:

In my capacity as a government investigation specialist and former federal prosecutor in Los Angeles, I have known Mr. Knudson for twenty plus years, first as a special agent with the Internal Revenue Service, Criminal Investigation Division (CID), as a Director at the Big 5 accounting firm of Price Waterhouse and KPMG, and finally as the owner/operator of Knudson & Associates.

Mr. Knudson has been retained by my law firm of Akin, Gump, Strauss, Hauer & Feld on many projects including; criminal tax fraud, alleged regulatory violations by the firms client's, Internal embezzlement schemes, FCC violations, False claims against our client and background investigations related to litigation.

In all of those projects, Mr. Knudson's analysis of complex financial statements, accounting records, business records and tax returns has been performed professionally and at a high level of competence. Mr. Knudson has conducted several internal investigations for our client's and his investigative skills have been at a high level of competence as well.

I would recommend Mr. Knudson and his associates for the SSLOCSD project without hesitation; his work ethics are beyond reproach.

Sincerely,

Stephen Mansfield

KAYE, McLANE, BEDNARSKI & LITT, LLP

ATTORNEYS AT LAW
234 East Colorado Blvd., Suite 230
Pasadena, California 91101
626-844-7660
626-844-7670 FAX

RONALD O. KAYE DAVID S. McLANE MARILYN E. BEDNARSKI BARRETT S. LITT

KEVIN LAHUE CAITLIN S. WEISBERG LINDSAY BATTLES

Of Counsel
CARLTON F. GUNN

March 23, 2015

Richard Sweet, PE
District Manager
South San Luis Obispo County Sanitation District
Oceano, California 93445

In re: Carl R. Knudson

Dear Mr. Sweet:

I understand that you are considering Mr. Knudson's services for a project. I have been a lawyer for thirty years and practice criminal and civil litigation. In that professional capacity I have known Mr. Knudson for over ten years and hired Mr. Knudson and his firm, Knudson & Associates, as a consultant and expert to assist me on many projects including allegations of criminal tax fraud, money laundering, FCPA (Foreign Corrupt Practices Act), False Claims Act and background investigations related to litigation.

In all of those projects, Mr. Knudson's analysis of complex financial statements, accounting records, business records and tax returns has been performed professionally and at a high level of competence. Mr. Knudson has conducted several internal investigations for me concerning witnesses and companies and his investigative skills are also exemplary. I would recommend Knudson & Associates for the SSLOCSD project without hesitation; his work ethics are beyond reproach. He is efficient, fair and honest in his work and billing. If you have any questions, don't hesitate to call me.

Sincerely.

Marilyn E. Bednarski

DM132254



409 N. Pacific Coast Hwy., 651 Redondo Beach, California 90277 E-Mail: peter@peterjohnsonlaw.com Ph: (310) 295-1785

March 20, 2015

Richard Sweet, PE District Manager South San Luis Obispo County Sanitation District Oceano, California 93445Bryan Salgado

In re: Letter of Reference for Carl R. Knudson

Dear Mr. Sweet:

I have known Mr. Knudson for almost ten years and during that time, Mr. Knudson & Associates has been retained by the Los Angeles Federal Public Defenders Office and my law firm as a consultant on many projects including; criminal tax fraud allegations, money laundering schemes, identity theft, and background investigations related to litigation.

In all of those projects, Mr. Knudson's analysis of complex financial statements, accounting records, business records and tax returns has been performed professionally and at a high level of competence. Mr. Knudson has conducted several internal investigations for my client's and his investigative skills have been at a high level of competence as well.

I would recommend Knudson & Associates for the SSLOCSD project without hesitation; his work ethics are beyond reproach.

Sincerely,

Peter Johnson

	WORK PLAN	SSL	OSD			
			r. Knudson		Associate	
		Hourly Rate		Hourly Rate		
PHASE ONE	Hours	\$	150.00	\$	75.00	
Week One	40	\$	6,000.00			
	40		- 1700 Maria	\$	3,000.00	
Hotel	\$105.00 per night	\$	525.00	\$	525.00	
2:	.50 x 270(135					
Mileage Round trip	miles each way)	\$	135.00			
Travel time	3 hours each way	\$	450.00	\$	225.00	
Admin Fee 10%		\$	600.00	\$	300.00	
Individual Totals		\$	7,710.00	\$	4,050.00	
Grand Totals		\$	11,760.00			
Week Two	40	\$	6,000.00			
	40		•	\$	3,000.00	
Hotel	\$105.00 per night	\$	525.00	\$	525.00	
	.50 x 270(135			Ψ	020.00	
Mileage Round trip	miles each way)	\$	135.00			
Travel time	3 hours each way	\$	450.00	\$	225.00	
Admin Fee 10%		\$	600.00	\$	300.00	
Individual Totals		\$	7,710.00	\$	4,050.00	
Grand Totals		\$	11,760.00			
Two Week Total Phase One		\$	23,520.00			
		Mr	Mr. Knudson		Associate Hourly Rate	
2114		Hourly Rate				
PHASE TWO	Hours	\$	150.00	\$	75.00	
Week One	40	\$	6,000.00			
	40			\$	3,000.00	
Hotel	\$105.00 per night	\$	525.00	\$	525.00	
	.50 x 270(135					
Vileage Round trip	miles each way)	\$	135.00			
Travel time	3 hours each way	\$	450.00	\$	225.00	
Admin Fee 10%	-	\$	600.00	\$	300.00	
ndividual Totals		\$	7,710.00	\$	4,050.00	
Grand Totals		\$	11,760.00			

Prepared by:

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	\$	23,520.00		
	Mr. Knudson Hourly Rate		Associate Hourly Rate	
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miles each way)	\$	135.00		
4 hours each way	\$	600.00	\$	300.00
	\$	600.00	\$	75.00
	\$	7,335.00	\$	1,125.00
	\$	8,460.00		
370 Man hours	\$	55,500.00		
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Carl R. Knudson - Forensic Accountant and Certified Fraud Examiner

Professional Experience

Consulting and expert testifying services related to government law enforcement and white-collar investigations, both criminal and civil matters. Former IRS special agent experienced in the investigation and prosecution of complex white-collar crime violations. Served as summary fact witness and as expert witness in federal and state court proceedings regarding criminal and civil matters. Areas of expertise include: tax fraud, federal and state money laundering schemes, federal money structuring schemes, wire fraud schemes, mail fraud schemes, bankruptcy fraud schemes, SEC violations, bank fraud schemes, loan fraud schemes, mortgage banking fraud, narcotics trafficking, Ponzi schemes, Pyramid schemes, Telemarketing schemes, Political Corruption schemes, and embezzlement schemes.

As a Consultant:

- Managed and conducted engagements into internal embezzlement schemes by corporate officers employed at high tech companies, construction companies, insurance companies, hotel management companies, hospitals, HMO's, not-for-profit organizations, city government and casinos. Coordinated investigative and forensic accounting efforts with external counsel, general counsel, human resources and the internal accounting staff. Traced flow of embezzled funds through corporate books and records, bank accounts and internal backup documents. Reviewed audit work papers to assess whether SAB 99 (fraud audit considerations) were considered. Assembled evidence and provided written and oral reports to board of directors and other corporate officers. When appropriate obtained technical expertise to preserve evidence on accused's computer hard drive. Testified in civil and criminal proceedings regarding my findings.
- Conducted international warranty fraud investigation for prominent computer manufacturer that had purportedly been overcharged \$100 million by its service providers. Participated in the design and implementation of analytical approaches to mining a large data field that culminated in attaining bottom-line warranty loss figures for client. Coordinated field investigations of alleged fraudsters and provided report of findings to client. Worked with client in designing reports to SEC regarding "materiality" issues on fraud loss.
- Conducted investigation for California city government regarding allegations of corruption in the award of a \$65 million construction project and subsequent "evaporation" of the funds from the project. The engagement team analyzed the government contracting process utilized in the construction and operation of the project, reconciled all bank accounts and traced funds to their origin. The team performed testing of account receivable and accounts payable to determine whether all income was reported and/or all expenses accounted for. Issued report to City Manager of our findings.
- Consulted on Bank of New York case as money laundering expert re alleged Russian Mafia laundering of billions of dollars through client wire room.

- Consulted for National Insurance Carrier in \$74 million fraud-loss claim related to CEO fraudulent conversion of corporate monies.
- Consulted for International Insurance Broker, Fortune 50 Company re embezzlement scheme
 by vice president of accounting department. Conducted analysis of client accounting records
 and bank documents showing how the fraud was perpetrated against the client. Prepared
 report of findings for client, which was used to prosecute the fraudster.
- Consulted for national grocery chain regarding over-billing assertions by local government entities. Conducted statewide secret sampling of grocery chain stores, which rebutted assertions of local government allegations.
- Consulted for International Religious organization regarding embezzlement of church funds by Chief Financial Officer. Analyzed accounting records for five-year period of time and provided report to document findings of embezzlement.
- Consulted for Los Angeles Public Golf Course operator accused of arson to prevent government audit of books and records of golf course. Recovered relevant records needed for audit request from burned out storage area where accounting records were stored.
- Engaged by the defense in US v. <u>Weider</u> (May 2005) to provide analysis of government's allegations of narcotics money-laundering. Analyzed the government's evidence and provided report to rebut government's assertions. Assisted counsel in trial during cross-examination of government's money laundering experts.
- Engaged by defense counsel in US v. <u>Ealy</u> (March 2008) to provide analysis of government's allegations of narcotics money laundering against client. Analyzed government's purported evidence of the crime and also assisted counsel in developing the strategy that rebutted the government's assertions.
- Engaged by an international construction company to investigate embezzlement from Political Action Committee (PAC) bank accounts. Documented internal embezzlement scheme and reconciled accounting records to restated FEC reports.
- Engaged by counsel to assist in defending client in divorce proceedings. Created database and analyzed 15 years of bank transactions involving over 25 bank accounts. Reconciled all accounts and traced personal and community property transactions. Prepared several reports related to Marital Standard of Living analysis to be used in settlement proceedings.
- Engaged by Arizona hospital that suspected the CEO and CFO had embezzled millions from company bank accounts. Reconciled company bank accounts and analyzed accounts

receivable and accounts payables for anomalies. Analyzed the health provider contract (capitation rates, industry standards, and reasonableness tests) in politically charged situation. Presented findings and conclusions to Board of Directors and hostile physicians.

