

# **BROAD BEACH GEOLOGIC HAZARD ABATEMENT DISTRICT**

## **REGULAR MEETING AGENDA**

**Sunday February 11, 2018; 9:00 a.m.**

**Private Residence: 31030 Broad Beach Road, Malibu, CA 90265**

### **Regular Session**

- 1) Call to Order**
- 2) Roll Call**
- 3) Adoption of Agenda**

### **Closed Session**

- 4) Conference With Legal Counsel; Pending Litigation**  
(Gov. Code § 54956.9(d)(1))

Conference with legal counsel and discussion of Mark Magidson, Trustee of the Magidson Revocable Trust of 1987 (2006 Restatement), and Malibu-Broad Beach S-1, LLC a California Limited Liability Company through its Manager Mark Magidson; Alexander Haagen III, as Managing Member of 30956 BB, LLC and BB Malibu Place LLC; Mike Schwab; Cheryl Schwab; Andrew Leigh; Barbara Leigh v. Broad Beach Geologic Hazard Abatement District; Board of Directors of the Broad Beach Geologic Hazard Abatement District, Los Angeles County Superior Court Case No. BS170769 (Hogue).

- 5) Conference With Legal Counsel; Pending Litigation**  
(Gov. Code § 54956.9(d)(1))

Conference with legal counsel and discussion of 31506 Victoria Point LLC, a California LLC, 31508 Victoria Point LLC, a California LLC, and E. Jane Arnault, an individual v. Broad Beach Geologic Hazard Abatement District, Los Angeles Superior Court Case No. SC128058 (Cole).

- 6) Conference With Legal Counsel; Pending Litigation**  
(Gov. Code § 54956.9(d)(1))

Conference with legal counsel and discussion of Broad Beach Geologic Hazard Abatement District v. All Persons Interested in the Validity of Resolution No. 2017/09 of the BBGHAD Board, LASC Case No. BC 684646 (Michael Linfield).

- 7) Conference With Legal Counsel; Pending Litigation**  
(Gov. Code § 54956.9(d)(1))

Conference with legal counsel and discussion of County of Ventura and City of Fillmore v. City of Moorpark and Broad Beach Geologic Hazard Abatement District, Santa Barbara County Superior Court Case No. VENC100479937.

**Resumption of Regular Session: approximately 10:15 a.m.**

**8) Approve Summary of Actions from January 7, 2018 Meeting**

**Staff Recommendation:** Chair to conduct vote on approving Summary of Actions from January 2018 meeting. If passed, Chair or Vice Chair to sign Summary of Actions.

**9) Old Business**

- a. Sand Source Update. (Project Counsel) Staff briefing on sand sources, and Board input sought regarding next steps.
  - b. Permitting and Regulatory Process Status. (Project Counsel and Engineer) Report to include project regulatory status update, including:
    - (i) Lead Agency Update
      - (A) CCC (incl. MHMMP/Science Advisory Panel)
        - 1. Prior-to-Issuance Conditions compliance (Project Counsel).
      - (B) Army Corps
        - (1) Resolution No. 2018/01. (Project Counsel) Briefing on Resolution authorizing Project Counsel to sign Army Corps permit, and Treasurer to issue checks to Bay Foundation and Army Corps for \$215,500 (Section 21) and \$ 142,500 (Section 3), respectively.  
**Staff Recommendation:** Approve Resolution No. 2018/01, and direct staff to complete actions necessary to effectuate Army Corps permit.
    - (C) RWQCB
    - (D) SLC
  - (ii) Responsible & Consulting Agency update: RWQCB, NMFS, Cal. DFW, CalTrans, etc.
- c. Permitting Outreach & Strategy Update. Report to include status update on agency advocacy and stakeholder outreach.

**10) New Business**

None.

**11) BBGHAD Officer Report**

- a. Project Manager (Project Manager)
  - (i) Financial Audit
- b. Treasurer's Report (BBGHAD Treasurer)

**12) BBGHAD Board Member Reports**

**13) Public Comment - Non-Agenda Items**

*Communications from the public concerning matters that are not on the agenda but for which the BBGHAD Board has subject matter jurisdiction. The BBGHAD Board*

*may not act on non-agendized matters except to refer the matters to staff or schedule the matters for a future agenda.*

**14) Future Meeting**

Next Meetings: March 11, 2018 and April 22, 2018 (tentative)

Time: 9:00 a.m.

Location: TBD

**15) Adjournment**

## **ITEM 8**

### **Summary of Actions**

## **Summary of Actions**

### **BROAD BEACH GEOLOGIC HAZARD ABATEMENT DISTRICT**

#### **REGULAR SESSION MEETING**

**Sunday January 7, 2018; 9:00 a.m.  
31030 Broad Beach Road, Malibu, CA 90265**

#### **1. Call to Order**

The Chair called the meeting to order at 9:12 a.m.

#### **2. Roll Call**

PRESENT: Chair Karno, Vice Chair Grossman, Board Members Needleman, Marine, and Kuba.

BBGHAD STAFF ALSO PRESENT: Project Manager Ovrom, Project Counsel Ehrlich, Clerk/Treasurer Fuchs, and Special Counsel Colantuono (participated by phone).

#### **3. Adoption of Agenda**

The Chair recognized Project Counsel, who reported that the Agenda was posted on January 3, 2018, at approximately 6:00 p.m. within the BBGHAD boundaries and concurrently posted on the BBGHAD website. The Chair recognized Vice Chair, who moved to adopt the Agenda as posted. Board Member Marine seconded the Motion, and the Motion passed 5-0.

#### **Closed Session**

At 9:13 a.m., the Chair announced, without objection, that the Board would move into Closed Session.

#### **Resumption of Regular Session**

The Chair resumed Regular Session approximately at 10:20 a.m. The Chair recognized Project Counsel, who reported on the agenda items discussed in Closed Session. Special Counsel Colantuono left the meeting at 10:20 a.m.

#### **8. Approve Summary of Actions from December 10, 2017 Meeting**

The Chair recognized Board Member Marine, who moved to approve Summary of Actions from December 10, 2017, with minor edits as announced by Project Counsel. Board Member Needleman seconded the Motion, and the Motion passed 5-0.

#### **9. Old Business**

- a. Sand Source Update

The Chair recognized Project Counsel, who reported that the Board-created sand source subcommittee, Board Members Marine and Kuba, met with staff on 1/4/18 to analyze the ocean-delivered (Polaris) and truck-delivered (CEMEX) sand source options. Project Counsel stated that the evaluation and analysis of the revised Polaris' proposal could not be completed due to significant unknown facts. Therefore, Project Counsel stated that BBGHAD staff cannot recommend a sand source for the Project at this time. Project Counsel anticipates having more information about the Polaris sand source at upcoming Board meetings.

The Chair recognized homeowner Steve Needleman, who inquired about the timing of the negotiations for the two viable sand sources. Project Counsel responded that he anticipates 30 to 60 days to finalize negotiations, once a preferred option is selected.

b. Permitting and Regulatory Process Status

The Chair recognized Project Counsel, who updated the Board on:

(i) Lead Agency Update

(A) CCC

1. Prior-to-Issuance Conditions compliance

Staff has requested a meeting with the CCC Executive Director to discuss the scope and breadth of the Project's dune footprint and anticipates the meeting to take place in the next few weeks.

(B) Army Corps

The Army Corps permit was issued on Friday January 9, 2018. Project Counsel thanked Richard Beck and Michael Baker International for their efforts to have the permit issued completely in line with the CDP. The Chair recognized Vice Chair, who thanked Project Counsel for his efforts in obtaining the USACE permit.

The Chair recognized Project Counsel, who recommended to agendize the authorization for Project Counsel to sign the MOU on behalf of the BBGHAD and authorizing the disbursement of the financial assurance for the February 2018 Board meeting. The Board unanimously agreed and the Chair directed Project Counsel to agendize it for the next Board meeting. Project Counsel acknowledged the direction from the Board.

(C) RWQCB

The BBGHAD received the revised Water Board permit in or about December 2017, which also conforms to the CDP. The Water Board did not accept the change of date for the Septic Feasibility status report from 2018 to 2019. Project Counsel recommended to start the Septic Feasibility study at this point, as the permit requires coordination with other agencies. The Board ensued in a discussion regarding the timing

and possible ramifications of the study. The Board unanimously agreed to authorize commencement of the Septic Feasibility Study.

The Chair recognized Max Factor III, who pointed out that the CCC's initial response to the report stated that the matrix used by the Engineers (Ensitu) was inappropriate for the size of the houses. Mr. Factor suggested looking at the initial ENSITU report to improve upon the new report and to save costs. The Board agreed and directed staff to consider the initial Ensitu report.

(D) SLC

No separate report.

(ii) Responsible & Consulting Agency update:

No update.

c. Permitting Outreach & Strategy Update

Project Counsel asked for a Board Motion to cease the monthly payments to outside lobbyist Vectis Strategies.

MOTION: Board Member Marine moved, and Vice Chair seconded, to cease the monthly payments to lobbyist Vectis Strategies as the BBGHAD has received the Army Corps and to allow for the lobbyist to present the Board with a proposal, free of charge, as to how and/or if federal funds could assist with the funding of the Project. Hearing no further comments, the Chair called the question, and the Motion passed 5-0.

The Chair asked Project Counsel if the BBGHAD has received and concluded all the permits with the permitting agencies and if all PTI (Prior to Issuance) conditions, other than the Springing License agreements, have been met? Project Counsel answered affirmatively, adding that all the reports submitted to CCC in October 2017 are under review with CCC staff and BBGHAD staff anticipates that they will be thoroughly reviewed by CCC staff at the beginning of this year.

The Chair directed Project Counsel to include an updated Project Status Report in the next Board Packet and other imminent deadlines regarding the PTI conditions. Project Counsel acknowledged the directions from the Chair.

**10. New Business**

None.

**11. BBGHAD Officer Report**

a. Project Manager

Project Manager stated that he would like to defer his report on the License Agreements to the February 2018 Board meeting.

b. Treasurer's Report

The Treasurer reported that, as of January 2, 2018, the cash balance was \$ 2,265,952.44 and the estimated unpaid bills amounted to \$ 266,068.85. The Treasurer stated that the Actuals Paid 2017 report submitted has an error in the income column and will be corrected on the next report. The Chair directed Treasurer to send future financial reports to Project Manager for review prior to submitting the reports.

The Chair asked staff if it would be a realistic expectation for the BBGHAD expenditures to dramatically decrease until the start of the Project? The Chair recognized Board Member Kuba, who opined that due to the multiple pending litigation matters, the cost would not likely decrease. A discussion ensued regarding the potential legal costs for the Project.

**12. BBGHAD Board Member Reports**

No reports.

**13. Public Comment - Non-Agenda Items**

The Chair recognized Max Factor III, who asked if: 1) The Bay Foundation's MOU and the US Army Corps permit could be posted on the BBGHAD website, 2) if the Army Corps mitigation is the maximum amount it can charge, and 3) if the Validation Action has been served yet. Project Counsel responded to Mr. Factor's questions. Mr. Factor further stated that his PRA request has not been fully responded to. Project Counsel responded that he would follow up with his office.

The Chair recognized homeowners Doug Baron, who expressed his continued support of the Project.

**14. Future Meeting**

The Chair stated that the next meetings are scheduled for February 11, 2018 and March 11, 2018. Both meetings to start at 9:00 a.m., locations to be determined.

**15. Adjournment**

The Chair recognized Board Member Marine, who moved to adjourn Regular Session. Board Member Needleman seconded the Motion. The Chair called the Roll, and the Motion passed 5-0. Regular Session adjourned 11:22 a.m.



Approved and adopted by the Broad Beach GHAD

Board on \_\_\_\_\_  
Norton S. Karno, Chair

ATTEST:

\_\_\_\_\_  
Heike Fuchs, Clerk

## **ITEM 9**

### **Old Business**

## 9a – Sand Source Update

# MEMORANDUM

## ATTORNEY WORK PRODUCT

TO: BBGHAD Board

FROM: Project Counsel

DATE: February 9, 2018

RE: BBGHAD: February 2018 Board Meeting; Agenda Item #9a  
Project Sand Source

FILE NO.: 11402-0001

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### **CEMEX/Quarry Sand**

1. The BBGHAD's planned sand supplier, CEMEX, has obtained a multi-decade Conditional Use Permit (CUP) for its Moorpark, CA facility—the same facility that would provide sand for the BBGHAD Project- from the County of Ventura. The CUP contains Condition No. 77, which relates to the Project.
2. CEMEX has supplied the BBGHAD with its specification for the sand, which has an average grain size of 0.66mm, meets the CDP specification and has been approved by the CCC for all purposes, including color.
3. The existing BBGHAD-Moorpark Transport Agreement, as upheld by the Santa Barbara County Superior Court, routes Project truck traffic north from the CEMEX facility through Fillmore, CA.
4. CEMEX has assured the BBGHAD that it remains partnered with the BBGHAD to provide sand for the Project. CEMEX fully intends to provide sand for the Project.
5. CEMEX and the BBGHAD are coordinated in these negotiations with Moorpark.
6. Communication with Moorpark staff and elected officials leads BBGHAD staff to believe that sand can be shipped south from the CEMEX facility and avoid significant traffic or other impacts to Moorpark.
7. Moorpark is not inclined to formally amend the Routing Agreement until Court of Appeal rules (likely Spring 2018).

### **Polaris/Ocean-delivered Sand**

1. BBGHAD received updated Polaris proposal on 12/9/17. Proposal includes sand with average grain size of 0.44mm, eliminates barge, and proposes to pump sand directly from transport ship to shore in approximately 50,000 – 70,000 cubic yard increments (per ship load).
2. According to the vessel agent, a 12" UHDPE (Ultra Hi-Density) pipe, fitted with floatation device, will pump the slurry from approximately 3,000' from the coastline. The pump will deliver the sand to an approximate total footage of 5,000 LF. 3,000 LF water-based and 2,000 LF of which will be land-based. Polaris proposes its responsibility to end at the water's edge (3,000 LF), at which point the BBGHAD is to assume responsibility (labor, equipment, pipe material, fittings, handling, etc.). The updated proposal specifies the use of a new pump using a delivery ratio of approximately 50/50 – 40/60 sand-to-water ratio at the rate of 1,000-1,100 metric tons/hr of sand (750 CY/hr).
3. BBGHAD staff analyzing updated proposal with Board-created subcommittee. Subcommittee met with BBGHAD staff on 1/4/18 and 1/25/18. Multiple conference calls with Polaris and CSL (ship representative) occurred throughout January and February 2018, with most recent contact on February 2, 2018. BBGHAD also in contact with another potential ocean deliverer of Polaris sand. As a result of the additional information, BBGHAD engineer and representative of potential contractor considering, among other points: handling of sand volume and richness coming from pump; storage area/staging area for 50,000-70,000 cy without incurring significant erosion and sand loss; equipment needs for onshore activities associated with ocean delivery; and updated cost in relation to quarry sand.
4. CCC staff has twice rejected Polaris sand as too dark. Polaris reformulated its sand to a slightly lighter hue, an amount of which was displayed in recent months at 30822 Broad Beach Rd.
5. Polaris and BBGHAD met with CCC staff in October 2017. CCC staff maintains concerns about sand color, but indicated it would receive and consider a CDP amendment for ocean-delivered Polaris sand if BBGHAD submits same (approximately 4-6 months to process once application deemed complete).

### **Upper Calleguas**

1. No new information to report.

## 9b – Project Status Report

## **BROAD BEACH RESTORATION PROJECT STATUS REPORT – February 11, 2018**

### **CALIFORNIA COASTAL COMMISSION (CCC)**

- *Jurisdiction: Coastal Development Permit (CDP)*
- 10/9/15: **CDP with condition modifications approved at CCC hearing.**
  - BBGHAD proposed revetment alignment (Alt 4C) accepted.
  - Public access compromise identified.
  - Notice of Intent and Final Condition language dated 1/11/16 and received 1/29/16
- 8/25/17: BBGHAD staff submits proposed Final MHMMP. Anticipated formal approval within 2-3 weeks.
- 8/25/17: Final License Agreement packets circulated to revetment owners.
- 10/4/17: All Prior to Issuance conditions and reports (other than completed License Agreements) submitted to CCC staff.
- 11/9/17: CCC granted CDP extension to 10/5/18.

### **CALIFORNIA STATE LANDS COMMISSION (CSLC)**

- *Jurisdiction: Lease and certification of APTR*
- September 11, 2015: CSLC issued letter deeming the BBGHAD application (in support of updated project Alt 4C) incomplete.
- 2/9/16: BBGHAD response to SLC lease letter sent.
- 5/20/16: Mtg with SLC staff
- August 9, 2016: **SLC approved Project and Lease**
- BBGHAD Board to ratify Lease through Resolution and sign Lease before implementing Project.

### **US ARMY CORPS OF ENGINEERS (USACE)**

- *Jurisdiction: National Environmental Policy Act (NEPA) Compliance and certification; Section 10 and 404 permits*
- 11/14/16: Final Biological Opinion issued
- 11/22/16: BBGHAD submitted supp. revetment alternative (4B) analysis requested by USACE
- 1/24/17: BBGHAD submitted Compensatory Mitigation Plan as requested by USACE staff.
- 5/17: Revised Compensatory Mitigation Plan submitted to USACE; BBGHAD informs USACE of final 2 potential sand sources: quarries or upper Calleguas Creek.
- 8/25/17: BBGHAD submitted Final MHMMP. USACE approved 9/14/17.
- 10/3/17: EFH consultation completed
- 10/23/17: Army Corps staff starts producing sections of NEPA and 404 decision documents/permits for BBGHAD review; BBGHAD produces final MHMMP and Bay Fndtn MOU
- 1/05/18: Army Corps issue NEPA and 404 decision documents/permits

### **REGIONAL WATER QUALITY CONTROL BOARD (RWQCB)**

- *Jurisdiction: 401 certification and, potentially, waste discharge requirements (WDRs)*
- Jan. 2016: BBGHAD submitted draft Water Quality Certification. RWQCB staff review in progress.
- July 2016: BBGHAD contacted EO to expedite review and processing.
- 7/17/17: EO requests annual Septic Reports; BBGHAD to submit 7/24-25.

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- 8/15/17: BBGHAD submits Septic Report to RWQCB
- 10/3/17: RWQCB issued 401 certification decision documents/permits
- 11/6/17: BBGHAD files Petition for Reconsideration of septic and mitigation sections
- 11/29/17: BBGHAD and RWQCB staff to meet in attempt to resolve septic and mitigation issues.
- 12/13/17: RWQCB issued revised 401 certification.

#### CALTRANS

- *Jurisdiction: Encroachment permit for temporary traffic signal on PCH*
- Requires full engineering of the signal, a deceleration lane, an access to the west Zuma lot, and an egress point out of the west Zuma lot.
- 11/14/14: Permit package issued. Permit to be revised based on latest traffic plan.
- 2/23/17: Conceptual approval from CalTrans subject to BBGHAD re-submittal with minor modifications.
- 4/17: BBGHAD re-submittal and additional comments received. Project Manager intervening.
- 6/20/17: BBGHAD submits final comments; approval expected shortly.
- 7/25/17: Final Caltrans comments received; concurrence sought from Malibu.
- 8/23/17: Minor Malibu comments received.

#### LA COUNTY DEPT OF BEACHES AND HARBORS

- *Jurisdiction: Owner of Zuma Parking Lot 12 (Project Staging Area); BBGHAD needs Right of Entry Permit to use parking lot; LACDBH also coordinates with Caltrans and City of Malibu on traffic issues.*
- Right of Entry Permit Application to be submitted. GHAD Counsel advised holding off on submitting LA County permit application until dates of construction are better defined (dependent on timing of all other permits).
- Permit pending progress w/ USACE.

#### CITY OF MALIBU

- Coordination with CalTrans re traffic permits etc.

#### CONSULTING AND COORDINATING AGENCIES

National Marine Fisheries Service (NMFS), California Department of Fish and Wildlife (CDFW), & SM Bay Restoration Commission (SMBRC)

- *Jurisdiction: No discretionary permits, but consult with and provide input to permitting agencies.*
- NMFS: Essential Fish Habitat consultation pending; BBGHAD response submitted 9/2/16. USACE final proposal shared w/NMFS 6/22/17; supplemented 7/18/17.
- CDFW: Responsible for Marine Protective Areas (MPAs), including that off Broad Beach. Rep. part of SAP group. Concerned with Project effects on MPA - subtidal, intertidal, and turbidity. .
- Table below shows primary concerns with selected agencies:

Agency	Next Action	Concern
USACE	Formal consultation by NMFS and CDFW.	NEPA : Concerns handled and eliminated. Permit issued 1/18.
CCC	Submittal of final design reports prior to	Substantial liaison with Science Advisory Panel (SAP) required to finalize monitoring



	permit issuance.	and dune plans prior to permit issuance.
SLC	Review of final Project (Alt 4C) items	Approved 8/9/16.
RWQCB	APTR review	Potential for RWQCB-specific conditions.

**PERMIT SCHEDULE STATUS AS OF 2/11/18**

AGENCY	ACTION	DURATION ESTIMATE	COMPLETION DATE (earliest possible)
<b>CCC</b>	Commission consideration	1 day	October 5, 2018. CDP approved and extended. PTI conditions remain.
	Review/Negotiation of Permit Conditions/SAP	5-6 months	Fall 2016/Early 2017
	BBGHAD completion of "Prior to Issuance" Conditions	5-6 months	Winter 2018, dependent on finalizing sand source & License Agreements
	Permit Issue	1-2 months	2Q-3Q 2018
<b>SLC</b>	Lease App. Completeness Notice	1 month	November 13, 2015
	Lease Negotiations	3 months - ongoing	N/A
	Commission consideration	1 day	Approved: 8/9/16
	Issue Final Lease	1 month	Fall 2016
	Lease Signature	1 week	Fall 2016
<b>USACE</b>	Submit 404b(1) alternatives analysis	2 months	August 5, 2015; supp 1/16/16 & 11/16 <b>SUBMITTED &amp; COMPLETE</b>
	End formal biological consultations with CDFW re snowy plover	120 days (legal maximum)	Final Biological Opinion issued 11/14/16
	Finalize EA	2 months	1/10/18
	Issue Draft Permit	1 week	10/23/17
	Review/Negotiation of Draft Permit Conditions	4 weeks	12/8/17
	Issue Final Permit	1 week	1/10/18
<b>RWQCB</b>	Submit draft 401 Certification	3 weeks	January 2016
	Negotiate 404/WDRs	2 month	3Q2017
	RWQCB approval of 404/WDRs	1-2 months	December 2017
<b>CALTRANS</b>	Encroachment Permit	4.5 months	March 2018
<b>LA COUNTY</b>	Parking Lot Permit	1 month	August 2018
<b>CITY MALIBU</b>	Traffic/signal approvals	Unknown	2Q2018

# MEMORANDUM

## ATTORNEY WORK PRODUCT

TO: BBGHAD Board

FROM: Project Counsel

DATE: February 9, 2018

RE: BBGHAD: February 11, 2018 Board Meeting; Agenda Item #9b  
Project Permitting Update; Resolution 2018/01

FILE NO.: 11402-0001

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### **Project Scheduling & Deadlines**

See attached overall Project compliance schedule.

### **California Coastal Commission**

1. CDP extension granted 11/9/17. PTI conditions to be completed by 10/5/18. BBGHAD staff has completed initial coordination with Polaris on new Project Description language for a CDP amendment for ocean-delivered sand, but has stopped until pricing more certain. In the interim, Polaris updated proposal received and evaluation ongoing. It makes no sense to continue preparing a CDP amendment unless and until the BBGHAD believes that the Polaris pricing will be at or below quarry sand pricing. So, if the pricing is favorable, we anticipate compiling materials for a CDP amendment within the 10 days after favorable direction received submission to the CCC staff.
2. BBGHAD awaits input from CCC staff on latest drafts of PTI reports and plans—submitted by BBGHAD in and before October 2017.

### **Army Corps**

1. Final Permit issued January 2018.
2. **BBGHAD under no immediate obligation to sign the permit or pay \$ other than to comply with pre-construction deadlines in Permit** (such as 15 day Notice to Proceed etc.). Note the expiration date of the permit will remain the same (2028), so the date BBGHAD signs the Permit does not affect the expiration date.

3. **Resolution No. 2018/01-** Seeks authorization for BBGHAD to sign Permit and pay initial monetary Permit requirements:
  - a. Prior to initiating construction, BBGHAD must pay first 25% installment of the \$570,000 financial assurance, or \$142,500.
  - b. Prior to initiating construction, BBGHAD must pay emergency revetment mitigation of \$215,500 to The Bay Foundation.

**Updated Staff Recommendation (after Agenda posted):** Up to Board discretion to approve Resolution No. 2018/01 today. Resolution need not be signed today as BBGHAD under no immediate obligation to sign or pay \$ re Army Corps permit. Previously, BBGHAD federal lobbyist suggested that BBGHAD should sign Permit as a precursor to seeking federal funds to aid in Project funding. Lobbyist has reconsidered position, and believes BBGHAD may pursue federal funding as long as Army Corps issued Permit—which it did.

### **RWQCB**

1. BBGHAD received revised, final 401 certification on 12/13/17. BBGHAD under no immediate obligation to sign the permit other than to comply with pre-construction deadlines in Permit.

### **CALTRANS**

1. BBGHAD Engineer finalizing details for PCH-Guernsey signal with CalTrans staff.

Deadline	Action	Origin	Status	Completion Date
<b>Spring Season</b>	<b>May 1 through June 30</b>	MHMMP, p. 4-1.		
<b>Fall Season</b>	<b>Sept. 1 through Nov. 30 (or first major storm)</b>	MHMMP, p. 4-2.		
Oct. 2017 through Oct. 2028	Perform Beach Berm Width Measurements	CDP Condition 4.C.2.-4.		
- Must perform monthly for one year prior to construction and 10 years post	Perform Wetted Bound Surveys			
Fall 2018 - Fall 2028	Perform Trancas Estuary Mouth Changes			
	Perform sampling daily for the first week after nourishment and weekly thereafter of dissolved oxygen, pH, turbidity, and temperature	Section 401 Certification, § XIV.E.3.		
	Perform continuous oil and grease visual samples			
	Submit results in monthly reports to RWQCB - by 15th day			
Prior to CDP Issuance	Submit CDP Final Revised Plans	CDP Condition 1.A.		
Prior to CDP Issuance	Submit Final Adaptive Management and Monitoring Plan	CDP Condition 4.		
	- See reporting and compliance that must be included as contained in CDP Conditions 4.A - 4.C.			
Prior to CDP Issuance	Submit Final Revised Dune Habitat Restoration and Monitoring Program	CDP Condition 5.		
	- See reporting and compliance requirements.			
	- Approved Plan must be implemented with 90 days of completion of initial beach nourishment activities.	- Conditions 5.A. and 5.B.		
	- Interim Monitoring Reports must be submitted December 31st of each year.	- Condition 5.A.(8).		
	- Final Report due prior to when approved development expires (Oct. 8, 2020); if report indicates project is unsuccessful, must submit within 90 days revised supplemental restoration program.	- Condition 5.B.(4). - Condition 5.B.(5).		
Prior to CDP Issuance	Submit Dune Habitat Restoration and Enhancement Area Open Space Restrictions written agreement approved by Executive Director	CDP Condition 5.C.		
Prior to CDP Issuance	Submit Marine Habitat Monitoring and Mitigation Plan	CDP Condition 6.		
	- See reporting and compliance requirements.	- Conditions 6.A. - 6.E.		
	- Annual reports due December 31st each year.	- Condition 6.D(6).		
During and Pre-Construction	Biological Monitoring Required	CDP Conditions 7 and 10.		
	- Submit turbidity monitoring within 30 days of each nourishment and backpassing operation.	- Condition 7.E.		
	- Submit documentation prepared by environmental resources specialist	- Condition 7.F.		
	Must notify CC South Central Office at least 3 working days prior to any construction/nourishment/backpassing activities, and immediately upon completion.	- Condition 10.g.		
Prior to CDP Issuance	Submit Sampling and Analysis Plan	CDP Condition 8.		
Prior to CDP Issuance	All Property Owners enter into irrevocable license agreements.	CDP Condition 13.B. and 14.A.		
Prior to CDP Issuance	Submit Public Access Management Program with Symbolic Public Access Fencing and Signage Plan	CDP Condition 15.		
Prior to CDP Issuance	Submit evidence of all required Project approvals	CDP Condition 17.		
Prior to Any Construction	Submit: a) \$215,500 to The Bay Foundation, and b) 1st installment of financial assurance: \$ 142,500	Section 404 Permit, SC 3, 21.		