- Engaged by counsel in civil fraud case to assist multi national client in recovering millions of dollars in fraudulently obtained funds. Constructed several large databases used to trace flow of funds in and out of "fraudsters" bank accounts. Provided reports of findings to Bankruptcy Court and to counsel.
- Engaged by counsel to provide cash flow analysis of funds between numerous related entities being investigated by the FTC. Analyzed internal documents, bank statements and prepared report of findings.
- Engaged by State Department to provide expert analysis of billion-dollar embezzlement, money laundering and bankruptcy scheme by high-ranking official in foreign country. Also provided training to foreign government officials relative to conducting complex financial investigations.
- Engaged as expert in US v. Anthony Pendleton (August 2009) to provide analysis of IRS charges regarding multiple-filer scheme.
- Engaged as expert in USA v. Annya Nguyen to provide analysis of IRS charges regarding failure to file quarterly corporate tax returns (August 2009). Prepared IRS quarterly tax returns for client's corporations for a four-year period.
- Engaged by client to reconstruct six years of business and banking records for several limited partnerships and personal returns.
- Engaged as expert by counsel in US v. Samual and Zipoora Klein to provide tax loss calculation using the "Bank Deposit" method of proving income.
- Engaged as expert by counsel in US v. Gilbert Camero to provide analysis of identity theft and bank fraud charges against client. Reviewed discovery and provided report to counsel (2012).
- Engaged as expert by counsel in US v. Johnny Stewart to provide analysis of identity theft and bank fraud charges against client. Reviewed discovery and provided report to counsel (2012).
- Engaged by general counsel to perform a nationwide investigation of a major electronics vender. Investigative team visited over 100 stores and conducted assessment of how

vendor's product was being promoted. Prepared reports of findings to general counsel (2013).

As an Expert Testifier:

- Testified as expert in Santa Ana Federal Court re US v. Christian Powell (August 2014) regarding allegations of Mail Fraud, Wire Fraud and Money Laundering. Analyzed discovery related to the charges and designed templates and exhibits for my direct examination, which rebutted government's analysis of the expenditure of investor funds. Also provided templates for cross examination of government's summary witness.
- Testified as expert in Santa Ana Federal Court re US v. Charles M. Davis, Pro per (June 2014) regarding allegations of Mail Fraud, Wire Fraud and Money Laundering. Analyzed discovery related to the charges and designed templates and exhibits for my direct examination, which rebutted government's analysis of the expenditure of investor funds. Also provided templates for cross examination of government's summary witness.
- Testified as expert in Los Angeles Federal Court re US v. Bart <u>Slanaker</u>, et al (April 2012) regarding allegations of Telemarketing Fraud, mail fraud and wire fraud. Analyzed discovery related to the charges and designed templates for my direct examination. Assisted defense counsel in constructing cross-examination of government expert.
- Testified as expert in Los Angeles Federal Court re US v. <u>Vandevort</u> (July 2010) regarding allegations of bankruptcy fraud and money laundering. Analyzed discovery related to the charges and designed template for my direct examination. Assisted defense counsel in constructing cross-examination template of government expert.
- Testified as expert at Pomona Superior Court Mao v. <u>Hsieh</u> (June 2010) re civil fraud allegations. Analyzed bank account documents, loan documents, real estate documents and accounting records. Designed spreadsheet analysis to support assertions of fraudulent activity by other investors. Designed template for my direct examination by counsel.
- Testified as expert in Los Angeles Federal Court, US v. <u>Ronald Rakow and Denise Del Bianco</u> (July 2006) on criminal tax charges. Provided alternate tax loss calculations, which contradicted the government's allegations of tax evasion.
- Testified as expert in Los Angeles Superior Court, People v. <u>Maritza Martinez</u> (January 2002) re drug money laundering charges. Analyzed government's evidence and provided rebuttal report to counsel. Government subsequently dropped charges and case was dismissed with prejudice.
- Testified as expert in US v. <u>Anne Masters Sholtz</u> (April 2008) to provide loss analysis of client's alleged multi-million dollar fraud-Ponzi scheme. Provided in depth analysis of

energy trading credits that showed victim's fraud-loss was zero. Sentencing judge agreed with my loss calculation of no loss.

- Testified as expert in the defense of CEO accused of evading over \$2 million in federal taxes. Reviewed government's evidence of alleged scheme and provided report of findings to counsel showing government's assertions to be substantially overstated. In civil IRS case that followed, prepared further analysis of IRS civil findings that rebutted alleged tax loss reasserted.
- Engaged by counsel to assist in the defense US v. <u>Lynn Meredith</u>, et al. Client accused of Failure to File, IRS Klein Conspiracy and Mail Fraud. Provided analysis of government's evidence and attended 12-week trial. Also prepared ten years of delinquent federal and state tax returns for other defendant in same case.
- Testified as expert in US v. <u>Osaki</u> re \$350 million "Ponzi" scheme. Provided analysis of government's assertions and issued report that showed the government's expert had used a "plug" figure in their analysis of the defendant's bank accounts, which caused an overstatement of the alleged fraud loss.
- Testified as expert in civil fraud proceedings in re: DAS Corporation v. <u>Christopher and Erica Kim</u>. Optional Capital v. Christopher and Erica Kim and US v. 475 Martin Lane, Beverly Hills, CA. All three proceedings related to an alleged \$24 million embezzlement and money laundering scheme. Plaintiffs including the US Attorneys Office (USAO) in Los Angeles. Testified in several depositions and prepared declaration of findings to rebut plaintiff's expert testimony.
- Testified as expert in Los Angeles Federal Court in re US v. <u>Stephen Sayre</u>. "Pro Se" client re financial analysis of stock trading trends and profits in alleged SEC 10b5 violations. Analyzed data provided by FINRA re trading of various stocks which rebutted government's assertions of stock manipulation.
- Testified as expert in Los Angeles Federal Court in re US v. <u>Gerald and Patricia Green</u> (September 2009), re Foreign Corrupt Practices Act (FCPA), False Corporate Tax Returns, Money Laundering and obstruction case. Provided analysis of client's accounting records, bank accounts, and work papers of tax preparer. Prepared summary chart of my findings that rebutted government's allegations. Assisted counsel during cross-examination of government witnesses during four-week trial.
- Testified as expert in Santa Ana Federal Court in re CFTC (Commodities Future Trade Commission) v. <u>Forex Liquidities</u>, <u>LLC</u> (July 2009) order to show cause action against client. Reviewed client general ledger, trustee's report of findings, and related bank documents. Provided report that rebutted assertions of appointed trustee.

- Testified as expert in Los Angeles Federal Court in re, US v. <u>Steve Austin</u> (August 2009) conducted extensive analysis of client investment records, which rebutted the alleged government loss calculation.
- Testified as expert in Los Angeles Superior Court in re People v. Justice Edem (July 2008) conducted analysis of government discovery, which rebutted the government's assertions of tax fraud.
- Testified as expert in Los Angeles Federal Court in re US v. <u>Khaled Amed</u>, conducted analysis of extensive government accounting database related to payments to client business entities. Analyzed business billing records related to medical fraud charges.
- Testified as expert in Los Angeles Federal Court in re US v. <u>Rafael Yepez</u>, conducted analysis of government discovery and provided report to counsel, which rebutted the allegation of money laundering.

As a Special Agent

- Developed the investigation of the largest known narcotics money laundering organization in U.S. history. Coordinated the nationwide investigative efforts of the IRS, DEA, FBI and U.S. Customs Service personnel with the Los Angeles United States Attorney's Office ("USAO"). The investigation, known as "Polar Cap," revealed that over \$1 billion in U.S. currency had been laundered by a Los Angeles-based organization for the infamous "Medellin" Columbia Cartel. Supervised the collection and analysis of all financial data, which documented the flow of currency from "Cartel" collection points, through the Los Angeles based money launderers and subsequently wire-transferred to a South American money exchange account. Received "The Distinguished Agent of the Year" award from the Los Angeles County Bar Association in May of 1990 for this investigation. Exploits of this investigation were detailed in the book "Washed in Gold," (1994) Simon & Schuster.
- Conducted investigation of an international entrepreneur that was accused of operating a "Pyramid" scheme in the U.S. Uncovered several sophisticated paper-schemes devised by he and his advisors in order to siphon-off tens of millions of dollars from the corporate entity. Traced the flow of the ill-gotten funds through a complex international money-laundering scheme, which attempted to secrete the ill-gotten gains into offshore bank accounts and into the control of the entrepreneur. Authored and co-authored numerous requests for assistance from government and bank officials from The Netherlands, Canada, Hong Kong, Switzerland and The British West Indies.
- Conducted investigation with the Federal Bureau of Investigation ("FBI") and Los Angeles,
 United States Attorneys Office ("USAO") of a California politician who was receiving bribes

from a local real estate developer. Provided the financial analysis of the politician's bank records that uncovered the fraudulent scheme and led to his conviction on tax and bribery charges.

- Conducted investigation with the FBI and Los Angeles USAO of political corruption in a local city's government. Provided financial analyses of bank records that resulted in convictions of City Councilperson and Congressman on tax and bribery charges.
- Assisted in the international investigation of a well-known arms dealer who brokered the purchase of U.S. aircraft between U.S. based aircraft producers with Mid-east Countries. Investigations involved IRC, section 162c violations regarding "bribes" paid by aircraft manufacturers.
- Led a team of IRS and Customs agents including local police officers that successfully arrested and prosecuted numerous Los Angeles-based narcotics traffickers. Authored numerous affidavits for search and arrest warrants obtained from federal and state judges. Seized over \$2 million in currency and assets. Testified in California State Court as an expert in narcotics organizations. Exploits of several of these investigations were detailed in the book, "Dark Alliance," 1997.
- Conducted investigations of several prominent "sports" agents who embezzled monies from their unsuspecting clients. Reconstructed three years of corporate bank records in order to document the embezzlement scheme and trace the stolen funds to the agent's bank accounts.
- Coordinated a multi-agency investigation of alleged fraud in the mortgage banking industry.
 Worked closely with the FBI and the Los Angeles USAO in the investigation of large-scale mortgage bankers who were defrauding the Veterans Administration ("VA") and the Department of Housing and Urban Development ("HUD"). Provided the financial analysis that tracked the proceeds from the illegal schemes to the fraudsters.
- Conducted several investigations into the Savings and Loan scandal that swept the country in the 1980's. Coordinated investigative efforts with the FBI and the USAO that focused on Savings and Loan officials using "straw buyers" to purchase over-priced commercial real estate that was then sold to tax-motivated property syndicates. Designed the financial investigation that documented the flow of funds from the illegal schemes to the perpetrators of the crime.
- Conducted investigations of several organized crime figures that had acquired substantial real estate holdings by defrauding financial institutions and tax shelter investors. Subjects acquired commercial real estate by using a maze of corporate and partnership alter egos and straw buyers. Reconstructed three years of partnership and corporate records in order to trace gains on illegal activity to the perpetrator.

Education:

Bachelor of Science, Business Administration, Weber State University, Ogden, UT, 1973 United States Navy, Office of Naval Intelligence Training School (1963) Central Intelligence Agency technical school, 1967 United States Treasury Department academy, 1973-74 Continuing Professional Education to present

Professional Affiliations:

Private investigators license #19339, California Association of Certified Fraud Examiners (1995-current)

Employment History:

United States Navy – 1962 to 1966 Central Intelligence Agency – 1967 to 1970 Internal Revenue Service, Ogden Service Center – August 1970 to March 1973 Internal Revenue Service, Criminal Investigation Division – May 1973 to June 1997

- Position: Special Agent
- Duties: Investigate alleged criminal violations of the Internal Revenue Code, Currency Transaction Laws, and Money Laundering Laws.

Price Waterhouse & Pricewaterhouse Coopers – June 1997 to June 1999

- Position: Director in the Financial Advisory Services practice.
- Duties: Manage engagements regarding internal/external fraud investigations for Fortune 500 companies; Design marketing materials; Organize symposium's for presentation of marketing materials to various groups and organizations; Prepare proposals; and Mentor new-hires and junior consultants.
- Attended seminars and training sessions regarding accounting and auditing standards relative to the reporting requirements of publicly traded companies to the SEC.

KPMG - July 1999 to June 2000

- Position: Director in the Forensic and Litigation Services practice.
- Duties: Manage engagements regarding internal/external fraud investigations for Fortune 500 companies; Design marketing materials; Assist in the organization of symposium's for presentation of marketing materials to various groups and organizations; Prepare proposals; and Mentor new-hires and junior consultants.
- Attended seminars and training sessions regarding accounting and auditing standards relative to the reporting requirements of publicly traded companies to the SEC.

Stonefield Josephson, Inc. - July 2000 to October 2000

- Position: Co-Director of Financial Recovery Services practice.
- Duties: Develop marketing materials to promote new Financial Recovery Services practice, Prepare proposals, and prepared articles for presentation to market target-groups. Developed new work and managed projects.

November 2000 to the present, Owner-Operator of Knudson Investigations

- Provide consulting services to corporate, government and individual clients regarding civil and criminal allegations.
 - o Testified as expert in Federal and State court proceedings.
 - Conducted internal and external investigations and fraud examinations for corporate clients
 - Provided expert consulting services to Federal Public Defenders office in Los Angeles regarding; bank fraud, wire fraud, tax fraud, identity theft, telemarketing fraud and Ponzi schemes.
 - Provided expert consulting services to Criminal Justice Act (CJA) attorneys for indigent clients regarding; bank fraud, wire fraud, tax fraud, identity theft, telemarketing fraud and Ponzi schemes.

Publications:

Co-authored a professional training manual for the IRS on conducting international investigations. The extensive training manual details the means, methods and requirements of obtaining evidence from abroad through international tax treaties and legal assistance treaties.

Authored article on "Conducting International Investigation" and presented at Price Waterhouse Symposium, September 1997.

Originated the Los Angeles White Collar Crime Symposium. The Symposium included panelists from the leading Los Angeles law firms and experts from the private and government sectors, which addressed issues regarding Financial Statement Fraud, 10b5 Violations and International Investigations of White Collar Fraud, 1998 and 1999.

Co-authored article and presentation on financial reporting fraud (10b5 Violations), which was presented to a CFO conference in November 1998, and The Los Angeles White Collar Symposium in May 1999.

Authored article on "State Money Laundering Trends" for participation on panel of "Money Laundering" experts to the American Bar and American Bankers Association Conference in October of 1999.

Authored book on "State Money Laundering" statutes (February 2000).

Co-authored article on "Earnings Management," which was published on KPMG's Website. Certain portions of presentation regarding 10b5 violations were used in the May 2000 KPMG Audit Roundtable symposia.

Co-authored article on "Earnings Management" which was presented at Business Valuation Services forum in May of 2001.

Lectured at California State University, Los Angeles on Economic Crime topics to group of Chinese law enforcement group in February 2003.

Lectured at Weber State University, Ogden, Utah on Financial Reporting Fraud, September 2003.

Lectured at Utah Bankers Association, May 2004 conference regarding Earnings Management Fraud and provided full-day seminar on white-collar crime subjects such as; Money Laundering, Tax Fraud, Identity Theft and Financial Statement Fraud.

Lectured at annual meeting of the Federal Judicial Center Seminar for Federal Public Defender Investigators and Paralegal Specialists, April 2006 regarding Financial Fraud Investigations. Lectured at 22nd Annual Association of Certified Fraud (ACFE) Fraud Conference and Exhibition (June 2011) on the Fraud Expert in Litigation and Trial.

Co-Authored Book on Bribery and Corruption Case Book with Joseph T. Wells, President and Founder of the Certified Fraud Examiners Association (April 2012).

Authored White Paper on Combating Government Vendor Fraud (Thomson Reuters) (April 2012).

Co-Authored Book on Insurance Fraud Casebook with Joseph T. Wells, President and Founder of the Certified Fraud Examiners Association (April 2013).

Awards and Recognition:

Key to City of Hawthorne, California for investigation into Political Corruption in the South Bay, 1977.

Key to City of Redondo Beach, California for investigation of Political Corruption of councilman, 1978.

Key to City of Bell, California for investigation of drug traffickers and seizure of assets, 1986.

Special award from United States Customs Service for investigation of narcotics traffickers.

Carl R Knudson Resume March 2015

Distinguished Agent of the Year Award, Los Angeles County Bar Association, 1990, for "Polar Cap" investigation.

Albert Gallatin Award for distinguished services to US Treasury during career, 1997

Special Proclamation from City of Los Angeles upon retirement, 1997

Special Proclamation from Los Angeles County Board of Supervisors upon retirement, 1997

Special award from Federal Bureau of Investigation for investigation of Political Corruption, 1997

Letter of Recognition, President Bill Clinton, 1997

References will be provided upon request.

Aimee A. Knudson

12 Marion Avenue Pasadena, CA 91160 Email:aknudson@astro.caltech.edu (714)296-1037

Education

Bachelor's Degree

California State University at Northridge

Northridge, CA 2010

MBA

California State University at Northridge

Northridge, CA 2014-in progress

Experience

California Institute of Technology, Pasadena, CA Jul. 2011-Present Grants Manager (Oct. 2012-Present) Financial Associate (Mar. 2012-Oct. 2012) Accounting Assistant (Jul. 2011-Mar. 2012)

> Description of Job Duties: Oversees the application of and fiscal management of Federal and private grants for research and fabrications for the Caltech Optical Observatories scientists and their respective engineering group. Performs a full range of grant management duties including proposal preparation and cost studies analysis.

Knudson and Associates, Thousand Oaks, CA Accountant

Jul. 2005-Jul. 2011

Office management, perform payroll reconciliation and new employee training. Designs excel worksheet formats for financial analysis. Reconcile and analyze monthly and yearly ledgers. Prepare reports for analysis and assist in depositions, hearings, and trials. Prepare annual tax documents

Chrome Hearts, LLC, Los Angeles, CA

Aug. 2004-Jul. 2005

Executive Assistant

Assist owner in preparation and planning of corporate and special events, schedule extensive travel and itineraries, maintain personal calendar, and manage staff

Skills: Proficient in Excel, Word, PowerPoint, Oracle and Cognos.

MARC T. KNUDSON

4590 Del Rayo Court ● Camarillo, CA 93012 ● 805/338-7899 ● marc.knudson@gmail.com

SUMMARY OF QUALIFICATIONS

CCE Certification – October 2008

• FTK 1.7 and 2.0 – 3+ years experience

Microsoft Certified Systems Engineer
 (MCSE)

Networking Essential

Windows NT Workstation 4.0

Windows NT Server 4.0

TCP / IP

Internet Information Server 4.0

Windows NT Enterprise 4.0

- A+ 2003
- HP Certified Desktop / Laptop Technician
- Dell Certified Desktop / Laptop Technician
- Provide support for Microsoft Office 97, 2000, and 2003 application suites
- Support a mixed Windows environment (98, ME, NT, 2000 And XP)
- Received 3 customer service awards for exemplary customer service

PROFESSIONAL EXPERIENCE

Unisys/Amgen

Client Infrastructure Representative

November 2004 – Present

- Provide desk side support and field help desk calls
- Provide support to 5000 end users including installing/ replacing desktop and laptop hardware; Relocate and
 ensure the integrity of client data during hardware swaps; Install/ configure software applications including
 internet connectivity issues; Troubleshoot hardware and software issues; Order and replace all warranty parts.