15-Days Prior to any Construction (major nourishment, interim nourishment, or or significant Project milestone)	Submit pre-construction notification to Army Corps at least 15 days prior to anticipated initiations of operations, Milestones and do not proceed without Corps written Notice to Proceed. - Coast Guard notification requirements.	Section 404 Permit, SC 2, 18.  - Section 404 Permit, SC 8.		
	Submit Project Status Notification to RWQCB at least 1 week prior to commencement of any construction/ nourishment /backpassing activities AND immediately upon completion.	Section 401 Certification, § XIV.B.3.a.		
	Notify Coastal at least 3 days prior to any event and immediately upon completion.	CDP Condition 10.g.		
45-Days Post Construction (major nourishment, interim nourishment, or or significant Project milestone)	Submit Post-Implementation Reports to Army Corps 45-days following each Milestone.	Section 404 Permit, SC 20.		
60-Days Post Construction of Each Milestone	Submit Post-Construction As Built Surveys to Army Corps 60-days following each Milestone.	Section 404 Permit, SC 11.		
30-Days Following Completion of Enhancement Activities or 5 years following transfer of Bay Foundation Funds	Submit Mitigation Report to Army Corps.	Section 404 Permit, SC 21.		
30-Days Following Completion of All Project Construction	Submit Request for Notice of Completion of Discharges Letter to RWQCB Submit Request for Project Completion Letter	Section 401 Certification, § XIV.B.3.b. and § XIV.B.3.c.		
60 Days Prior to Any Future Maintenance Eelgrass Post-Construction Surveys	Submit Maintenance and Repair Report Conduct 2 years of post-construction eelgrass monitoring surveys after each Milestone - Submit plan to Army Corps w/in 30 days of survey - If Essential Fish Habitat mitigation is needed, Army Corps will notify in writing and must submit draft EFH mitigation plan w/in 30 days.	CDP Condition 11. Section 404 Permit, SC 25.		
Oct. 2017 through Oct. 2028 - Must perform monthly for one year prior to construction and 10 years post 8/9/2016 (and yearly thereafter for 9 years)	Perform Beach Berm Width Measurements Perform Wetted Bound Surveys Perform Trancas Estuary Mouth Changes	CDP Condition 4.C.2.-4.		
Fall 2016	Pay \$50K to State Lands Commission for Prior Occupation of Land  MHMMP Pre-Nourishment Baseline Mapping MHMMP Acoustic Habitat Surveys	State Lands Lease § 2, 1.A.  MHMMP, 4.2.1.5	Merkel Conducted Habitat mapping to a limited extent concentrating primarily on Broad Beach with limited processing of UAV imaging within reference areas	No schedule for completion or plan to integrate the mapping coverages into long term assessments
Fall 2016	MHMMP Habitat Surveys	MHMMP, 4.2.2.4	Merkel Conducted Habitat surveys to a limited extent inconsistent with the approved MHMMP. Benthic infauna samples from sand beaches remain unprocessed	No schedule for completion or plan to integrate collected data into long term assessment
October 8, 2016	Complete landward re-location and re-construction of rock revetment; construct access stairways; removal of sandbags and other materials.	CDP Conditions 3.A, 3.B, 3.C, 1.A.(4), 5.A.(5)	*confirm whether extn granted, if so, must update deadline	
December 7, 2016	Return Executed Lease to State Lands Commission - Deliver \$1.35 m performance deposit	State Lands Lease § 2, 2. - Lease § 2, 18.B.1.		

Spring 2017	MHMMP Pre-Nourishment Baseline Mapping	MHMMP, 4.2.1.5	Rincon conducted Baseline Mapping	Mapping continues to be refined for use as and additional baseline habitat mapping layer representative of an sand erosion condition
Spring 2017	MHMMP Habitat Surveys	MHMMP, 4.2.2.4	Rincon completed all habitat surveys and evaluated data for power relative to the CDP 20-20-20 rule presenting results to regulators for review and approval. Benthic infauna samples have been collected and are stored unprocessed	No schedule to process samples as CDP requires one year of spring and fall monitoring prior to sand placement. CCC previously stated they wanted Spring 2018 samples collected and analyzed. <a href="#">Rincon recommends requesting the CCC to forgo processing of Spring 2017 benthic samples for cost savings to BBGHAD.</a>
August 9, 2017 Fall 2017	Pay \$50K to State Lands Commission for Prior Occupation of Land MHMMP Pre-Nourishment Baseline Mapping	State Lands Lease § 2, 1.A. MHMMP, 4.2.1.5	Rincon conducted Baseline Mapping of AOPE and all referenced areas, processing of comprehensive mosaics still in process.	<b>February-18</b>
Fall 2017	MHMMP Habitat Surveys	MHMMP, 4.2.2.4	Rincon completed all habitat surveys and benthic infauna samples have bee collected and are currently being processed	<b>February-18</b>
Winter/Spring 2018 Spring 2018 Spring 2018	Post First Financial Assurance to Army Corp - \$142,500 Perform Beach Profile Survey MHMMP Pre-Nourishment Baseline Mapping	Section 404, SC 3 CDP Condition 4.C.1. MHMMP, 4.2.1.5	Rincon plans to conducted Baseline Pre-Nourishment Mapping of AOPE and all referenced areas starting in May 2018	<b>July-18</b>

Spring 2018	MHMMP Habitat Surveys	MHMMP, 4.2.2.4	Rincon plans to conducted Baseline Habitat Surveys of AOPE and all referenced areas starting in May 2018	<b>Surveys to be completed by 7/1/2018 with benthic infauna processed by 9/1/2018</b>
June 30, 2018	Submit Annual Report to RWQCB	Section 401 Certification, § XIV.B.1.a.		
August 9, 2018	Submit Septic Conversion Progress Report	§ XIV.C.		
	Pay \$50K to State Lands Commission for Prior Occupation of Land	State Lands Lease § 2, 1.A.		
Fall 2018	MHMMP Pre-Nourishment Baseline Mapping	MHMMP, 4.2.1.5	Rincon plans to conducted Baseline Pre-Nourishment Mapping of AOPE and all referenced areas starting in September/October 2018	<b>November-18</b>
Fall 2018	MHMMP Habitat Surveys	MHMMP, 4.2.2.4	Rincon plans to conducted Baseline Habitat Surveys of AOPE and all referenced areas starting in September/October 2018	<b>Surveys to be completed by 11/1/2018 with benthic infauna processed by 12/1/2018</b>
Fall 2018 (assumes Sept.)	Perform Beach Profile Survey	CDP Condition 4.C.1.		
	Perform Aerial Photography	CDP Condition 4.C.5.		
Fall 2018 (PRIOR TO NOURISHMENT/BACKPASSING)	Submit Sediment Testing to Coastal PRIOR TO event - Receive confirmation from Army Corps and RWQCB	CDP Condition 8.		
Fall 2018 (assumes Oct.)	Perform Baseline Sampling	Section 401 Certification. § XIV.E.3		
	First Nourishment/Backpassing	CDP Condition 4.A.		
	- Nourishment occurs once per every 5 years and backpassing once per yr			
	- Submit summary of event to Coastal w/in 30 days			
	- Submit turbidity monitoring w/in 30 days	CDP Condition 7.E.		
	- Must occur between September and May	State Lands Lease § 13.C.		
October 9, 2018	Submit Septic Conversion Implementation Study to Coastal Commission - Consult with RWQCB, City of Malibu, and County - Initial goal to implement by October 8, 2021	CDP Condition 16.		
October 9, 2018	Submit same to RWQCB	Section 401 Certification, § XIV.C.		
	Expiration of CDP if no development commences	CDP Standard Condition 2; see also Coastal Commission Nov. 9, 2017 action extending 1 year (Agenda Item No. 19).		
December 31, 2018	Submit Pre-Construction MHMMP Monitoring Report Overview presenting Analysis of Habitat Mapping and Survey data in a report format consistent with that to be submitted on an annual basis. - SAP and agency review and comment in January - Submit Final Annual Report end of February	MHMMP, 1.3.3., 4.1	Report to be completed following Fall 2018 monitoring	<b>January-19</b>
Winter/Spring 2019	Post Second Financial Assurance to Army Corp - \$142,500	Section 404, SC 3		

Spring 2019	Perform Beach Profile Survey	CDP Condition 4.C.1.
June 30, 2019	Submit Annual Report to RWQCB	Section 401 Certification, § XIV.B.1.a., § XIV.C.
July or August 2019	Submit Septic Conversion Progress Report	MHMMP, 1.3.4.
August 9, 2019	Semi-Annual SAP Coordination Meeting	State Lands Lease § 2, 1.A.
Fall 2019	Pay \$50K to State Lands Commission for Prior Occupation of Land	CDP Condition 4.C.1.
	Perform Beach Profile Survey	CDP Condition 4.C.5.
	Perform Aerial Photography	
Fall 2019	MHMMP Post-Nourishment Survey	MHMMP, 4.2.1.5
	MHMMP Acoustic Survey	MHMMP, 4.2.2.4
Fall 2019 (PRIOR TO BACKPASSING)	Perform Baseline Sampling	Section 401 Certification. § XIV.E.3
Fall 2019	Second Backpassing	CDP Condition 4.A.
	- Can only occur once per year	
	- Submit summary of event to Coastal w/in 30 days	
	- Submit turbidity monitoring w/in 30 days	CDP Condition 7.E.
December 31, 2019	Submit Annual Monitoring Report to Coastal	CDP Condition 4.C.6.
December 31, 2019	Submit Annual MHMMP Monitoring Report	MHMMP, 1.3.3., 4.1
	- SAP and agency review and comment in January	
	- Submit Final Annual Report end of February	
December 31, 2019	Grace Period Ends in State Lands Commission Lease	State Lands Lease § 2, 1.B.
	- SEE RENT OBLIGATIONS SHOULD WORK NOT BE COMPLETED BY THIS DATE	
December 31, 2019	Date by Project Construction must begin and Revetment Relocation Occur	State Lands Lease § 2, 4.
	- Submit certified, as-built drawings within 60 days following relocation off state land	
	- Date entire project construction must begin	- Lease § 1.
January or February 2020	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.
Winter/Spring 2020	Post Third Financial Assurance to Army Corp - \$142,500	Section 404, SC 3
Spring 2020	Perform Beach Profile Survey	CDP Condition 4.C.1.
June 30, 2020	Submit Annual Report to RWQCB	Section 401 Certification, § XIV.B.1.a. § XIV.C.
July or August 2020	Submit Septic Conversion Progress Report	MHMMP, 1.3.4.
August 9, 2020	Semi-Annual SAP Coordination Meeting	State Lands Lease § 2, 1.A.
October 9, 2020	\$50K Lease Payment Due to State Lands Commission	CDP Condition 16.
	Submit 5-year Septic Implementation Status Report Update	
	Submit same to RWQCB	Section 401 Certification, § XIV.C.
October 9, 2020	Submit 5-year CDP Status Report to CC Executive Director	CDP Condition 2.C.
	Submit 5-year Report to State Lands - State Lands requires from 5th anniversary of Lease, which would be August 9, 2021	State Lands Lease § 13.B.
Fall 2020	MHMMP Post-Nourishment Survey	MHMMP, 4.2.1.5
	MHMMP Acoustic Survey	MHMMP, 4.2.2.4



Fall 2020	Perform Beach Profile Survey Perform Aerial Photography	CDP Condition 4.C.1. CDP Condition 4.C.5.
Fall 2020 (PRIOR TO BACKPASSING)	Perform Baseline Sampling	Section 401 Certification. § XIV.E.3
Fall 2020	Third Backpassing (if triggered) - Can only occur once per year - Submit summary of event to Coastal w/in 30 days - Submit turbidity monitoring w/in 30 days	CDP Condition 4.A.
Fall 2020 December 31, 2020	Submit Backpassing Evaluation to Coastal after 3 backpassing events Submit Annual Monitoring Report to Coastal	CDP Condition 7.E. CDP Condition 4.A. CDP Condition 4.C.6.
December 31, 2020	Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	MHMMP, 1.3.3., 4.1
January or February 2021 Spring 2021	Semi-Annual SAP Coordination Meeting Perform Beach Profile Survey	MHMMP, 1.3.4. CDP Condition 4.C.1.
June 30, 2021	Submit Annual Report to RWQCB Submit Septic Conversion Progress Report	Section 401 Certification, § XIV.B.1.a. § XIV.C.
July or August 2021 August 9, 2021 August 9, 2021 October 9, 2021	Semi-Annual SAP Coordination Meeting Pay \$50K to State Lands Commission for Prior Occupation of Land Provide State Lands Copy of 5-year CDP status Report Initial Septic Conversion Goal Deadline	MHMMP, 1.3.4. State Lands Lease § 2, 1.A. State Lands Lease § 2, 13.B. CDP Condition 16.
Fall 2021	RWQCB also imposes goal deadline MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	Section 401 Certification § XIV.C. MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2021 (approx.) Fall 2021	Submit Sediment Testing to Army Corps 3 years after initial placement Perform Beach Profile Survey Perform Aerial Photography	Section 404 Permit, SC 12. CDP Condition 4.C.1. CDP Condition 4.C.5.
December 31, 2021	Submit Annual Monitoring Report to Coastal	CDP Condition 4.C.6.
December 31, 2021	Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	MHMMP, 1.3.3., 4.1
January or February 2022 Spring 2022	Semi-Annual SAP Coordination Meeting Perform Beach Profile Survey	MHMMP, 1.3.4. CDP Condition 4.C.1.
July or August 2022 June 30, 2022	Semi-Annual SAP Coordination Meeting Submit Annual Report to RWQCB Submit Septic Conversion Progress Report	MHMMP, 1.3.4. Section 401 Certification, § XIV.B.1.a. § XIV.C.
August 9, 2022 Fall 2022	Pay \$50K to State Lands Commission for Prior Occupation of Land MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	State Lands Lease § 2, 1.A. MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2022	Perform Beach Profile Survey Perform Aerial Photography	CDP Condition 4.C.1. CDP Condition 4.C.5.
Novemer 5, 2022 (OR December 12, 2022 depending on date of order)	Submit 5-year Report to RWQCB	Section 401 Certification, § XIV.B.1.a.

December 31, 2022	Submit Annual Monitoring Report to Coastal	CDP Condition 4.C.6. MHMMP, 1.3.3.
December 31, 2022	Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	MHMMP, 1.3.3., 4.1
January or February 2023	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.
Spring 2023	Perform Beach Profile Survey	CDP Condition 4.C.1.
June 30, 2023	Submit Annual Report to RWQCB Submit Septic Conversion Progress Report	Section 401 Certification, § XIV.B.1.a. § XIV.C.
July or August 2023	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.
August 9, 2023	Pay \$50K to State Lands Commission for Prior Occupation of Land	State Lands Lease § 2, 1.A.
Fall 2023	MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2023	Perform Beach Profile Survey Perform Aerial Photography	CDP Condition 4.C.1. CDP Condition 4.C.5.
Fall 2023 (PRIOR TO Nourishment)	Submit Sediment Testing to Coastal PRIOR TO event - Receive confirmation from Army Corps and RWQCB	CDP Condition 8.
Fall 2023	Perform Baseline Sampling MHMMP 5 Year Report Due	Section 401 Certification. § XIV.E.3, MHMMP, 1.3.3
Winter/Spring 2019	Post Fourth/Final Financial Assurance to Army Corp - \$142,500 - Total Financial Assurance of \$570,000 must be posted prior to second nourishment	Section 404, SC 3
Fall 2023	Second Nourishment - Can only occur once per every 5 years - Submit summary of event to Coastal w/in 30 days - Submit turbidity monitoring w/in 30 days	CDP Condition 4.A.  CDP Condition 7.E.
December 31, 2023	Submit Annual Monitoring Report to Coastal	CDP Condition 4.C.6.
December 31, 2023	Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	MHMMP, 1.3.3., 4.1
January or February 2024	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.
Spring 2024	Perform Beach Profile Survey	CDP Condition 4.C.1.
June 30, 2024	Submit Annual Report to RWQCB	Section 401 Certification, § XIV.B.1.a.
July or August 2024	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.
August 8, 2024	Submit Application and Minimum Expense Deposit to State Lands Commission OR Plan for restoration of premises.	State Lands Lease § 2, 20.
August 9, 2024	Pay \$50K to State Lands Commission for Prior Occupation of Land	State Lands Lease § 2, 1.A.
Fall 2024	MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2024	Perform Beach Profile Survey Perform Aerial Photography	CDP Condition 4.C.1. CDP Condition 4.C.5.
December 31, 2024	Submit Annual Monitoring Report to Coastal	CDP Condition 4.C.6.
December 31, 2024	Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	MHMMP, 1.3.3., 4.1

January or February 2025 April 8, 2025	Semi-Annual SAP Coordination Meeting Submit CDP Amendment Application if additional 10 yr extension is desired	MHMMP, 1.3.4. CDP Condition 2.B. and 2.D.; see also Jan. 11, 2016 letter clarifying Condition 2.B.
	Submit request for extension of Section 401 Certification	Section 401 Certification, § XIV.H.6.
Spring 2025 June 30, 2025	Perform Beach Profile Survey Submit Annual Report to RWQCB Submit Septic Conversion Progress Report	CDP Condition 4.C.1. Section 401 Certification, § XIV.B.1.a. § XIV.C.
July or August 2025 August 9, 2025 October 9, 2025	Semi-Annual SAP Coordination Meeting Pay \$50K to State Lands Commission for Prior Occupation of Land Expiration of CDP	MHMMP, 1.3.4. State Lands Lease § 2, 1.A. CDP Condition 2.A; see also Jan. 11, 2016 letter clarifying Condition 2.A.
Fall 2025	Expiration of Section 401 Certification MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	Section 401 Certification, § XIV.H.6. MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2025	Perform Beach Profile Survey Perform Aerial Photography	CDP Condition 4.C.1. CDP Condition 4.C.5.
December 31, 2025 December 31, 2025	Submit Annual Monitoring Report to Coastal Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	CDP Condition 4.C.6. MHMMP, 1.3.3., 4.1
January or February 2026 Spring 2026	Semi-Annual SAP Coordination Meeting Perform Beach Profile Survey	MHMMP, 1.3.4. CDP Condition 4.C.1.
July or August 2026 August 8, 2026 Fall 2026	Semi-Annual SAP Coordination Meeting Expiration of Lease with State Lands Commission MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	MHMMP, 1.3.4. State Lands Lease § 1, Term. MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2026	Perform Beach Profile Survey	CDP Condition 4.C.1.
December 31, 2026 December 31, 2026	Submit Annual Monitoring Report to Coastal Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	CDP Condition 4.C.6. MHMMP, 1.3.3., 4.1
January or February 2027 Spring 2027	Semi-Annual SAP Coordination Meeting Perform Beach Profile Survey	MHMMP, 1.3.4. CDP Condition 4.C.1.
July or August 2027 Fall 2027	Semi-Annual SAP Coordination Meeting MHMMP Post-Nourishment Survey MHMMP Acoustic Survey	MHMMP, 1.3.4. MHMMP, 4.2.1.5 MHMMP, 4.2.2.4
Fall 2027	Perform Beach Profile Survey Perform Aerial Photography	CDP Condition 4.C.1. CDP Condition 4.C.5.
December 4, 2027 December 31, 2027 December 31, 2027	LD to Submit Request for Extension of Section 404 Permit Submit Annual Monitoring Report to Coastal Submit Annual MHMMP Monitoring Report - SAP and agency review and comment in January - Submit Final Annual Report end of February	Section 404 Permit, GC 1. CDP Condition 4.C.6. MHMMP, 1.3.3., 4.1
January or February 2028	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.

January 5, 2028	Expiration of Section 404 Permit	Section 404 Permit, GC 1.
Spring 2028	Perform Beach Profile Survey	CDP Condition 4.C.1.
July or August 2028	Semi-Annual SAP Coordination Meeting	MHMMP, 1.3.4.
Fall 2028	MHMMP Post-Nourishment Survey	MHMMP, 4.2.1.5
	MHMMP Acoustic Survey	MHMMP, 4.2.2.4
Fall 2028	Perform Beach Profile Survey	CDP Condition 4.C.1.
	Perform Aerial Photography	CDP Condition 4.C.5.
Fall 2028 (PRIOR TO Nourishment)	Submit Sediment Testing to Coastal PRIOR TO event	CDP Condition 8.
	- Receive confirmation from Army Corps and RWQCB	
Fall 2028	Perform Baseline Sampling	Section 401 Certification. § XIV.E.3,
	MHMMP 10 Year Report Due	MHMMP, 1.3.3
Fall 2028	Third Nourishment	CDP Condition 4.A.
	- Can only occur once per every 5 years	
	- Submit summary of event to Coastal w/in 30 days	
	- Submit turbidity monitoring w/in 30 days	CDP Condition 7.E.
December 31, 2028	Submit Annual Monitoring Report to Coastal	CDP Condition 4.C.6.
December 31, 2028	Submit Annual MHMMP Monitoring Report	MHMMP, 1.3.3., 4.1
	- SAP and agency review and comment in January	
	- Submit Final Annual Report end of February	
October 6, 2035	Moorpark Agreement - Project Expiration Date	Moorpark Agreement, Recital A.

**BOARD OF DIRECTORS OF THE  
BROAD BEACH GEOLOGIC HAZARD ABATEMENT DISTRICT**

Adopted this Resolution on February 11, 2018 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**RESOLUTION NO. 2018/01**

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**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF THE U.S. ARMY  
CORPS OF ENGINEERS' PERMIT NO. SPL-2011-00333-BLR, THE REGIONAL WATER  
QUALITY CONTROL BOARD SECTION 401 WATER QUALITY CERTIFICATION  
AND ORDER NO. 4WQC40111011, AND AUTHORIZING PAYMENT OF REVETMENT  
MITIGATION AND POSTING OF THE FIRST FINANCIAL ASSURANCE PAYMENT**

**WHEREAS**, on September 12, 2011, the Malibu City Council adopted Resolution No. 11-41, approving and ordering the formation of the Broad Beach Geologic Hazard Abatement District ("BBGHAD"), as a distinct and separate legal entity from the City and appointing an initial five-member Board of Directors ("BBGHAD Board");

**WHEREAS**, the BBGHAD is a political subdivision of the state of California, governed by state law (Pub. Res. Code §§ 26500 *et seq.*), and constitutes a legal entity separate and distinct from the City of Malibu with operations independent of City functions; and

**WHEREAS**, the BBGHAD has enacted a Plan of Control and Engineer's Report, and the property owners of the BBGHAD have approved an assessment, to permit, construct, and maintain a beach nourishment and dune restoration project at Broad Beach ("Project");

**WHEREAS**, the BBHGAD received the following approvals required to implement the Project: the California Coastal Commission approved Coastal Development Permit No. 4-15-0390, subject to the completion of various prior to issuance special conditions; the California State Lands Commission issued State Lands Lease PRC 9364.1; the Los Angeles Regional Water Quality Control Board approved the Clean Water Act section 401 Water Quality Certification and Order No. 4WQC40111011 ("Water Board Permit") to provide support for a dredge and fill permit issued pursuant to Clean Water Act section 404; and the U.S. Army Corps of Engineers ("Army Corps") issued the Clean Water Act Section 404 Permit No. SPL-2011-00333-BLR ("Army Corps Permit") (as detailed below);

**WHEREAS**, Section 404 of the Clean Water Act requires the BBHGAD to obtain a permit from the Army Corps prior to any dredge or fill materials to be discharged into the waters of the United States; and

**WHEREAS**, the Army Corps issued the Army Corps Permit for the BBGHAD Project subject to certain terms and conditions therein, including the posting of financial assurance for the estimated Project impacts, prior to initiating construction, in a form approved by the Army Corps, and in 25 percent allotments for the first four years of the permit (years 2018-2021) until the total required amount of \$570,000 is posted;

**WHEREAS**, Section 21 of the Army Corps Permit also requires the payment of \$215,500 for compensatory mitigation for the emergency placement of the rock revetment to The Bay Foundation; and

**WHEREAS**, the BBGHAD staff has reviewed the Army Corps Permit, including all terms and conditions contained therein, and recommends that the BBGHAD Board of Directors authorize: a) BBGHAD Project Counsel to execute the Section 404 Permit when it is appropriate to do so; b) BBGHAD staff to complete all actions necessary to post the first financial assurance payment in an amount of \$142,500, at the appropriate time and in a form approved by the Army Corps in accordance with the Army Corps Permit; and c) BBGHAD staff to complete all actions necessary to pay \$215,500 to Bay Foundation in accordance with the Army Corps Permit and the Memorandum of Understanding between the BBGHAD and The Bay Foundation.

**THE BBGHAD BOARD OF DIRECTORS HEREBY RESOLVES THAT:**

1. The BBGHAD Board of Directors approves, and authorizes BBGHAD Project Counsel to execute the Army Corps Permit at the appropriate time.
2. The BBGHAD Board of Directors approves, and authorizes BBGHAD staff to undertake necessary measures to effectuate the Water Board Permit at the appropriate time.
2. The BBGHAD Board of Directors authorizes BBGHAD staff to complete all actions necessary to post the first financial assurance payment in an amount of \$142,500, at the appropriate time and in a form approved by the Army Corps in accordance with the Army Corps Permit.
3. The BBGHAD Board of Directors authorizes BBGHAD staff to complete all actions, at the appropriate time, necessary to pay \$215,500 to Bay Foundation in accordance with the Army Corps Permit and the Memorandum of Understanding between the BBGHAD and The Bay Foundation.
3. This Resolution shall become effective immediately upon its passage and adoption.

DATED: February \_\_\_\_, 2018

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NORTON KARNO, Chair

I, Heike Fuchs, Clerk of the Broad Beach Geologic Hazard Abatement District, certify that the foregoing resolution was duly adopted by the Board of Directors of the District at a regular meeting held on the 11th day of February 2018 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Clerk of the BBGHAD Board

# **ITEM 11**

## **BBGHAD Officer Report**



## 11a – Project Manager

## **MEMORANDUM**

TO: Board of Directors  
Broad Beach GHAD

FROM: Bud Ovrom  
Project Manager

DATE: February 8, 2018

SUBJECT: Financial Audit Services

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### **RECOMMENDATION:**

That the Board approve the Engagement Letter with Vasquez and Company to perform financial audit services and authorize the Chairman of the Board to execute said letter.

### **ANALYSIS:**

BBGHAD staff is recommending that the Board of Directors retain the professional accounting services of Vasquez and Company to perform normal and customary annual financial audits. This recommendation is not based on any concerns or problems with the BBGHAD financial systems. Instead, it is a reflection of the BBGHAD's desire to provide transparent and professional management services for the District's property owners.

After soliciting and reviewing several proposals, staff is recommending Vasquez because it is one of the largest providers of auditing services to governmental agencies in Los Angeles County, and in recognition of the comprehensive proposal submitted by the firm. A list of the governmental agencies served by Vasquez, as well as a profile of the accounting staff which would be assigned to the BBGHAD are included in the Vasquez Proposal (attached).

The Scope of Work in the Engagement Letter (attached) stipulates that Vasquez will "audit the financial statements of the BBGHAD, which comprise the statement of financial position as of December 31, 2016 and December 31, 2017, and the related statements of activities and cash flows from inception through December 31, 2016 and for the year ending December 31, 2017, and the related notes to the financial statements."

The fee for the audit of the year ending December 31, 2017 will be \$15,000, plus expenses, and may not be exceeded without prior approval. The initial fee for the period from inception to December 31, 2016 shall be up to \$20,000, billed hourly, and based on the work which is determined to be necessary.

It is anticipated that going forward audits will be undertaken annually. Vasquez has committed to a rate of \$15,000 per year, escalated by \$500 for each additional year, through 2021, if the BBGHAD desires to continue with the firm.

The audit will be accompanied by a Management Letter with comments and recommendations from Vasquez regarding the financial management of the BBGHAD.

The work performed by Vasquez will become a public record and presented to the Board of Directors when completed.

The Engagement Letter has been reviewed and approved as to form by Elkins Kalt.

Staff will be available to answer questions at the Board Meeting.

Respectfully submitted,

Bud Ovrom  
Project Manager

February 6, 2018

Mr. Bud Ovrom  
Project Manager  
**Broad Beach Geologic Hazard Abatement District**  
2919 Valmere Drive  
Malibu, CA 90265

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of Broad Beach Geologic Hazard Abatement District (District), which comprise the statement of financial position as of December 31, 2016 and December 31, 2017, and the related statements of activities and cash flows from inception through December 31, 2016 and for the year ending December 31, 2017, and the related notes to the financial statements.

We are pleased to confirm our understanding of this audit engagement by way of this letter. Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures. We will notify the District promptly if we become aware of anything during our acceptance procedures or the review of audit documentation that results in us not being able to continue this engagement.

Our audit will be conducted with the objective of us expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.



In making our risk assessments, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements and the separate financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

#### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements and the separate financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error;
4. For report distribution; and
5. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit;
  - c. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence;
  - d. When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
  - e. If applicable, responses to any findings reported on the schedule of findings and questioned costs.



As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled their responsibilities as set out in the terms of this letter; and
2. That they believe the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of their views about the risks of fraud or abuse within the District, and their knowledge of any fraud or abuse or suspected fraud or abuse affecting the District.

Our association with an official statement is a matter for which separate arrangements will be necessary. The District agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the District seeks such consent, we will be under no obligation to grant such consent or approval.

The District agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the District agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Because Vasquez & Company LLP (Vasquez) will rely on the District and its management and Board of Directors to discharge the foregoing responsibilities, the District holds harmless and releases Vasquez and its partners and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the District's management that has caused, in any respect, Vasquez' breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

### **Records and Assistance**

If circumstances arise relating to the condition of the District's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which, in our professional judgment,



prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the District's books and records. The District will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by District personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Bud Ovrom, Project Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain nonaudit services necessary for the preparation of the financial statements, including assistance in the preparation of the financial statements draft. The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a nonaudit service to the District, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other nonaudit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the nonaudit service to be performed. The District has agreed that Bud Ovrom, Project Manager, possesses suitable skill, knowledge, or experience and that the individual understands the preparation of the financial statements draft services to be performed sufficiently to oversee them. Accordingly, the management of the District agrees to the following:

1. The District has designated Bud Ovrom, Project Manager, as a senior member of management who possesses suitable skill, knowledge, and experience to oversee the services.
2. Bud Ovrom, Project Manager, will assume all management responsibilities for subject matter and scope of the assistance in the preparation of the financial statements draft.
3. The District will evaluate the adequacy and results of the services performed.
4. The District accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management (and those charged with governance) of the District of the objectives of the nonaudit service, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the nonaudit service. We believe this letter documents that understanding.