KNUDSON & ASSOCIATES

November 2004 - Present

ensic Examiner / Computer Support Financial Analysis, Investigations

- Perform thorough forensic investigations relevant to ongoing litigation using FTK 1.7 and 2.0
- Install and configure new and old computer equipment; Troubleshoot and repair all hardware and software problems; Consult on all new hardware and software purchases.
- Perform forensic computer analysis of seized computers in US v. Daniel Nicherie
- Perform forensic computer analysis of seized computers in US v. William Nurick, et al
- Perform forensic computer analysis of seized computers in US v. Curtis Samoza
- Data analysis
- Witness Interviews

Tony Hoffman Productions

November 2003 – November 2004

Systems Administrator

Troubleshoot and resolve all hardware and software issues as well as local and remote connectivity issues;
 Install, upgrade and replace hardware; Perform backups of all servers to tape and restore data as needed;
 Rewire network and telephone jacks as needed; Make recommendations and purchase new hardware and software.

ADVECTA

December 2002 - November 2003

Computer Support Contractor

 Performed PC replacements, hardware upgrades and Windows XP rollouts for contract customers Pardee Homes and TD Waterhouse

TECHNICOLOR INC.

January 2000 – December 2002

Computer Support Analyst

— Troubleshoot and fix hardware and software problems for 600 PC users; Resolve issues with printers (HP, Zebra, Okidata, Canon) and local and remote network connectivity issues; Answer all calls to the Support Center, resolve all problems and re-route unresolved to the appropriate support group.

MARC T. KNUDSON

4590 Del Rayo Court ● Camarillo, CA 9301 ● Thousand Oaks, CA 91360 ● 805/338-7899 ● marc.knudson@verizon.net

EDUCATION

- KEY COMPUTER SERVICE, LLC, REDWOOD CITY, CA CCE Certification October 2008
- EDNET CAREER INSTITUTE, WOODLAND HILLS, CA MCSE Certification May 2000
- MARINA HIGH SCHOOL, HUNTINGTON BEACH, CA June 1992
- ONGOING CONTINUING PROFESSIONAL EDUCATION (CPE) AT UNISYS

Joy Stevens

4223 Canoga Drive Woodland Hills,CA 91364 (818) 298-6419 joy.stevens@sbcglobal.net

EXPERIENCE

1987- Moustache Cafe1996 Office Manager

Los Angeles, CA

- Employee schedule management
- Payroll, banking, and various Administrative duties
- Food & beverage inventory
- Supervision and organization of staff
- Customer service
- Sales and food rep coordinator
- General Ledger and cash accounting

1996- Villa Piacere2006 Banquet Manager

Woodland Hills, CA

- Planning, Organization, and Supervision of all events.
- · Liason between clients and restaurant
- Interviewing and hiring staff for events
- Customer Service
- Coordinator of outside vendors
- · Event accounting and management

2000- Knudson & Associates
present Forensic Accounting Associate

Thousand Oaks, CA

- Data input, reconciliation and verify
- Analysis and organize financial documents for preparation for input
- Corporate auditing for large food chain
- Assist in embezzlement investigation
- Interfacing with clients (including clients in custody)
- On the job training regarding rules of evidence re financial data

Joy Stevens - Resume

2008-Present

Recovery Coaching, LLC

Woodland Hills, CA

 Sober companion, Sober Coach, Life Coach
 Safety and containment of people struggling with addiction and mental disorders.

GREGORY S. KNUDSON

7516 Canby Avenue ☐ Reseda, CA 91335 ☐ 323/381-0736 ☐ gre66ory@gmail.com PROFESSIONAL EXPERIENCE

KNUDSON & ASSOCIATES

November 2004 - Present

Forensic Examiner / Computer Support Financial Analysis, Investigations

- Data analysis, bank record reconstruction
- Witness Interviews
- Undercover shopping
- Chrome Hearts LLC

January 2000-2012

- Photography assistant
- Office support

EDUCATION

- MARINA HIGH SCHOOL, HUNTINGTON BEACH, CA June 1997
- ONGOING CONTINUING PROFESSIONAL EDUCATION (CPE)



A Member of the Tokio Marine Group

One Bala Plaza, Suite 100 Bala Cynwyd, Pennsylvania 19004 610.617.7900 Fax 610.617.7940 PHLY.com

Philadelphia Indemnity Insurance Company COMMON POLICY DECLARATIONS

Policy Number: PHSD916795

Named Insured and Mailing Address:

Carl Knudson dba Knudson and Associates

2999 Dogwood Cir

Thousand Oaks, CA 91360-6307

Producer: 111641

BIN Insurance Holdings, LLC 1301 Central Expy S Ste 115

Allen, TX 75013

Policy Period From: 04/24/2014 To: 04/24/2015

at 12:01 A.M. Standard Time at your mailing

address shown above.

Business Description: Accounting Firm

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Commercial Property Coverage Part

Commercial General Liability Coverage Part

Commercial Crime Coverage Part

Commercial Inland Marine Coverage Part

Commercial Auto Coverage Part

Businessowners

Workers Compensation

Accountants

933.00

PREMIUM

Total

933.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (01/07)

Countersignature Date

Authorized Representative

Philadelphia Indemnity Insurance Company

Form Schedule - Policy

Policy Number: PHSD916795

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
Recurring Payment Flyer CSNotice-1 BJP-190-1 LAH-Notice IL N 177 PP0713 CPD-PIIC IL0985	1212 0813 1298 0813 0912 0713 0107 0108	Recurring Payment Flyer Making Things Easier Commercial Lines Policy Jacket Policyholder Notice (Loss Assistance Hotline) California Premium Refund Disclosure Notice Privacy Policy Notice Common Policy Declarations Disclosure Pursuant to Terrorism Risk Ins Act of 2002



A Member of the Tokio Marine Group

NAMED INSURED and Address:

One Bala Plaza, Suite 100 Bala Cynwyd, Pennsylvania 19004 610.617.7900 Fax 610.617.7940 PHLY.com

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

Philadelphia Indemnity Insurance Company

DECLARATIONS

Policy	Number:	PHSD91	6705
1 Olley	MUNICI.	LIIODAT	0/30

Item 1.

NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY THOSE CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED AS DEFENSE COSTS. PLEASE READ CAREFULLY.

100	Carl Knudson dba K 2999 Dogwood Cir Thousand Oaks, CA			es
Item 2.	Limits of Liability:	(A) \$	1,000,000	each CLAIM, including CLAIMS EXPENSE
		(B) \$	1,000,000	Annual Aggregate including CLAIMS EXPENSE
Item 3.	Deductible:	\$	1,000	Deductible per CLAIM
item 4.	POLICY PERIOD:	From: (12:01	04/24/2014 T A.M. local time	o: 04/24/2015 at the address shown in Item 1.)
Item 5.	Premium:	\$	933.00	
Item 6.	Retroactive Date:	(04/24/2013	
Endorsements:	Per Schedule Attached			
In witness when but it shall not be	reof, the Insurer issuing be valid unless also sign	this Policed by the	cy has caused to e duly authorize	nis Policy to be signed by its authorized officers, d representative of the Insurer.
Robins	Hoe			
Authorized Rep	presentative		Counter	signature
			Counter	signature Date

Philadelphia Indemnity Insurance Company

Form Schedule – Accountants

Policy Number: PHSD916795

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

PI-ACT-1 PI-ACT-11 PI-ACT-19 PI-ACT-20 PI-ACT-21 PI-ACT-25 PI-ACT-1954 PI-ARB-1 PI-BELL-1 PI-CME-1	197 Prior Acts Exclusi 197 Knowledge of Wr 197 Prior and Pending 197 Retroactive Date 197 Mediation Incenti 197 Accountants Profi 198 Binding Arbitratio 199 Bell Endorsement 199 Crisis Manageme	ongful Act Exclusion Litigation Endorsement Endorsement ve essional Liability Insurance Policy
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THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Tarrariem Dramitum (Carliffed A -4-) & 0
Terrorism Premium (Certified Acts) \$ 0 This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and for Policy(s):
age Form(s) and/or Policy(s):
A.I. 1449
Additional information, if any, concerning the terrorism premium:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.



Submitted by PERC Water Corporation April 13, 2015





959 South Coast Drive Suite 315 Costa Mesa California 92626 Office 714.352.7750 Fax 714.352.7765 www.percwater.com

April 13, 2015

Richard Sweet, P.E., District Manager South San Luis Obispo County Sanitation District 1600 Aloha Place Oceano, California 93475

Re: Request for Proposal - Review of Management Practices

Dear Mr. Richard Sweet,

PERC Water Corporation is pleased to submit this proposal to the South Cast Luis Obispo County Sanitation District ("District") in response to the Request for Proposal ("RFP") for the Review of Management Practices.

We understand that the District is seeking a professional management consulting firm to evaluate expenditures, operations, and management practices during the years of 2004 through 2013 of the District. The purpose of the evaluation is to measure the District's quality of management and operations. Additionally, the District seeks to assess the normality of it's current operations financial procedures and expenditures. The evaluation and assessment will be completed through a Work Plan ("Plan") approved by the District's Board of Directors, which includes:

- Identification of standards and practices that will identify methods utilized to evaluate business, financial, and operational practices;
- · A timeline for completing tasks;

PERC Water, the leading firm, will be evaluating the management practices of the financial, operational, and engineering functions. Since 1998, PERC Water has led the development, design, construction, operations, and management of 25 water projects. Included with all projects, we have performed operational due diligence, pricing, operations, and management. Our in-house team of utility experts possess an average of 20 years experience in the management of water and wastewater utility operation and management.