#### **Other Relevant Information**

RSM US LLP will be available to support Vasquez by rendering services related to the performance of the engagement. If a situation occurs in connection with the proposed engagement for which we would request the services of RSM US LLP, we will notify you and obtain permission from you before giving access to your records. We maintain supervision, control and ultimate responsibility for the performance of this engagement.

Vasquez is independently owned and operated and assumes full responsibility for the quality of service delivered to our clients. We are responsible for our own client fee arrangements and maintenance of our client relationships.

Vasquez may mention the District's name and provide a general description of the engagement in Vasquez' client lists and marketing materials.



From time to time and depending upon the circumstances, we may use third-party service providers (including persons or entities outside the United States) to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with Section 5079(a)(5) of the California Accountancy Act, we hereby disclose that Oscar Chacon is a nonlicensee owner who may be involved in the engagement in his role as IT Partner – Advisory and Risk Management Services.

GAS requires that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2015 peer review report accompanies this letter as Exhibit II.

### **E-mail Communication**

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails may be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement.

In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We ask that you use our secure Citrix Sharefile site to transfer all confidential information to the engagement team.

### **Ownership of Audit Documentation and Access to Workpapers**

The audit documentation for this engagement is the property of Vasquez and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a regulatory body. Other third parties may also request or subpoena our audit documentation. We will notify you of any such request or subpoena. If requested, access to such audit documentation will be provided under the supervision of Vasquez personnel. Further, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. Before we provide access to or copies of such workpapers, unless prohibited by law, we will notify the District's management and provide copies of such request to allow the District to take any action it deems necessary or appropriate to limit or prevent access to such workpapers.

In the event that we are requested by the District to produce our documents or our personnel as witnesses with respect to our engagement for the District, the District will, so long as we are not party to the proceeding in which the information is sought, reimburse us for our professional time as well as fees and expenses of the counsel and expenses incurred in responding to such requests.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulatory body or auditee is contesting an





audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

### **Independence**

Vasquez meets the GAS independence requirements of as it relates to the District. Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the District in the performance of our services. Any discussions that you have with Vasquez personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

### **Dispute Resolution**

The District and Vasquez agree that no claim or demand for arbitration arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by Vasquez or the date of this arrangement letter if no report has been issued. If any dispute, controversy, or claim arises out of, relates to, or results from the performance or breach of this agreement, excluding claims for non-monetary or equitable relief (collectively, the Dispute), either party may, upon written notice to the other party, request non-binding mediation.

A recipient party of such notice may waive its option to resolve such Dispute by non-binding mediation by providing written notice to the party requesting mediation and then such parties hereto shall resolve such Dispute by binding arbitration as described below. Such mediation shall be assisted by a neutral mediator acceptable to both parties and shall require the commercially reasonable efforts of the parties to discuss with each other in good faith their respective positions and different interests to finally resolve such Dispute. If the parties are unable to agree on a mediator within twenty (20) days from delivery of the written notice, either party may invoke the mediation service of the American Arbitration Association (the AAA).

Each party may disclose any facts to the other party or to the mediator that it, in good faith, considers reasonably necessary to resolve the Dispute. However, all such disclosures shall be deemed in furtherance of settlement efforts and shall not be admissible in any subsequent proceeding against the disclosing party. Except as agreed to in writing by both parties, the mediator shall keep confidential all information disclosed during mediation.

The mediator shall not act as a witness for either party in any subsequent proceeding between the parties. Unless waived, such mediation shall conclude after the parties have engaged in good faith settlement negotiations, but nonetheless are unable to resolve the Dispute through the mediation process. The attorneys' fees and costs incurred by each party in such mediation shall be borne solely by such party, except that the fees and expenses of the mediator, if any, shall be borne equally by the parties.

Any Dispute not resolved first by mediation between the parties (or if the mediation process is waived as provided herein) shall be decided by binding arbitration. The arbitration proceeding shall take place in the jurisdiction in which the Vasquez office providing the relevant services exists, unless the parties agree in writing to a different locale. The arbitration shall be governed by the provisions of the laws of the state in which the arbitration is to take place (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that the Arbitration Panel (as defined below) shall permit discovery that is consistent with the scope of discovery typically permitted by the Federal Rules of Civil Procedure and/or is otherwise customary in light of the complexity of the Dispute and the amount in controversy. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitration Panel (as defined below).



The arbitration shall be conducted before a panel of three persons, one selected by each party, and the third selected by the two party-selected arbitrators (the Arbitration Panel). The party selected arbitrators shall be treated as neutrals. The Arbitration Panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a state or federal court. The parties also waive the right to punitive damages and the arbitrators shall have no authority to award such damages or any other damages that are not strictly compensatory in nature. In rendering their award, the Arbitration Panel shall issue in writing findings of fact and conclusions of law. The Arbitration Panel shall not have authority to grant an award that is not supported by substantial evidence or that is based on an error of law, and such absence of substantial evidence or such error of law may be reviewed on appeal to vacate an award based on the standard of review otherwise applicable in the Federal Appellate Court responsible for the jurisdiction in which the arbitration is venued, and without regard to any heightened standard of review otherwise applicable to an arbitration decision rendered by the AAA. The confidentiality provisions applicable to mediation shall also apply to arbitration. The award issued by the Arbitration Panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. No payment of any award or posting of any bond of any kind whatsoever is required to be made or posted until such Dispute is finally determined.

In no event shall a demand for arbitration be made after the date on which the initiation of the legal or equitable proceeding on the same Dispute would be barred by the terms of this agreement. For the purposes of applying the terms of this agreement, receipt of a written demand for arbitration by the AAA shall be deemed the initiation of the legal or equitable proceeding based on such Dispute.

The District waives any claim for punitive damages.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

## **Reporting**

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s) or withdraw from the engagement. In addition to our report on the District's financial statements, we will also issue the following types of reports:

- Reports on internal control related to the financial statements, and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal control.

## **Fees and Costs**

Cristy Canieda is the engagement partner and is responsible for supervising the engagement. Roger A. Martinez is responsible for signing the audit report.

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

1. Anticipated cooperation from the District's personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances (Exhibit I) will not be encountered during the engagement
6. No instances of fraud that will require additional procedures



We will bill for our services based on the following rates:

Personnel Category	Hourly Rate
Partner	\$ 285
Manager	160
Supervisor	140
Senior	120
Staff	100

If any of the aforementioned criteria are not met, then fees may increase. We anticipate the fee for the period from inception to December 31, 2016 to be **\$20,000** and for the year ended December 31, 2017 **\$15,000** plus expenses. If the need arises for us to incur additional time in excess of the approved fees, we will notify you and obtain permission from you prior to performing the additional work. The maximum number of report copies we will provide you is 10. Any copy(ies) you will request in excess of this maximum number will be an additional cost to you. As an alternative, we can provide you an electronic copy (PDF) of the report at no cost. Interim billings will be submitted as work progresses and as expenses are incurred.

Our invoices for these fees will be rendered in accordance with the terms set below and are payable on presentation. In accordance with Vasquez policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not issued a report. You will be obliged to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Invoices aged over 30 days may be subject to a 10% late charge.

We request a retainer of \$15,000 to start the engagement. We will apply the retainer amount to our final billing.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves Vasquez and is subsequently employed by or associated with a client in a key position. Accordingly, the District agrees it will compensate Vasquez for any additional costs incurred as a result of the District's employment of a partner or professional employee of Vasquez.

#### **Other Services**

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you the scope of the additional services and estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.



This letter constitutes the complete and exclusive statement of agreement between Vasquez and the District, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

VASQUEZ & COMPANY LLP

Roger A. Martinez  
Partner

---

RESPONSE:

This letter correctly sets forth the understanding of **Broad Beach Geologic Hazard Abatement District**.

Officer's Signature: \_\_\_\_\_

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

Date: \_\_\_\_\_



## EXHIBIT I – Examples of Unexpected Circumstances

### Incorrect accounting applications or errors in your records

We generally form our fee estimates on the expectations that your accounting records are in good order so that our work can be completed based upon our normal testing and other procedures. However, should we find numerous errors, incomplete records or disorganized bookkeeping methods, we will have to do additional work to determine that the necessary corrections have been made and properly reflected in the financial statements.

### Lack of audit facilitation or timely preparation

To minimize your costs, we plan the means by which your personnel can facilitate the audit (e.g. what schedules they will prepare, how to prepare them, the supporting documents that need to be provided, etc.). We also discuss matters such as availability of your key personnel, deadlines and working conditions. Indeed, the information concerning these matters that you furnish to us is a key element in our fee quotation. Therefore, if your personnel are unable, for whatever reason, to provide these materials on a timely basis, it may substantially increase the work we must do to complete the engagement within the established deadlines. Moreover, in some circumstances this may require a staff withdrawal, as discussed in the following paragraph.

### Staff withdrawal

A staff withdrawal consists of our removing one or all staff because the condition of your records or the inability of your personnel to provide agreed upon materials within the established timetable makes it impossible for us to perform our work in a timely, efficient manner, as established by our engagement plan. Sometimes, a complete staff withdrawal is necessary to permit an orderly audit approach. A staff withdrawal is not necessarily an adverse reflection on your personnel. However, it involves additional costs, as we must reschedule our personnel; incur additional start-up costs, etc., to prevent total engagement costs from increasing significantly.

### Unforeseen events

Even though we communicate frequently with clients and plan our engagement with management and their staff, unforeseen events can occur. Examples include accounting problems, litigation, changes in your business or business environment, contractual or other difficulties with suppliers, third-party service providers, or customers, etc. When those circumstances occur, additional time is needed to provide you with assistance and complete our engagement in accordance with professional standards.

Again, we emphasize that we strive to give you optimum value for our professional services. Fee quotations are provided based upon the facts and circumstances that you describe to us. However, unlike the sale of products, the performance of professional services is affected by many variables, such as the foregoing, which may cause fee estimates to change.

We want you to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. We, therefore, commit to inform you in advance of any need to revisit fee estimates.



## EXHIBIT II – Peer Review Report



American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

February 22, 2017

Gilbert R. Vasquez  
Vasquez & Company, LLP  
801 S Grand Ave Ste 400  
Los Angeles, CA 90017

Dear Mr. Vasquez:

It is my pleasure to notify you that on the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Michael Fawley  
Chair—National PRC  
nprc@aicpa.org 919 4024502

cc: Lucretia D. Terrell; Roger A. Martinez

Firm Number: 10138115

Review Number 424560

Letter ID: 1148269A



First Financial Bank Building  
400 Pine Street, Ste. 600, Abilene, TX 79601  
325.672.4000 / 800.588.2525 / F 325.672.7049  
[www.dkcpa.com](http://www.dkcpa.com)

### System Review Report

September 15, 2016

To the Partners  
**Vasquez & Company LLP**  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **Vasquez & Company LLP** (the firm) applicable to non-SEC issuers in effect for the year ended December 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Vasquez & Company LLP** applicable to non-SEC issuers in effect for the year ended December 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Vasquez & Company LLP** has received a peer review rating of *pass*.

*Davis Kinard & Co, PC*  
Certified Public Accountants

# Proposal for Professional Auditing, Accounting Assistance & Fraud Risk Procedure Services

Broad Beach Geological Hazard Abatement District

**Submitted by:**

Roger A. Martinez  
801 S. Grand Avenue, Suite 400  
Los Angeles, CA 90017-4646  
Tel: (213) 873-1703  
Fax: (213) 873-1777  
[www.vasquezcpa.com](http://www.vasquezcpa.com)

February 2, 2018



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## Transmittal Letter

February 2, 2018

Mr. Bud Ovrom  
Broad Beach Geologic Hazard Abatement District  
2919 Valmere Drive  
Malibu, CA 90265

### Re: Professional Auditing, Accounting Assistance & Fraud Risk Procedure Services

Dear Mr. Ovrom,

Vasquez & Company LLP (Vasquez) is pleased to submit our proposal to provide audit services from inception through December 31, 2017, accounting assistance and potential fraud risk procedures for the Broad Beach Geologic Hazard Abatement District (BBGHAD). Our breadth of experience and expertise in providing these services to government entities of all sizes, along with our hands-on commitment to superior service make us uniquely qualified to provide the professional services requested by BBGHAD.

We believe our team is the right fit for BBGHAD for the following reasons:

**Single source for all services** – We look forward to delivering on all the issues that have been identified, including the audit of the financials, the accounting work to provide input into the method of generating financial statements, and the forensic work.

**Timely, stress-free audit** – Your team will spend the up-front planning and the on-site time necessary to answer questions, provide guidance and meet deadlines with no surprises. Our firm is ranked in the top 1% of all CPA firms in the nation, and our team has years of experience in handling these kinds of services to government entities. The result will be a timely, stress-free audit that meets or even exceeds your timetable.

**Technical experience** - Our team members are government specialists and acknowledged experts on GAAP, GAAS, GAGAS reporting requirements and best practices. We blend together our specialized functional expertise with services designed to add value and help improve your operations. We will use our extensive knowledge and experience in serving local municipalities and governmental clients to anticipate and address potential issues before they become a concern. Our accountants provide the superior consulting services you need to assess BBGHAD practices in complying with accounting policies, agreements and applicable laws, regulations and policies governing the services you provide.

**Relevant forensic experience** - Your selection of a forensic specialist for this project is an important decision. Our recent forensic services to assist the City of Compton with an investigation of alleged theft of funds and our engagements with the cities of Long Beach and Montebello to review the payroll practices and employee timekeeping functions are relevant experience that may become necessary in addressing some of the concerns you have regarding the accuracy and completeness of expenditures and we encourage you to contact these references to establish our credentials to serve BBGHAD.



We thank you for this opportunity to present our firm and its professional qualifications to BBGHAD. We trust you will find Vasquez uniquely qualified to provide BBGHAD with the professional auditing and consulting services you deserve. Should you have any questions or desire further assistance, please call or email me at the contact information listed below.