We have partnered with Vicenti, Lloyd & Stutzman LLP (VLS), who will lead the the evaluation the financial operations of the District. Ernie Cooper, CPA/CFF, CFE, JD, former FBI Special Agent, leads the VSL Forensic Services Team. Mr. Cooper's extensive background and multiple credentials provide an invaluable combination of expertise in the area of forensic accounting. The VSL multi-disciplined team is comprised of CPA, forensic accounts with vast experience in financial audits of public agencies and districts.

The following information and detailed Scope of Work is submitted in accordance with the Proposal Requirements as listed in the RFP.

1 COMPANY INFORMATION

Leading Firm:

PERC Water Corporation

Address:

959 South Coast Drive

Suite 315

Costa Mesa, California 92626

Legal Form:

Corporation

Principals:

Brian Cullen, President

Bob Nespeca, Vice President

Firm:

Vinceti, Lloyd & Stutzman LLP

Address:

915 Wilshire Boulevard

Suite 2250

Los Angeles, California 90017

Principals:

Ernie Cooper, JD, CPA, CFE, Partner

Linda Saddlmire, CPA/CFF, CFE, EMBA, Managing Partner/CEO

Jenny Dominguez, CPA/CFF, CFE, Senior Manager

2 CONTACT INFORMATION

Representative:

PERC Water Corporation

Bob Nespeca

Title:

Vice President

Mailing Address:

959 South Coast Drive

Suite 315

Costa Mesa, California 92626

Phone Number:

(714) 352-7766

Email Address:

bnespeca@percwater.com

3 KEY PERSONNEL

Brian Cullen, President & Chief Financial Officer

Mr. Cullen will oversee the financial review of the Plan, focusing on review and investigation of contracts and costs. Mr. Cullen is a Certified Management Accountant, and a member of the Institute of Management Accountants and has worked as Chief Financial Officer for the past 18 years.

Bob Nespeca, Vice President

Mr. Nespeca will oversee the review of the operation and management practices of the District. Past practices associated with plant operations to include procurement, regulatory compliance, capital improvement projects etc will be thoroughly evaluated. Mr. Nespeca has 37 years experience in the operation, maintenance and management of water and wastewater utilities.



Andy Komor MS, P.E.

Mr. Komor will oversee the review of all engineering functions within the District. Mr. Komor in excess of 15 years experience as a technical expert in engineering of infrastructure projects having successfully completed over \$120 million of water resource projects for water utilities and districts.

Bill Hunt

Mr. Hunt has considerable experience with the operation, management and administration of wastewater utilities. He is currently the Executive Director of Operations for the Orange County Water District; one of the worlds' most advanced facilities treating 70-million gallons per day. He currently oversees not only the treatment plant, but also the irrigation reuse and groundwater recharge operations. Previous to his employment with Orange County Mr. Hunt held several positions of oversight and management of water and wastewater utilities. One example of this experience is the oversight and management of the contract operations of the City of Palm Springs Water and Wastewater Utility. Mr. Hunt will support the PERC Water Team as a specialist consultant providing strategic oversight and guidance in the planning and operational review aspects of the South San Luis Obispo County Sanitation District. Based on his limited availability Mr. Hunt will focus on areas of compliance with standard procedures, best management practices and capital project allocations.

Please refer to attached resumes for personnel qualifications.

4 REFERENCES

Project:

Adelanto Utility Customer Service

Adelanto Potable Water Supply

Adelanto Water and Wastewater Treatment Plant

Client:

Adelanto Public Utility Authority

Contact:

Tom Thornton

Title:

Interim City Manager, Director

Phone Number:

(760) 246-2300 x3025

Project:

Ione Wastewater Treatment Plant

Client:

City of Ione, California

Contact:

Edwin Pattison

Title:

Former City Manager

Phone Number:

(209) 831-2300

Project:

Carefree Communities CA / Rancho Caballero Utilities

Client: Contact: Carefree Communities CA, LLC

Tial -

Tim Firster

Title:

Field Manager

Phone Number:

(951) 830-0412



5 CERTIFICATE OF INSURANCE

Please see attached for the Certificate of Insurance.

6.0 EVIDENCE OF COMPARABLE EXPERIENCE

6.1 PERC Water Experience

PERC Water has led the development, design, construction, operations, and management of 25 water projects. The operations evaluations and management has been led by Mr. Nespeca, and the financial evaluations and analysis have been led by Mr. Cullen. Mr. Nespeca and Mr. Cullen have collaborated together on projects for the past 14 years.

Adelanto Public Utility Authority (APUA)

Scope of work - The APUA serves approximately 30,000 residents within the City of Adelanto, California. The utility was being managed by City's Public Works Director with in-house personnel responsible for potable water treatment and supply and the WWTP operation was outsourced to a private firm. PERC Water was contracted to provide an operation and management audit of the water and wastewater utilities. A thorough evaluation of the current operating practices was completed to include operational practices, regulatory compliance, procurement of outside services, and engineering services. On behalf of PERC Water, Mr. Nespeca led operational analysis for the APUA project.

City of Santa Paula, 30-year Privately Financed Facility

Scope of work - The City of Santa Paula, California serves approximately 30,000 residents. The City selected the team of PERC Water and Alinda Capital Partners to finance, design, build and operate a new wastewater treatment and water recycling facility. The project involved complex financial analysis, including debt and equity financing for 30-years, and future capital replacement funding during the 30-year term. In addition, the project included 30-years of operations, maintenance, management, and energy control, along with the associated financial analysis and guarantees associated with such term. On behalf of PERC Water, Mr. Cullen led the financial analysis of the project in conjunction with Alinda Capital Partners.



6.2 Vinceti, Lloyd & Stutzman LLP Experience

VLS has been serving governmental entities for over 30 years. They have earned an excellent reputation as a firm committed to providing top quality audit, accounting, tax, and consulting services to their water industry and special district clients.

The following is a partial listing of water agencies and special districts VLS has served:

Main San Gabriel Basin Watermaster
City of Glendora Water Department
Victor Valley Wastewater Reclamation
Pupil Transportation Cooperative
Southern California Schools JPA
Jurupa Community Service District
Association of Groundwater Agencies
San Gabriel Valley Water Association
Central Basin Water Association
San Gabriel Valley Protective Association

California Domestic Water Company
California Groundwater Coalition
Crescenta Valley Water District
Valencia Heights Water Company
Valley of Enchantment Mutual Water Co.
Crestline Village Water District
Pico Water District
San Gabriel Basin Water Quality Authority
Six Basins Watermaster
Three Valleys Municipal Water District

7.0 SCOPE OF WORK

PERC Water will develop a detailed Plan to review the District's management practices of financial, operational, and engineering functions between the years of 2004 and 2013. The Plan will consist of:

- Reviewing of all District annual reports
- Interviewing past and present employees, contact administrators, and consultants
- Reviewing the District's annual financials focusing on expenditures and comparing to similar agencies
- Review of District's agency audits
- Identify practices that are not consistent with best management practices



7.1 Work Plan Task Details and Timeline

Task Description	Estimated Duration
Financial Functions	
Line item evaluation of expenditures	
Compare expenditures to that of similar agencies, identify anomalies or unusual expenditures	
Review of agency audits; identify irregularities and how/if addressed	
Identify any malfeasance	100 mars
Identify practices that are not consistent with best management practices	8 Weeks
Review and evaluate insurance policies and related reports	O WOONS
Operational/Engineering Functions	
Evaluate past practices associated with plant operations	
Evaluate contracts for engineering, purchasing, and capital projects to ascertain whether they are consistent with standard practices	
Review and evaluate regulatory documentation to include permits, violations, reports, and correspondence	

A final report is to be submitted after the execution of the Work Plan, which will present the results and findings of the Plan.

Based on the limited information provided, we estimate that the Work Plan and Final Report will have an estimated **220 Man Hours**. Based on this estimate, pricing is approximately **\$70,000**.

7.2 Proposed Compensation

PERC Water Standard Rates (per hour):

Principal / Vice President	\$277.00
Senior Project Manager/Area Operations Manager	\$215.00
Project Manager	\$191.00
Staff Engineer	\$120.00
Assistant Project Manager	\$120.00
Project Coordinator	\$110.00

LVS Standard Rates (per hour):

Partner	\$350.00
Senior Manager	\$270.00
Manager	\$195.00
Senior Associate	\$160.00
Associates/Interns	\$140.00
Clerical/Admin	\$110.00

8 SERVICES/DATA PROVIDED BY THE DISTRICT

If selected, PERC Water anticipates that the District will provide us with access to all relevant documents and records, current and past employees and consultants for interview and standard accounting and operational procedures.

Should you have any questions or concerns regarding our Proposal, you may contact me at (714) 352-7766 or bnespeca@percwater.com.

Sincerely,

PERC Water Corporation

Robert Nespeca Vice President



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 4/10/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s). PRODUCER Arthur J. Gallagher & Co. Arthur J. Gallagher & Co. Insurance Brokers of CA. PHONE (A/C, No, Ext): 949-349-9800 18201 Von Karman Ave Suite 200 FAX (A/C, No): 949-349-9962 Irvine CA 92612 ADDRESS: Occertificaterequest@ajg.com INSURER(S) AFFORDING COVERAGE NAIC # INSURER A : Atlantic Specialty Insurance Compan 27154 INSURED PACIAQU-02 INSURER B : Navigators Insurance Company PERC Water Corporation 42307 INSURER c : Arch Specialty Insurance Company 959 S. Coast Drive #315 21199 Costa Mesa, CA 92626 INSURER D : Indian Harbor Insurance Company 36940 NSURER E : Berkshire Hathaway Homestate Insura 20044 INSURER F :

COVERAGES **CERTIFICATE NUMBER: 280420736** THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. ADDI SUBR TYPE OF INSURANCE POLICY EFF POLICY EXP POLICY NUMBER LIMITS COMMERCIAL GENERAL LIABILITY X ESG300034600 4/30/2014 4/30/2015 EACH OCCURRENCE \$1,000,000 CLAIMS-MADE X OCCUR DAMAGE TO RENTED PREMISES (Ea occurrence) \$50,000 MED EXP (Any one person) \$EXCLUDED PERSONAL & ADV INJURY \$1,000,000 GEN'L AGGREGATE LIMIT APPLIES PER: GENERAL AGGREGATE \$2,000,000 POLICY X PRO-LOC PRODUCTS - COMP/OP AGG \$2,000,000 OTHER: AUTOMOBILE LIABILITY 7100322160002 4/30/2014 4/30/2015 OMBINED SINGLE LIMIT \$1,000,000 ANY AUTO BODILY INJURY (Per person) \$ ALL OWNED AUTOS SCHEDULED AUTOS NON-OWNED BODILY INJURY (Per accident) \$ X HIRED AUTOS PROPERTY DAMAGE **AUTOS** \$ В UMBRELLA LIAB X OCCUR LA14EXC753437IV 4/30/2014 4/30/2015 EACH OCCURRENCE \$5,000,000 X EXCESS LIAB CLAIMS-MADE AGGREGATE \$5,000,000 DED RETENTION \$ WORKERS COMPENSATION \$ PAWC601784 3/2/2015 3/2/2016 AND EMPLOYERS' LIABILITY X STATUTE ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) N/A E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 If yes, describe under DESCRIPTION OF OPERATIONS below E.L. DISEASE - POLICY LIMIT \$1,000,000 PROF & POLLUTION LIAB RETRO DATE: 1/01/1995 CPP005529801 4/30/2014 4/30/2015 Each Claim 3.000.000 Aggregate 6,000,000 DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

General Liability Per Project Aggregate: Capped at \$5,000,000 General Aggregate Limit.

RE: Proof of Insurance Only with respects to the named insured PERC Water Corporation.

CERTIFICATE HOLDER	CANCELLATION	
EVIDENCE OF COVERAGE	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.	
	AUTHORIZED REPRESENTATIVE Phys Lerrigan	

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Over 25 Years in the Environmental, Water & Wastewater Industry

Joined PERC Water in 2000

EDUCATION

Economics and Quantitative Methods, Thames Valley University, London, England - 1989

Business
Administration,
Finance, and
Accountancy,
Griffith College, Dublin,
Ireland - 1988

CERTIFICATIONS

Certified Management Accountant

Certified Accounting Technician

AFFILIATIONS

Institute of Management Accountants

Institute of Accounting Technicians of Ireland

Design-Build Institute of America

Brian D. Cullen President and Chief Financial Officer



Mr. Cullen is a highly accomplished visionary senior executive with over 25 years of experience in the environmental and water industry, and has worked for PERC Water since 2000. Mr. Cullen's expertise is in corporate leadership, turnaround management, acquisitions, strategic planning, operations and P&L management with growth and established organizations.

EXPERIENCE

PERC Water Corporation, Costa Mesa, CA
President, Chief Financial Officer, Director and Shareholder

As President and member of the board of directors of PERC Water, Mr. Cullen has been instrumental in the development, negotiation, and successful implementation of 18 water infrastructure projects valued in the hundreds of millions of dollars, including serving as the lead person on the Santa Paula, California public-private partnership project. The Santa Paula public-private partnership is the first 100% privately funded water recycling facility in the US valued at over \$300 million, and received the Award of Distinction for Water Deal of the Year in 2009 presented by Al Gore in Zurich, Switzerland. The unique project has received numerous awards and received recognition throughout the US and abroad.

Mr. Cullen is responsible and accountable for developing and achieving the overall mission, goals, objectives and strategic direction for the Company, including development and implementation of the companies vision plan. He also directs operations and project management activities and oversees corporate and marketing functions.

TRC Companies, Inc. / Alton Geoscience, Inc., Irvine, California Vice President & CFO, Member of the Board of Directors Corporate Controller, Other Financial Management

Mr. Cullen was Vice President and CFO, and member of the board of directors of Alton Geoscience, Inc. a 120-person, venture-backed, full-service environmental consulting and engineering firm. On behalf of the Company's institutional shareholders, in 1998 Mr. Cullen prepared, marketed and negotiated the merger of Alton Geoscience, Inc. with TRC Companies, a NYSE company.

Performed valuations, due diligence and integration planning for several companies acquired by or merged with TRC Companies which resulted in significant accretion to TRC Companies' earnings and produced high revenue synergy within all entities.

During the first six months as CFO, the Company returned to profitability by restructuring and eliminating unproductive costs that resulted in a 35% reduction in overhead. Following this early phase of the turnaround in 1996, the Company's annual

Haymills Group of Companies, London (acquired by VINCI Construction UK) Project Accountant / Analyst

Haymills is a London based commercial and governmental construction Company with \$100 million in annual revenues. Mr. Cullen was responsible for the financial and management accounting operations for six subsidiary operating companies, including consolidation accounting into the parent Company. Analysis of project costing and revenues of large-scale construction and development projects, including the development of detailed financial models used for revenue, profit and cash flow projections.



Over 30 Years in the Water/Wastewater Industry

Joined PERC Water in 2001

EDUCATION

B.A. St. John's University, Queens, NY

Wastewater Treatment
Plant Operations,
California State
University, School of
Engineering,
Sacramento, CA

AFFILIATIONS

California Water Environment Association

New York Water Environment Association

Association of the International Water Environment Federation

Robert J. Nespeca Vice President, Infrastructure Concessions



EXPERIENCE

PERC Water Corporation, Costa Mesa, CA

Vice President Infrastructure Concessions

Mr. Nespeca's responsibilities include all aspects of the management and oversight of PERC Water's operating services division, to include business development, project management and development, QA / QC, regulatory compliance, start up and commissioning of facilities, procurement, safety and training, staff development and customer relations. Provide management and direction to PERC Water's onsite operating team, vendors and subcontractors. As division Vice President, Mr. Nespeca has budget and P&L responsibility as well as maintaining responsibilities as an officer of the corporation.

Mr. Nespeca founded and developed the PERC Water Asset Management Division, offering operational solutions to municipalities for their water recycling needs. Since joining the PERC Water Team, he has provided Asset Management Services for the following projects: lone WWTP, Castle Oaks WRF, Santa Paula WRF, Mountain House WRF, The Arbor WWTP, Grizzly Ranch WRF, Grizzly Ranch Water Treatment Plant, Hope Gardens WWTP, Barona WRF, Hassayampa WWTP, Sundance WRF, Tartesso WRF, Red Rock WRF, SPA 2 WRF, SPA 3 WRF, Palm Valley WRF, El Mirage WRF, Cordevalle WWTP, Apache Gold WWTP, Acoma WWTP and Rancho Viejo WWTP.

Infilco Degremont Inc. Richmond, Virginia

General Manager, Operating Services Division

Mr. Nespeca created and developed an Operating Services Division for Infilco Degremont Inc. He was hired to develop this new business division and gain entrance to the O&M service market for water and wastewater. Developed pricing model and estimated cost for O&M proposals. Responsible for contract content and negotiations. Managed field O&M staff and customer relations. Responsible for startup and performance test compliance of new facilities. Experienced in project financing and capital lease options. Responsible for continuing relationships at company's project facilities to maintain installation references.

Nalco Industrial Out-Sourcing

Project Developer

This joint venture effort included four sister companies within the Suez Group. The Nalco Industrial Out-Sourcing (NIO) charter is to provide out-sourced solutions to industrial customers. These solutions are generally referred to as Design, Build, Own, Operate, Maintain Projects (dBOOM). Most often these opportunities include capital financing. Responsibilities were to lead the project team in the following areas: customer communication, sales strategy development, system design, engineering and construction, O&M staffing and pricing estimates, proposal generation and sale process, start up and commissioning and total project management.

Professional Services Group, Inc., Boston, Massachusetts

Senior Operations Specialist

Provided O&M services to the construction management team for operational startup and performance testing of all process systems for Boston's new 1.2 BGD Deer Island wastewater treatment plant. Developed performance test program for more than 130 process systems. Interpreted design intent, developed test procedures, directed system testing, analyzing and documenting test results. Worked with resident engineers, design engineers, and contractors to complete system punch list items required for successful testing. Provided assistance and training to client personnel. Provided formalized operability review, startup procedures, standard operating procedures, and system optimization. Provided startup and commissioning services to the North City Water Reclamation Facility, San Diego, CA and to the Metro Bio-Solids Treatment Facility. Managed a staff of 44 O&M personnel for the City of Bridgeport Connecticut, in support of an O&M contract with a 5-year term. This POTW system consists of 70 miles of underground sewer lines, interceptors, regulator and by-pass gates, and two WWTPs, treating 35 MGD of domestic wastewater discharging into Long Island Sound.

New York City Department of Environmental Protection

Deputy Plant Superintendent

Directed and coordinated day to day operation of New York City's newest 120 MGD wastewater treatment facility. Managed a staff of 65 stationary engineers, operators and maintenance personnel. Supervised laboratory sample analysis, process control adjustments and regulatory compliance with New York State. Managed repair and modification of all structures and equipment. Analyze, prepared and ensured adherence to annual budgets. Responsible for purchasing, inventory control and payroll. Accomplishments include, directing the construction and start-up of one of New York's first sludge de-watering sites. Chair, safety committee. Responsible for overseeing and coordinating safety programs and training. Conduct detailed, daily plant inspections. Conduct tours to educated academic and community groups.