Very truly yours,

VASQUEZ & COMPANY LLP



Roger A. Martinez  
Partner  
801 S. Grand Avenue, Suite 400  
Los Angeles, CA 90017-4646  
T) 213-873-1703  
F) 213-873-1777  
E) ram@vasquezcpa.com

## Firm Overview

Founded in 1969, Vasquez has over 45 years of experience in performing audit services for all types of governmental entities, nonprofit organizations, privately held companies. As a regional firm, we are able to offer timely, personalized attention. Our professionals deliver innovative yet practical solutions that help clients gain competitive advantage. The following represents a partial list of benefits available to BBGHAD as a client of the firm:

- Specialty and expertise in local municipalities & special districts
- Knowledge of Government “best practices”
- Extensive partner involvement
- Keeping up with current trends
- Routine consultation
- Cutting-edge technology utilized to minimize audits costs to you
- Quality assurance

## Office Locations

### Headquarters

801 S. Grand Avenue, Ste. 400  
Los Angeles, CA 90017  
t) 213-873-1700  
f) 213-873-1777

### Sacramento

1215 K Street, 17<sup>th</sup> Fl.  
Sacramento, CA 95814  
t) 916-503-3269  
f) 916-503-2401

### San Diego

333 H Street, Ste. 5000  
Chula Vista, CA 91910  
t) 858-263-2760  
f) 619-551-7001

## Staff Resources

Vasquez is a full service Certified Public Accounting firm providing auditing, tax, accounting and consulting services. The firm is led by eight partners who oversee staff specializing in financial, compliance and performance auditing, fraud risk procedures, accounting and auditing, taxation, and consulting. This engagement will be staffed entirely with experienced personnel, all of whom have at least five years of public accounting experience.

## National Resources



Vasquez is an integral part of the RSM US Alliance, a premiere affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities. As a member of the RSM US Alliance, Vasquez has access to the resources and services RSM provides its own clients. We accepted an invitation to become a member of the RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today.

RSM US Alliance provides its members with access to resources of RSM US LLP (formerly known as RSM US LLP), the leading provider of audit, tax and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. RSM US LLP (RSM) is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 37,500 people over 110 countries. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM.

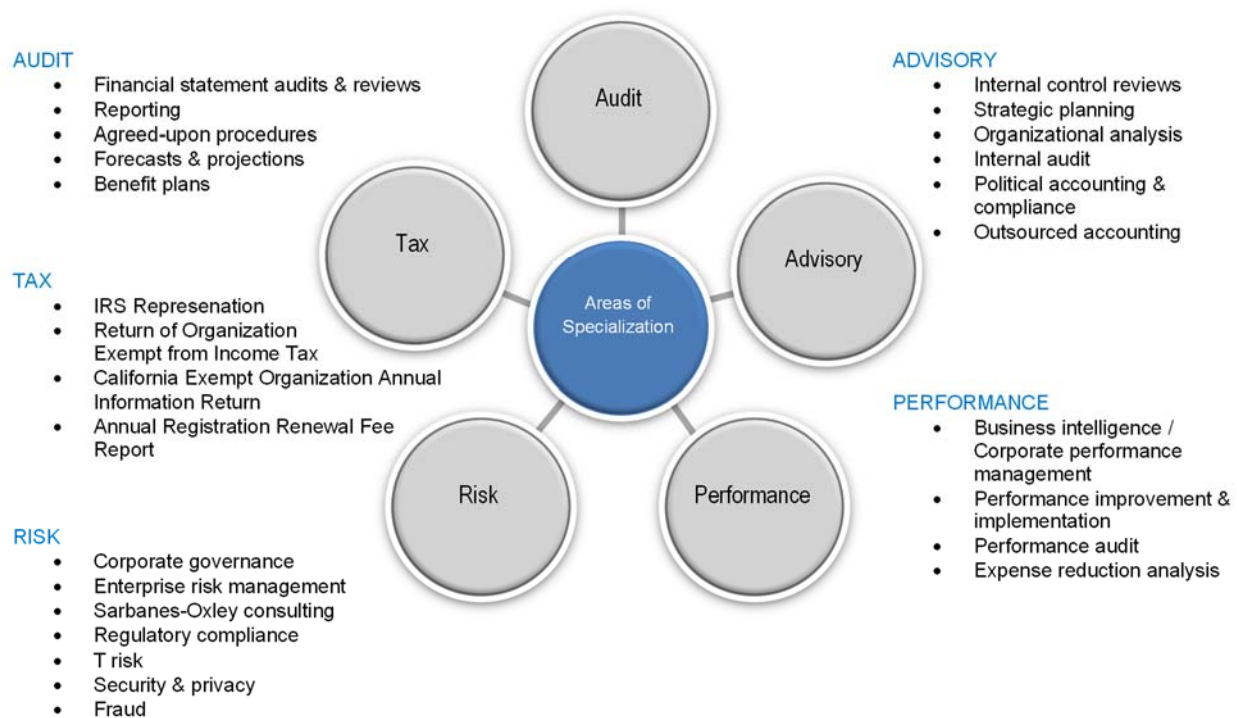
## Government Practice Group

Vasquez is comprised primarily of personnel who left the prestigious “Big Four” international accounting firms to focus on their chosen industry – primarily government and nonprofit – and work with greater autonomy in a progressive, nimble and client-centric environment. The Vasquez leadership consists of nine (9) partner/directors each of whom previously worked with one or more of the Big Four – KPMG, PWC, E&Y and Deloitte. This experience ensures a firm emphasis on quality, innovation, performance standards, opportunity, discipline, and professional growth.

Since inception, Vasquez has been primarily focused on serving governmental entities. Government easily comprises the largest portion of all industries we serve today.

Because of our expertise and experience in providing assurance services to the government industry, Vasquez is uniquely qualified to perform a quality compliance audit that will 1) properly assess risk, 2) determine effectiveness of internal control over the administration of major federal programs, 3) determine compliance with OMB Super Circular requirements as it relates to major programs, 4) report on significant deficiencies and/or material weaknesses as appropriate.

## Range of Services



Vasquez provides internal and external audit, management consulting, tax compliance and planning, review and compilation services. We provide internal audit services to augment the staffing needs of internal audit departments. We also provide outsourced internal auditing services and/or assist internal auditing departments with projects such as fraud risk assessment, procurement process review and testing, cash collection procedures, contract management, budgetary practices, monthly and year-end closing processes, and other areas relating to financial policies and processes. Our firm also offers technology assurance services for your information technology infrastructure. Our consultants can augment or provide your internal audit function for technology related matters; implement security strategies that enable

your business; offer sound and practical advice that includes process control enhancements; or provide your organization with an appropriate technology control strategy. Our consulting services include performance audits, management advisory services and business management, such as:

- Performance Review
- Process Optimization
- Debt management
- Corporate Governance
- Mitigate financial risk
- Expense reduction studies

## Quality Control

Vasquez has an extensive quality control program designed to monitor compliance with the audit and accounting professional standards and firm policies. Our client service approach requires the active involvement of experienced partners and managers in the consulting and audit engagements to make sure that critical issues are identified and resolved on a timely basis.

## Quality Control History

Vasquez is very proud of its record of quality professional service during its over 45-year history of professional service and we state with pride that Vasquez has:

- Never had any complaints filed against it with the California State Board of Accountancy,
- Never received a negative desk or field review from any of our clients' cognizant agencies regarding any of our audits.

## Review Process

All audit engagements are required to have a secondary review by either a report review specialist or a concurring reviewer. Before the reports, the financial statements and any letter communicating reportable conditions and other letters are released, they must be reviewed by a report review specialist not otherwise associated with the engagement. The report review specialist's role is supportive to that of the partner and, organizationally, they are responsible for one or more offices.

Prior to commencement of fieldwork and as the engagement progresses toward completion, the report review specialist is expected to aid the partner and the audit team in resolving difficult accounting, auditing and reporting issues. Upon completion of the partner review and before release of the report, the report review specialist must review the financial statements, our report thereon, and the letter communicating reportable control structure conditions and any other special reports or letters to be issued.

The audit plan should be reviewed and concurred with by a concurring reviewer designated for the industry prior to commencement of fieldwork if the industry is designated as "high risk" by firm policy or when engagement risk is otherwise assessed as high and the engagement is a first-time audit for the firm. If a concurring review is performed during planning, this reviewer will also perform a review of all of the firm's reports, as well as discussing significant audit findings and issues with the engagement partner.

## Independence Policies and Monitoring Programs

One of the objectives of our system of quality control is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity and objectivity.

Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations and rules of the AICPA, Securities and Exchange Commission, Department of Labor, Public Company

Accounting Oversight Board, U.S. Government Accountability Office, state CPA societies, state boards of accountancy, state statutes and any other applicable regulators.

- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period of time, and to take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.
- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- Written confirmation, at least annually, of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firm who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity and objectivity.

## Performance Monitoring and Assessment

The objective of the engagement performance element of our quality control is to provide reasonable assurance that:

- Engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements
- Our firm or engagement partner issues reports that are appropriate in the circumstances

Policies and procedures for engagement performance address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities and review responsibilities. Policies and procedures require that consultation takes place when appropriate. Also, our firm has established criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed.

We satisfy the above objectives by establishing and maintaining the following policies and procedures:

- Planning for engagements meets professional, regulatory and firm requirements.
- Qualified engagement team members review work performed by other team members on a timely basis.
- Vasquez establishes procedures addressing the nature, timing, extent and documentation of the engagement quality control review.
- Vasquez establishes criteria for the eligibility of engagement quality control reviewers.
- Vasquez requires that consultation take place when appropriate; that sufficient and appropriate resources are available to enable appropriate consultation to take place; that all the relevant facts known to the engagement team are provided to those consulted; that the nature, scope and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented.

Management follow-up procedure internally called “Voice of the Client” to set tone of “how we did” and “where can we improve”.



## Sample List of Municipal Clients

Clients
City of Alhambra
City of Arcadia
City of Artesia
City of Avalon
City of Bellflower
City of Bradbury
City of Burbank
City of Carson
City of Cerritos
City of Claremont
City of Covina
City of Cudahy
City of Diamond Bar
City of Downey
City of Duarte
City of El Monte
City of El Segundo
City of Glendale
City of Glendora
City of Hawaiian Gardens
City of Hawthorne
City of Hermosa Beach
City of Huntington Beach
City of Huntington Park
City of La Canada Flintridge
City of La Habra Heights
City of La Mirada
City of La Puente
City of La Verne
City of Lakewood
City of Lancaster
City of Lomita
City of Long Beach
City of Los Angeles
City of Lynwood
City of Manhattan Beach
City of Monrovia
City of Montebello
City of Moreno Valley

Clients
City of Norwalk
City of Palmdale
City of Palos Verde Estates
City of Paramount
City of Pasadena
City of Pico Rivera
City of San Juan Capistrano
City of Simi Valley
City of South Gate
City of South Pasadena
City of Vernon
Metropolitan Water District of Southern California
Upper San Gabriel Valley Municipal Water District
Water Replenishment District of Southern California
Needles Public Utility Authority
Anaheim Public Utilities
Encina Wastewater Authority
Mesa Consolidated Water District
Municipal Water District of Orange County
Valley County Water District
Walnut Valley Water District
Riverside Public Utilities
Los Angeles Department of Water and Power
Imperial Irrigation District
Los Angeles County Metropolitan Transportation Authority
San Gabriel Valley Council of Governments
Southern California Association of Governments
Southern California Regional Rail Authority
Community Development Commission of the County of Los Angeles
Alameda Corridor Transportation Authority
Alameda Corridor East Construction Authority
Port of Long Beach



Vasquez performs numerous financial and compliance audits of governmental organizations. These audits include risk assessments performed pursuant to a structured approach based on the standards set forth in the COSO Principles. Our audits are performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, OMB Super Circular, and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts (when applicable).

Additionally, Vasquez performs the financial and compliance audits of the cities and jurisdictions included in the Los Angeles County Metropolitan Transportation Authority Consolidated Audit that receive Proposition A and Proposition C Local Return Funds, Measure R Local Return Funds and Transportation Development Act Article 3 Funds.

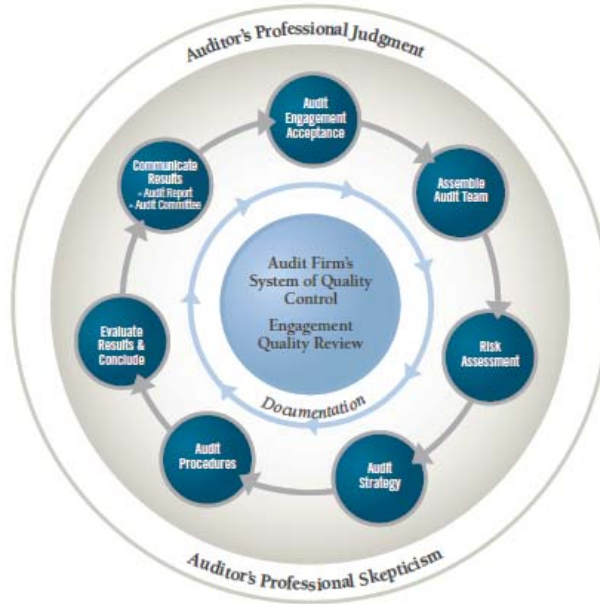
## **SPECIFIC AUDIT APPROACH**

As part of any audit engagement, we leverage a formal project management methodology to help ensure that all tasks are planned effectively and ultimately completed on time, and that any changes in the schedule will be properly documented and authorized. As part of the planning process we will work with you to agree upon a communications plan that will set forth the protocols for periodic status updates and escalations throughout the project. Throughout the duration of the audit, we will provide regular status reporting consistent with the communications plan.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to BBGHAD to help ensure that there are no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and on a timely basis.

Vasquez's commitment is to be on-site at BBGHAD to perform supervision and workpaper reviews and hold status meetings. Cristy Canieda, as the lead audit partner, and Marilyn Toledo, as the audit manager, will be on-site to perform their respective duties.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same and therefore we must tailor the audit to each organization based on the specific risks identified.