New York City Department of Environmental Protection

Operation and Maintenance Division

Responsible for the day to day operation of various treatment facilities within NYC's fourteen plant system. Locations include Hunts Point W.P.C.P, Jamaica W.P.C.P, and Rockaway W.P.C.P

ANDREW KOMOR, MS, PE

PACE

Sr. Consulting Engineer

EDUCATION

B.S. Civil Engineering University of Minnesota / 1999 Cum Laude

M.S. Civil and Environmental Engineering Arizona State University / 2001

YEARS OF EXPERIENCE

11+ Years Joined PACE in 2000

REGISTRATIONS

Professional Engineer / CA 2003 / 64928

Professional Engineer / AZ 2007 / 46719

Professional Engineer / LA 2009 / 34854

AFFILIATIONS

Director of Orange County Water Association (OCWA)

California Water Environment Association (CWEA)

WateReuse Foundation

National American Lake Management Society (NALMS)

PUBLICATIONS

Cost to Benefit Analysis of Desalination of Golf Irrigation Water. Water ReUse Symposium, Phoenix, AZ. 2011

Effects of Nitrification, Stratification, and Algaecidal Disinfection in Country's Largest Recycled Water Reservoirs. Water ReUse Symposium, Washington DC. 2010

Upper Oso Reservoir: Lake Management Update. Presentation to Santa Margarita Water District. 2009

> Evaluation of Denitrification Mechanisms in Constructed Wetlands

Andrew Komor is a technical expert on engineering infrastructure having successfully performed engineering design, project management, and field services for over \$120 million in capital on over 20 completed water resource projects in the past eight years. His background as a researcher has led to four national presentations and technical papers. Mr. Komor is sought after as a technical consultant and designer on water resources projects including advanced wastewater treatment and water recycling, drinking water, ocean and brackish water desalination, groundwater recharge, lake and reservoir water quality enhancements and new technology research and development. As part of the design and engineering of such projects, Mr. Komor is adept at providing comprehensive civil, mechanical, structural, electrical, and controls designs which are innovative, cost effective, and highly-operable. He has an excellent breadth and depth of experience in water resources. Mr. Komor will be responsible for the management of the project design and delegation of project team-members to ensure a value-added approach and sound design which can be implemented effectively.

RELATED EXPERIENCE

Adelanto 4.0 MGD WWTP Improvement Plan - Adelanto, CA

The Adelanto WWTP receives an average flow of 1.8 MGD, of which only 0.5 MGD can be treated with the existing plant. Mr. Komor developed the design concepts to achieve capacity expansion objectives, and addressed operational deficiencies while maintaining operation during the expansion construction. PACE is providing engineering design and consulting services to construct new infrastructure and rehabilitate existing systems to not only regain the original plant capacity, but to increase the rated capacity to 4.0 MGD. New infrastructure includes new screening and washing systems in the headworks, all new aeration and blower equipment in the existing secondary basins, two new 70' diameter circular clarifiers, a RAS/WAS pump station, and a new internal recycle pumping on the biological process. Modifications will be made to the existing effluent filters and chlorine contact basin to produce full Title 22 compliant recycled water as well as improvements to the solids handling to reduce cake volumes and improve dewatering performance.

Santa Paula 4.2 MGD WRF Nanofiltration System - Santa Paula, CA

Mr. Komor provided design of a new nanofiltration desalination system for the City of Santa Paula's new 4.2 MGD membrane bio-reactor (MBR) wastewater reclamation facility in order to provide low hardness, low alkalinity recycled water for cleaning of microfilters and intrafacility reuse.

Mountain House 3.0 MGD Water Recycling Facility - Tracy, CA

Mr. Komor provided process and instrumentation design and biological process design services for the 3.0 MGD expansion of an existing 0.45 MGD WRF. Due to the existing plant being an oxidation ditch facility, and the new facility designed by PACE being an SBR treatment technology, substantial coordination effort was involved to effectively implement water flows and electrical to the new facility. The new 3.0 MGD facility is situated on one-sixth the land acreage of the existing 0.45 MGD facility and within covered tanks situated below an aesthetically-pleasing and odorless building.

Sundance 3.6 MGD Water Recycling Facility - Buckeye, AZ

Mr. Komor was both the project engineer and the onsite field engineer during Phase I construction in 2001-2002 (1.2 MGD capacity) of the Sundance WRF. This role entailed assisting with tasks including providing all requisite architectural, landscaping, structural, civil, mechanical and electrical engineering services during construction. In 2005-2006, Mr. Komor was lead designer and engineer of record on the \$20M expansion of this well-functioning Class A+ effluent wastewater reclamation facility recognized by the State of Arizona for Environmental Excellence in 2004.

ANDREW KOMOR, MS, PE

El Mirage 3.6 MGD Water Recycling Facility - El Mirage, AZ

In 2001-2002 Mr. Komor was responsible for design services and field engineering services including submittals, RFl's, and record drawings for this 3.6 MGD water reclamation facility. In 2007, Mr. Komor and PACE provided a sludge dewatering upgrade and odor control enhancement.

Tartesso 1.2 MGD Water Recycling Facility - Buckeye, AZ

The 1.2 MGD WRF Tartesso WRF featuring advanced biological nutrient removal treatment was designed by Mr. Komor. Specifically, Mr. Komor prepared the MAG 208 Report, biological calculations, preliminary design, and phasing studies for the treatment plant.

Barona 0.75 MGD Water Recycling Facility Upgrades - Lakeside, CA

A new headworks screening system, septage receiving system, recycled water booster pump station, aerobic digestion system, sludge thickener, and dewatering system were designed by Mr. Komor. Mr. Komor was also in charge of overseeing their installation, startup, and long-term operations support services.

Palm Valley 4.0 MGD Water Recycling Facility - Litchfield Park, AZ

Mr. Komor was part of the field engineering services team responsible for effectively constructing and starting up the Palm Valley WRF for the residential community in the City of Goodyear in 2001. Mr. Komor provided on-site engineering services during the design/build phase for this state-of-the-art sequential batch reactor (SBR) system capable of producing Class A+ effluent while providing a visual amenity for the local community.

Grizzly Ranch 0.08 MGD Water Recycling Facility - Portola, CA

Mr. Komor was the engineer of record for this 80,000 gpd Title 22 Compliant WRF. As part of the project implementation, Mr. Komor authored a report of the Waste Discharge for this facility which Region 5 Water Quality Control Board ultimately approved a combination of effluent reuse and discharge.

Wetlands of Avondale Tailwater Recovery - Avondale, AZ

Mr. Komor was involved in the design and incorporation of a 13.5 MGD wetland treatment system for the city's allotted surface-water supply into a beautiful park-like setting for a residential community to provide recreational and aesthetic features and enhance wildlife development. The project included the planning, design, and construction of a unique multiuse constructed wetlands system for the treatment of Salt River Project (SRP) canal water contaminated with agricultural runoff. The treated water was necessary for groundwater recharge and ultimately, municipal consumption. In addition, the system design incorporated an ecosystem to provide for aquatic plants and organisms, as well as numerous species of fish and birds including large species such as crane and herron. Treatment is accomplished through a spectacular series of 14 gravity-flow interactive wetland lagoons. Approximately 30 acres of the total submerged area consists of vegetated wetland islands conducive to biological, chemical, and physical treatment and polishing of water.

Tulare Drainage District Water Treatment (technology in development) -Tulare, CA

Mr. Komor currently serves as the Project Manager guiding the analysis of the potential use of large volumes of contaminated, agricultural runoff water and recommending an innovative, creative, and appropriate treatment strategy. PACE will be providing engineering design, consulting, and pilot operations services to: utilize the otherwise unusable runoff as a source for potable water, utilize the brine in specially designed, enclosed solar ponds for energy generation or heat source for enhanced process efficiency, generate useable byproducts from the dissolved minerals present in the feed source, and reduce the exposure to selenium and arsenic to waterfowl and other aquatic species.

Dateland Potable Water Treatment Upgrades - Dateland, AZ

Andrew Komor is serving as the Project Engineer for this water treatment project. PACE is providing Dateland Public Service Co. with selection of inland-desalination alternatives, engineering design, environmental permitting, and grant funding application services to improve and expand their existing groundwater Reverse Osmosis (RO) treatment system. The groundwater in the Dateland basin contains several trace contaminants including arsenic and fluoride, has irrigation inhibitors boron, chloride, and sodium, and overall contains high levels of TDS. The contaminants must be removed to comply with primary and secondary drinking water standards. This project scope includes alternative analysis, funding through USDA-RD and WIFA, performance specifications, final design, permitting, bid services and construction services.

Ernie Cooper, JD, CPA, CFE Partner

PRACTICE AREAS:

- Forensic Accounting
 - ε Fraud in the Audit
 - ε Financial Statement Fraud
 - ε Asset Identification
- Fraud Investigations
 - ε White Collar Crime
 - ε Money Laundering
 - ε Public Corruption
- **Government Contract Fraud**
- Management of Complex Financial Fraud Matters
- INDUSTRY EXPERTISE:
 - Corporations
 - Law Firms
 - Governmental Agencies
 - Not-for-Profit Organizations
- PROFESSIONAL BACKGROUND: Joined Vicenti, Lloyd & Stutzman in 2005 as Consultant; Named Partner in 2014
 - Director of Forensic Investigative Practice, KPMG Los Angeles, 2003-2004
 - Special Agent, Federal Bureau of Investigation, 1983-2003
 - Phillips & Company, CPA's, 1977-1982
 - Long Beach City College, Instructor of Accounting, 1981-1982
 - Price Waterhouse Coopers (formerly Coopers & Lybrand), 1974-1977
 - Frequent speaker, trainer and expert witness on forensic accounting and fraud investigations

ε Litigation Support

ε Organized Crime

ε Corporate Compliance

Monitoring Programs

ε Financial Institution Fraud

Narcotic Organizations

ε Domestic & International

PROFESSIONAL AND COMMUNITY ACTIVITIES:

- Association of Certified Fraud Examiners, Board of Directors OC Chapter
- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- Society of Former Special Agents of the Federal Bureau of Investigation, Former Chairman, Los **Angeles Chapter**
- State Bar of California
- Los Angeles County Bar Association

LICENSES:

- Received Certification as a Certified Fraud Examiner in July 1990.
- Licensed to practice as a Certified Public Accountant in the state of California since June of 1977.
- Licensed to practice as a Private Investigator in the state of California since February of 2005.
- Licensed to practice as an Attorney at Law in the state of California since December of 1982.