## Risk Assessment

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

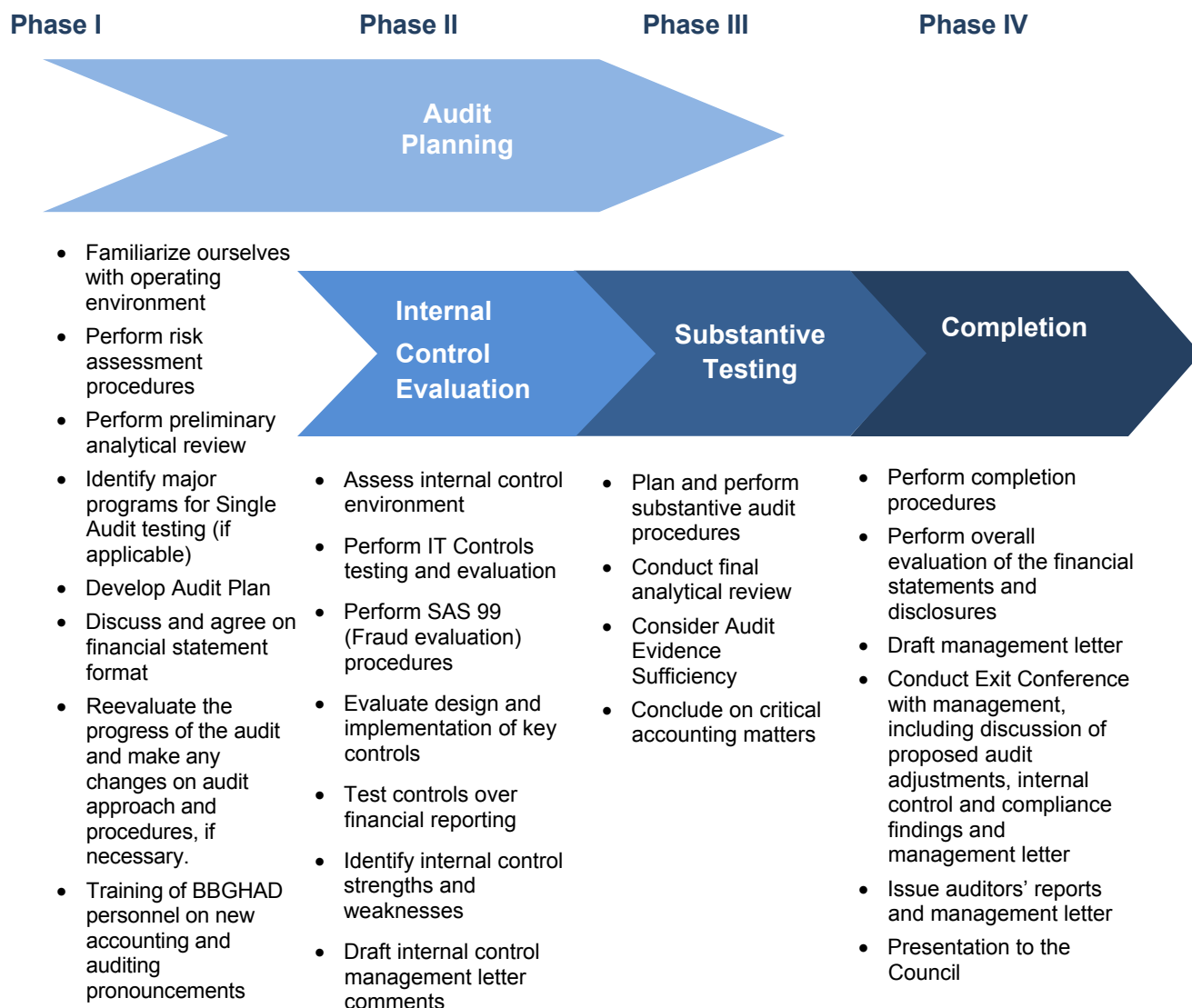
- Obtaining an understanding of BBGHAD, its component units and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. An understanding of BBGHAD and the environment will often involve consideration of such things as the regulatory environment, business objectives and strategies, and selection of and application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports such as the Reviews of the Finance and Human Services Departments, audit planning activities, prior audits, and other non-audit engagements performed for BBGHAD.
- Inquiring of the audit committee, management, and others within BBGHAD about risks of material misstatement.
- Obtaining an understanding of BBGHAD's internal controls over financial reporting.
- Performing analytical procedures, such as a comparison of BBGHAD's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparison of current relevant financial ratios to industry ratios or prior year ratios.

## Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of BBGHAD's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering factors such as cost/benefit considerations, volume of transactions, and prior year results of control testing. If test results indicate that BBGHAD's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.

### a. Proposed segmentation for the engagement

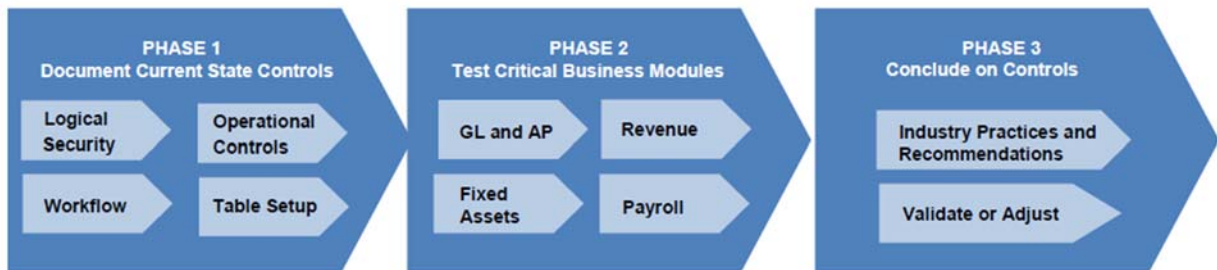
We have summarized our planned audit approach and procedures below:



## Information Systems Controls

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity and control are conducive to reliable processing, consistent with BBGHAD's technology standards and appropriate to safeguard your information assets.

The following graph illustrates our approach:



- Application Security
- Operating Security
- Database Security
- Interface Security
- Network Security
- Rules, Roles and Routings for workflows
- Control and configurations of the key System Catalog and Application Data Tables
- Job Scheduling & Batch Processing
- System maintenance & upgrade
- Backup & recovery
- Facilitated Sessions for building process maps and narratives
- Capture COSO Objective, Financial assertions, Risk Control Activities
- Capture Control types, control category control method
- Interface with the finance team and audit team in building the process maps and understanding application control implemented
- Identify gaps
- Compile a list of best practice recommendations for remediating each control gap identified
- Include recommendations for technical configurations and policy & process improvements
- Classify each recommendation as technical, administrative or business process related

In summary, our IT-focused team will use its in-depth risk and controls knowledge and experience to identify and assess key controls and comment on opportunities to enhance the benefits available from the system, using efficient and effective testing approaches.

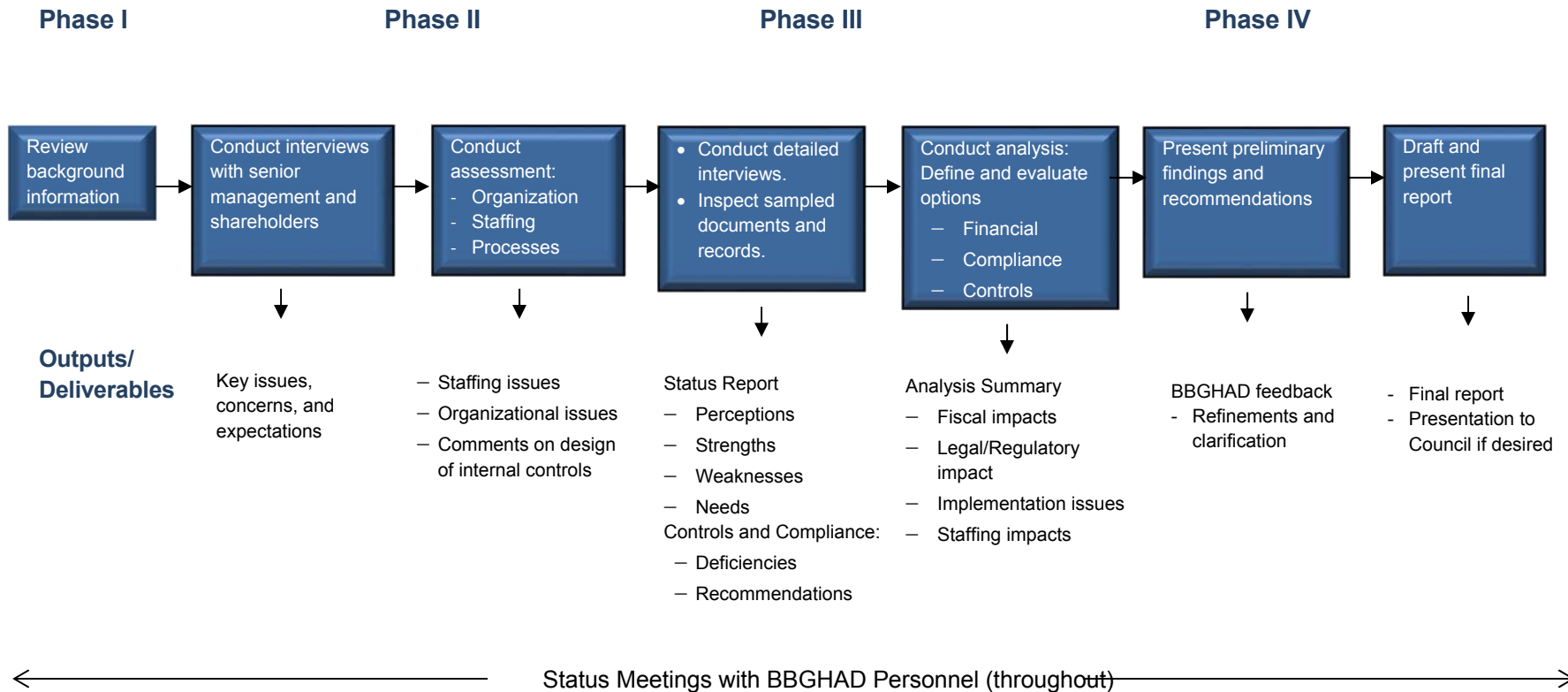
Consideration of Fraud – The primary responsibility for the prevention and detection of fraud rests with both those charged with governance and management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight of those charged with governance. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. As part of our audit planning process, we

will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such the following:

- Discussions with management and others within BBGHAD. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in BBGHAD, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in BBGHAD; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management, and others within BBGHAD as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting BBGHAD.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in BBGHAD and the internal control that management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances or balances that we may identify during our preliminary analytical review procedures will be evaluated for indication of risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve an exchange of ideas or brainstorming among our audit team members about how and where BBGHAD's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of BBGHAD could be misappropriated.

## FRAUD RISK PROCEDURES



We know from our prior experience with similar engagements, coupled with our thoroughly planned and organized approach, that this examination will result in a timely, efficient and cost-effective review for BBGHAD. Our examination will be conducted with a minimum of disruption to ongoing day-to-day business.

Our general approach for this proposal is based on a complete understanding of pertinent systems with all key areas addressed by specific audit procedures. We will spend an appropriate amount of time understanding the nature of the employee time reporting, scheduling processes and systems utilizing tailored audit procedures to address those which are unique and are industry-specific.

We strongly emphasize early planning, communication and coordination of our efforts with BBGHAD personnel, which results in the efficiency and timeliness of our procedures. Our approach stresses early resolution of issues.

## Management letter

At the completion of our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting and business practices. The diverse experience of our personnel, the fresh perspectives of our team members, combined with their independent and objective viewpoints will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improvement of the accounting practices and procedures and the internal accounting and administrative controls
- Comments on the design, controls and audit trails of new and redesigned automated systems, along with suggestions to improve processing methods and procedures
- Suggestions for operational improvements or cost efficiencies noted during the course of our engagement
- Comments relative to ensuring compliance with the applicable laws, rules and regulations
- Comments regarding implementation of new GASB pronouncements
- Other comments, recommendations or observations regarding best practices that we believe may be of interest

This approach will not only allow us to render an opinion on the financial statements and on compliance pursuant to regulatory requirements; it will also permit us to add value to our audit services and share the knowledge gained from surveying a wide range of organizations.



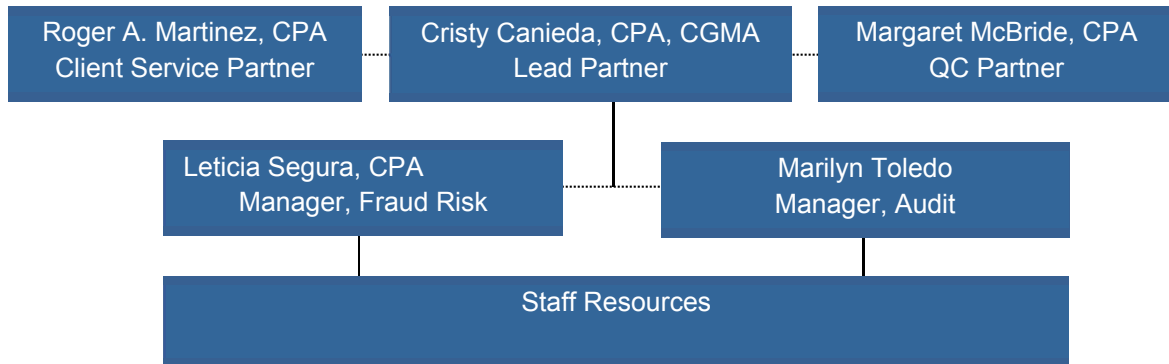
## Engagement Team

We combine our extensive experience with auditing, technology, data analysis, and enterprise risk to deliver highly focused and effective fraud risk procedure services. We understand the nuances of enterprise operations that a generic firm providing services only to commercial and for-profit companies may overlook.

Team Member	Role
<b>Roger A. Martinez, CPA</b> Client Service Partner	Roger Martinez, Vasquez Audit Practice Leader and former KPMG department of professional practice partner dealing with complex audit, accounting and risk management issues at a national level, will ensure that the engagement team is meeting all expectations and commitments.
<b>Cristy A. Canieda, CPA, CGMA</b> Lead Partner	Cristy Canieda, Vasquez Partner and former PwC manager with over 20 years of public accounting and auditing experience to government agencies, will be responsible for leading our delivery services to BBGHAD. She will lead our planning efforts, work closely with BBGHAD management and will be available throughout the year to ensure proactive issue identification and service delivery.
<b>Margaret J. McBride, CPA</b> Engagement Quality Control Reviewer	Margaret “Peggy” McBride, Vasquez Government Practice Leader and former KPMG partner-in-charge of government advisory services for the Western Region with over 30 years of public accounting experience will have the responsibility of technical reviewer for the BBGHAD engagement. She will be the professional standards reviewer of reports issued and will work closely with the Lead Partner in reviewing workpapers and financial reports prior to release.
<b>Leticia Segura, CPA</b> Manager, Fraud Risk Team	Leticia Segura, Vasquez Manager and former manager with Deloitte with over 18 years of public accounting, consulting and financial management experience will work closely with the Lead Partner in planning, coordinating and reviewing the fieldwork for the BBGHAD engagement. She will manage the day-to-day activities and task accomplishments, monitoring progress, and ensure schedule compliance. She will also work to ensure on-going timely communication among all levels of the engagement team and will spend time on-site ensuring the smooth operation of our accounting processes.
<b>Marilyn Toledo</b> Manager, Audit Team	Marilyn Toledo, Vasquez Manager with over 10 years of audit experience within the PwC network, will work closely with the engagement management team in planning and coordinating for the BBGHAD audit engagement. She will also work to ensure on-going timely communication among all levels of the audit engagement team.
<b>Paulina Perez, CFE</b> Auditor, Fraud Risk Team	Paulina Perez, Vasquez auditor and former auditor with E&Y with five years of experience will work with the Vasquez management team in performing forensic audit fieldwork procedures for the BBGHAD engagement.
<b>Daniel Espindola</b> Staff Auditor, Audit Team	Daniel Espindola, Staff Auditor with Vasquez & Company LLP will work with the Vasquez management team in performing fieldwork procedures.



## Team Organization





## ROGER A. MARTINEZ, CPA

### Client Service Partner

Roger Martinez, Vasquez Audit Practice Leader and former KPMG department of professional practice partner dealing with complex audit, accounting and risk management issues at a national level, will ensure that the engagement team is meeting all expectations and commitments.