EDUCATION:

- Juris Doctorate, Western State University, College of Law
- Bachelor of Arts in Accounting, California State University, Fullerton

PERSONAL:

· Ernie and his wife Teresa, who is a Special Agent of the FBI, enjoy traveling and family.





Jenny Dominguez, CPA/CFF, CFE Senior Manager

PRACTICE AREAS:

- · Accounting and Auditing
- Fraud Investigation
- Internal Control Review and Analysis
- Cash Flow Analysis & Cash Management Review
- Litigation Support

INDUSTRY EXPERTISE:

- Governmental Agencies
- Not-for-Profit Organizations
- Colleges and Universities
- Commercial and Residential Real Estate
- Manufacturing
- Construction/Construction Management

PROFESSIONAL BACKGROUND:

- Joined Vicenti, Lloyd & Stutzman in August 2010; Promoted to Senior Manager in 2011
- Independent Consultant Forensic Accounting & Litigation Consulting, 2008 2010
- Kroll, Inc., Manager Forensic Accounting & Litigation Consulting, 2005 2008
- Ernst & Young, LLP, Manager, 1998 2005

PROFESSIONAL AND COMMUNITY ACTIVITIES:

- Association of Certified Fraud Examiners
- Secretary, Inland Empire Chapter of the Association of Certified Fraud Examiners
- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants

LICENSE:

- Licensed to practice as a Certified Public Accountant in the state of California
- Received Certification as a Certified Fraud Examiner in 2010
- Received Certification as CFF, Certified in Financial Forensics, 2010

EDUCATION:

 Bachelor of Science in Business Administration, emphasis in Accounting, California State Polytechnic University, Pomona

PERSONAL:

Jenny enjoys traveling, snowboarding, and reading.





Linda Saddlemire, CPA/CFF, CFE, EMBA Managing Partner/CEO

PRACTICE AREAS:

- Audits
- Fraud Investigation
- Business and Consulting Services
- Internal Control Review and Analysis
- Cash Flow Analysis & Cash Management Review
- Fraud Risk Assessments

INDUSTRY EXPERTISE:

- K-12 School Districts
- Colleges and Universities
- Governmental Agencies
- Not-for-Profit Organizations
- Commercial Businesses

PROFESSIONAL BACKGROUND:

- Joined Vicenti, Lloyd & Stutzman in 1982; Named Partner in 1989
- Frequent speaker at the California Association of School Business Officials, California Society of Certified Public Accountants, and others

PROFESSIONAL AND COMMUNITY ACTIVITIES:

- California Association of School Business Officials
- · California School Boards Association
- Association of Certified Fraud Examiners
- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants

LICENSES:

- Licensed to practice as a Certified Public Accountant in the state of California since June of 1984.
- Received Certification as a Certified Fraud Examiner in November of 1994.
- Received Certification as CFF, Certified in Financial Forensics, in 2008.

EDUCATION:

- Executive Masters of Business Administration, with Honors, Claremont Graduate University, Peter F. Drucker and Masotoshi Ito Graduate School of Management
- Bachelor of Science in Accounting, Magna Cum Laude with Departmental Honors, University of La Verne
- Certificate of School Business Management, California State University, San Bernardino
- Doctoral Candidate, University of La Verne

PERSONAL:

• Linda enjoys playing the djembe, traveling and spending time with friends and family.





SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339 1600 Aloha Oceano, California 93445-9735 Telephone (805) 489-6666 FAX (805) 489-2765 www.sslocsd.org

Staff Report

To: Proposal Review Committee

From: Richard Sweet, PE, District Manager

Date: April 15, 2015

Subject: PROPOSAL REVIEW CRITERIA

RECOMMENDATION:

That the Proposal Review Committee reviews the conceptual criteria rating form, make suggestions and adopt a criteria-rating form.

BACKGROUND

At the District Board meeting of February 18, 2015 the Board approved the issuance of a Request for Proposals (RFP) for the review of past management practices for the period of 2004 through the February 2013. As per the approved RFP, the RFP was issued on March 9, 2015, in conformance with the original project schedule, and responses were received on April 13, 2015. To assist the Board in determining the best proposal received, the Board appointed a Proposal Review Committee to evaluate the proposals and recommend a successful proposer to the Board.

DISCUSSION

Evaluation of proposals traditionally utilizes a standardized evaluation approach to ensure a fair evaluation. Attached, is a conceptual criteria evaluation form for the Committee's use. It is anticipated that the Committee will provide comments to the criteria to facilitate the preparation of a standardized evaluation form that can be utilized to assemble the Committee's thoughts and conclusions.

To assist in this discussion, portions of the Request for Proposals that detail the "Scope of Work" and "Proposal Requirements" have also been attached.

Richard G. Sweet, PE District Manager

Attachments: Conceptual Criteria Rating Form

Portions of RFP, "Scope of Work, Proposal Requirments"

Criteria Rating Form Conceptual

Does the proposal effective demonstrate an understanding of the District's needs as outlined within the Request for Proposals?
0-15
Does the proposal reflect a process that the will successfully fulfill the intent of the District as outlined in the Request for Proposals?
0-25 Does the proposal allocate ample resources to fulfill the intent of the District as outlined within the Request for Proposals?
0-25
Has the proposer demonstrated past successes in similar types of projects?
0-20
Does the proposal project a timely result?
0-15
Total Points (100)

Request for Proposals Review of Past Management Practices Scope of Work and Proposal Requirements

SCOPE OF WORK

Develop a work plan to:

Review management practices of financial, operational and engineering functions. Review documents, interview past and present employees, contact administrators, and consultants to analyze and present professional analysis of the following for the period of 2004 to February 2013.

Financial

- Line item evaluation of expenditures
- Compare expenditures to that of similar agencies, identify anomalies or unusual expenditures
- Review of agency audits; identify irregularities and how/if addressed
- Identify any malfeasance
- Identify practices that are not consistent with best management practices

Operation

- Evaluate past practices associated with plant operations
- Evaluate contracts for engineering, purchasing and capital projects to ascertain whether they are consistent with standard practices

The work plan will include:

- identification of standards and practices that will identify methods utilized to evaluate business, financial and operational practices.
- Identification of tasks to accomplish the work plan
- A timeline for completing tasks identified in the work plan
- An outline of a final report indicating the topics that will be included in the final report

The work plan will be reviewed and approved by the SSLOCSD Board of Directors.

Upon approval by the Board the items identified in the work plan will be pursued aggressively consistent with the work plan.

Final Report

The culmination of the efforts identified in the work plan will result in a final report that will compile and present the results developed through the work plan. The report will be approved by the SSLOCSD Board of Directors.

CONSULTANT QUALIFICATIONS

The Consultant with which District enters into an Agreement shall demonstrate sufficient professional experience in the field of business consulting.

PROPOSAL REQUIREMENTS

All proposals must meet the requirements as set forth below.

A corporation shall execute the proposal by its duly authorized officers in accordance with its corporate bylaws and shall list the state in which it is incorporated. A partnership shall give full names and addresses of all partners. If Consultant is a joint venture consisting of a combination of any of the above entities, each joint venturer shall execute the proposal. Anyone signing a proposal as an agent of another or others shall submit legal evidence of this authority to do so with the proposal.

Original proposals shall contain three (3) copies of the following items assembled in the order listed:

- 1. Company Information including status (e.g., corporation, partnership), and full names and addresses of all principals and agents for service of process, as outlined above.
- 2. Contact Information for your firm's representative for this Project to include name, title, mailing address, phone number, and email address.
- 3. List of Key Personnel and Resumes for each person involved in operation or management of this project, and their function or title.
- 4. Professional References to include agency name, contact person, title, and phone number for three agencies for whom you have provided similar services within last two years.
- 5. Certificate of Insurance carried by your firm, containing the insurance carrier, its A.M. best ratings scope of coverage and limits, deductibles, and self-insured retention.
- 6. Evidence of Comparable Experience as evidenced by Consultant's experience in preparing management reviews of comparable scope to that contemplated by this RFP.
- 7. Details shall include length of other agreements, name and size of agency, general nature of services provided, and contact person and phone number.
- 8. Complete Proposal detailing your firm's plan for completion of tasks as described above

demonstrating your understanding of the Project; schedule for delivery/current time commitment; and proposed compensation.

- a. Consultant is encouraged to amplify the scope of services, to identify any supplemental tasks necessary, and to recommend any alternatives that may enhance the Project or reduce costs.
- b. Where applicable, Consultant is encouraged to describe the anticipated level of effort for each task.
- c. The scope of work, once modified to be acceptable by District, will be used as an exhibit to the Agreement between District and Consultant.
- 9. Services or Data to be provided by District.
 - a. Note: District will release to selected Consultant all necessary available information, records, maps, reports, and other documents. District will receive and review all work produced by the Consultant including, but not limited to data, studies, calculations, and proposals.