### Areas of Expertise

Roger's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews, single audits performed in accordance with Office of Management and Budget new Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance), program specific audits, financial statement reviews, compilations, forecasts and projections to some of the largest and most complex governmental or regulated entities in California. His expertise also includes serving as a quality technical reviewer at a national level and acting as an instructor on accounting, auditing and reporting issues to the public sector throughout the United States.

### Representation of Experience

- City of Long Beach
- City of Vernon
- City of Needles
- City of Norwalk
- Los Angeles World Airports
- Los Angeles Community College District
- Los Angeles County Metropolitan Transportation Authority
- Foothill Transit
- General Electric
- Motorola
- Sprint
- PG&E
- Maersk
- Citizen Watch
- California State University
- Los Angeles Department of Water and Power
- Motion Picture Association of America

### Professional Background and Affiliations

Roger's professional background includes partner in KPMG National Office for a total of 19 years in the profession. Roger has served an extensive number of special purpose governments concentrated in the Western region of the United States. He has provided professional audit and consulting services to some of the largest, most complex governmental entities in California. He is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, Los Angeles Chamber of Commerce, Association of Latino Professionals in Finance and Accounting, the California Society of Municipal Finance Officers, Catholic Association of Latino Leaders and the Rotary Club of Los Angeles. He is a former member of the board of directors for the Los Angeles Economic Development Corporation and currently serves on the board of directors for LINC Housing, the Salvation Army, International Trade Education Programs and the Los Angeles County Medical Association.

### Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from the University of California, Los Angeles. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects of interest and applicable to BBGHAD, including primary governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements.



## CRISTY A. CANIEDA, CPA, CGMA

### Lead Partner

Cristy Canieda, Vasquez Partner and former PwC manager with twenty (20) years of public accounting and auditing experience to government agencies, will be responsible for leading our delivery of services for BBGHAD. She will develop our engagement strategy, provide on-site direction to our teams, work closely with BBGHAD management and be available throughout the term of the engagement to ensure proactive issue identification and service delivery.

### Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews, Single Audits performed in accordance with Office of Management and Budget new Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance), program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

### Prior Experience

- City of Baldwin Park
- City of Carson
- City of Cudahy
- City of El Monte
- City of Hawthorne
- City of Huntington Park
- City of La Puente
- City of Lynwood
- City of Montebello
- City of Norwalk
- City of Pico Rivera
- City of Temple City
- City of Temecula

### Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PricewaterhouseCoopers. Cristy is a Certified Public Accountant licensed to practice in the State of California and is a Chartered Global Management Accountant.

### Educational Background

Cristy received her Bachelor of Science in Accountancy, Associate in Government Auditing from Enverga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects of interest and applicable to BBGHAD, including primary governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements.



## MARGARET J. MCBRIDE, CPA

### Engagement Quality Control Partner

Margaret “Peggy” McBride, Vasquez Government Practice Leader and former KPMG partner-in-charge of government advisory services for the Western Region with over 30 years of public accounting experience will have the responsibility of technical reviewer for the BBGHAD engagement. She will be the professional standards reviewer of reports issued and will work closely with the Lead Partner in reviewing workpapers and financial reports prior to release.

### Areas of Expertise

Peggy is a Certified Public Accountant and former partner with the international accounting firm of KPMG. She has worked principally in the governmental (federal, state, municipal, special district including water districts and primary and secondary education districts, public colleges and universities) and not-for-profit industries (foundations, private schools and universities, health and welfare and arts organizations).

### Representation of Experience

- City of Los Angeles Office of the Controller
- County of Los Angeles Auditor-Controller
- Los Angeles County Metropolitan Transportation Authority
- Huntington Beach Elementary School District
- Fullerton Elementary School District
- Anaheim High School District
- Fullerton High School District
- El Monte Union High School District
- Huntington Beach High School District
- Tustin Unified School District
- Bassett Unified School District
- Compton Unified School District
- Los Angeles Unified School District
- City of Anaheim
- City of Baldwin Park
- City of Carson
- City of Compton
- City of Dana Point
- City of Huntington Beach
- City of Long Beach
- City of Los Angeles
- City of Lynwood
- City of Newport Beach
- City of Norwalk
- City of Orange
- City of Pasadena
- City of Pico Rivera

### Professional Background

Peggy served as the Assistant Director of Finance for the City of Columbia, Missouri prior to joining KPMG. In that capacity she participated in the implementation of a financial accounting system, supervised the municipal accounting and reporting functions, implemented the City's cash and investment management program, and developed and implemented debt management strategies.

### Educational Background and Affiliations

Peggy has served on the State Board of Directors of the California Society of Certified Public Accountants and as the Chairperson of its Audit Committee, as well as President of its Orange/Long Beach Chapter, and as a member of the Society's Governmental Accounting and Auditing Committee. She is the former Treasurer for the Coast Community College Foundation and a former member of the Tustin Public Schools Board of Directors. Ms. McBride received her Bachelor of Business Administration degree from the University of Missouri-Columbia.



## LETICIA SEGURA, CPA

### Manager

Leticia Segura, Vasquez Manager and former manager with Deloitte with 18 years of public accounting, consulting and financial management experience will work closely with the Lead Partner in planning, coordinating and reviewing the fieldwork for the BBGHAD engagement. She will manage the day-to-day activities and task accomplishments, monitoring progress, and ensure schedule compliance. She will also work to ensure on-going timely communication among all levels of the engagement team and will spend time on-site ensuring the smooth operation of our accounting processes.

### Areas of Expertise

Leticia's practice is focused in consulting on restructuring processes to improve efficiency and effectiveness of fiscal operations, policies and procedures and staffing. Her expertise also includes overall governmental, contractual, fiscal and payroll compliance for nonprofit organizations and local governments.

### Representation of Experience

- City of Los Angeles
- City of Long Beach
- City of Pico Rivera
- City of El Monte
- Inglewood Unified School District
- Compton Community College District
- Metropolitan Water District of Southern California
- San Diego Gas & Electric Company

### Professional Background

Prior to joining Vasquez, Leticia worked as a consultant to corporate, educational and nonprofit organizations on improving business practices through reviews of billing, collections and accounting systems to improve overall efficiency and effectiveness. She is a former assurance manager with the international accounting and consulting firm of Deloitte where her duties included advising and directing multiple audit teams and participation in the Global Development Program in Barcelona, Spain.

### Professional Affiliations and Education

Leticia received her Bachelor of Science, Business Administration - Accounting degree from the California State University, Long Beach. Ms. Segura has served as the Chief Financial Officer for the Mexican American Opportunity Foundation. She continues to stay current on matters of accounting through participation in the Firm's continuing education program as well as attending conferences and seminars.



## PAULINA PEREZ, CFE

### Staff Auditor

Paulina Perez, Vasquez auditor and former auditor with E&Y with five years of experience will work with the Vasquez management team in performing audit fieldwork procedures for the BBGHAD engagement.

### Area of Expertise

Paulina's practice is focused on participating in financial and compliance audits of government agencies and nonprofit organizations, including internal control reviews and Single Audits performed in accordance with *Title II U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

### Representation of Experience

- Los Angeles County Metropolitan Transportation Authority
- San Gabriel Valley Council of Governments
- Rio Hondo Community College District
- City of Vernon

### Educational Background

Paulina received her master of business administration with a concentration in accounting from the California State University, San Bernardino and her Bachelor of Science in Accountancy from Ateneo de Naga University. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects of interest and applicable to BBGHAD, including primary governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements.



## DANIEL ESPINDOLA

### Staff Auditor

Daniel Espindola, Staff Auditor with Vasquez & Company LLP will work with the Vasquez management team in performing fieldwork procedures.

### Area of Expertise

Ryan's practice is focused on financial and compliance audits of governmental entities and nonprofit organizations performed in accordance with Generally Accepted Government Auditing Standards and, single audits performed in accordance with Office of Management and Budget new Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance). Additionally, he performs vendor compliance audits of professional service contractors with government agencies.

### Representation of Experience

- First Presbyterian Church of Hollywood
- New Earth Organization
- Nuevo Amanecero2 Latino Children's Services

### Professional Background and Affiliations

Daniel's prior experience includes IRS Volunteer Income Tax Assistance with the California State University, Los Angeles.

Daniel was a College Peer Counselor assisting students and parents with college/financial aid applications and advising on scholarship opportunities. He is the Treasurer for the Hispanic Business Society responsible for the revision and approval of budgets including fundraising events and committees.

### Educational Background

Daniel earned a Bachelor of Science in Business Administration emphasis in Accounting from the California State University, Los Angeles. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects of interest and applicable to business accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements.



## Relevant Qualifications and Experience

### City of Montebello

Vasquez is engaged to evaluate the payroll practices of affected employee groups compliance with the approved payroll practices as defined by the City's Administrative Policy V-B-18 and V-B-19, other relevant payroll policies, authorized Memoranda of Understanding (MOUs), relevant State and Federal law, and cost accounting principles as set forth in the Office of Management and Budget's "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

#### Scope

Our audit is conducted in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our procedures included a detailed review of time records and payroll charges in relation to bus schedules.

### City of Compton

Vasquez was engaged by the City of Compton to perform forensics audit procedures as necessary to investigate the alleged theft of cash deposits.

The primary objective was to determine the dollar amount of cash collections that were not deposited, and the method by which the alleged theft occurred.

#### Scope

The scope of services included an examination of cash collections as evidenced by cash receipts, cash register tapes, electronic cashiering records and the like, and a comparison of this information to deposits as reflected by the City's depository banking institution.

The City requested that procedures be performed in the current year and prior years extending to such time as no discrepancies were noted. The forensics procedures centered on determining variances between cash receipts reports and bank deposit amounts. These procedures were supplemented by reviewing the most current reconciliation of the City's primary checking account, in order to compare the amount of discrepancy disclosed by the detailed transaction testing, with the discrepancy in the bank reconciliation.

### City of Long Beach

Vasquez was engaged by the City to conduct a review of the City's Timekeeping and Scheduling functions. We were directed to obtain an understanding of the procedures and systems used for recording and capturing employee time at departments throughout the City in order to evaluate present practices in relation to options and capabilities of a new Financial Management/Human Resources (FM/HR) System.

#### Scope

The primary objective of the study was to assess the various Departments' interest in and potential to benefit from employee time collection devices and enhanced scheduling processes and systems, and to evaluate the effectiveness and efficiency of processing procedures applicable to the City's Employee Timekeeping and Scheduling functions. Our methodology was applied to ten departments selected by the City.



## Proposed Fees

Our fees for the services outlined in this proposal are based on our estimates of the time needed to complete the project at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The fees are based on the assumption that unexpected circumstances will not be encountered during the audit along with the following:

**Engagement Assumptions:** The proposed fees assume the following:

1. Cooperation of all parties to answer questions within the agreed timeframe.
2. Audit fieldwork procedures conducted at a centralized location.
3. All information requested provided within agreed timeframe.
4. Information provided is complete and correct for the years being audited.
5. Other unforeseen events such as:
  - a. Changes in your business or business environment.
  - b. Contractual difficulties with suppliers, third-party service providers or clients.

This cost proposal contains all pricing information relative to performing the audit engagement as described in this Request for Proposal. Our price contains all direct and indirect costs including all out-of-pocket expenses. This estimated budget is based on the cooperation of BBGHAD. We will bill you based on actual hours incurred for accounting assistance and fraud risk procedures. If additional time is required, we will discuss it with you prior to performing the additional work.

Following is our proposed total cost to perform the audit services from the date of BBGHAD's inception through December 31, 2016, and for the years ended December 31, 2017 through December 31, 2021. We believe our best approach is to perform the audit through 2016 first, and then, based on the facts we uncover during that process, we will be in a better position to determine the need for any accounting assistance or forensic procedures – and the extent of that need.

Service Description		through 2016
Initial annual audit of the financial statements from BBGHAD's inception date through December 31, 2016.	\$	20,000

Service Description		2017		2018		2019		2020		2021
Annual audit of the financial statement, management letter, consultation throughout the term of the engagement and presentation to the Council.	\$	15,000	\$	15,500	\$	16,000	\$	16,500	\$	17,000

The following rates by staff level will apply for accounting assistance and forensic procedures, should the need arise for these services:

Hourly Rate by Staff Level		2018
Partner	\$	285
Manager		160
Supervisor		140
Senior auditor		120
Staff auditor		100

## 11b – Treasurer's Report

Broad Beach GHAD  
Cash Flow  
Board Meeting February 11, 2018

**Cash in Bank January 2, 2018** **\$ 2,265,952.44**

Sources of Cash: 1/19/18 **\$ 318,235.09**

**Disbursements January 3 through February 5, 2018**

<u>Date</u>	<u>Check#</u>	<u>Description</u>	
1/3/18	3795	McCabe	\$ 12,500.00
1/3/18	3811	Engeo	\$ 3,032.50
1/4/18	3812	McCabe	\$ 539.37
1/10/18	3826	Moffatt & Nichol	\$ 43,561.86
1/10/18	3829	Project Manager Bud Ovrom	\$ 10,000.00
1/10/18	3832	H. Fuchs	\$ 2,516.75
1/11/18	3819	Cine Ivery/Election 2017	\$ 240.00
1/11/18	3820	Dwayne Sylvester/Election 2017	\$ 100.00
1/11/18	3828	M. Baker Intl	\$ 13,340.00
1/12/18	3823	Rincon Consulting	\$ 111,283.43
1/16/18	3827	Engeo	\$ 343.75
1/16/18	3830	Colantuono Highsmith & Whatley	\$ 33,461.82
1/17/18	3787	Crain & Assoc.	\$ 1,492.50
1/17/18	3797	Crain & Assoc.	\$ 1,155.00
1/17/18	3824	TSG Reporting	\$ 1,002.80
1/17/18	3825	Vectis Strategies	\$ 10,000.00
1/24/18	3791	City of Moorpark	\$ 23,367.41
1/24/18	3802	City of Moorpark	\$ 33,755.42

Total invoices paid **\$ 301,692.61**

**Cash Ending Balance as of February 5, 2018** **\$ 2,282,494.92**

**UNPAID BILLS**

<u>Date</u>	<u>Invoice#</u>	<u>Vendor Name</u>	<u>Amount</u>
		Bay Foundation	\$ 215,500.00
		Moffatt & Nichol	\$ 33,329.69
		City of Moorpark	\$ 31,063.18
		California Association of GHADs	\$ 130.25
		Colantuono Highsmith & Whatley	\$ 15,957.50
		Rincon Consultants	\$ 29,935.96
		M. Baker Intl	\$ 11,052.00
Nov/Dec. 2017		Elkins Kalt	\$ 132,953.06
		<b><u>Estimated Unpaid Bills</u></b>	<b><u>\$ 469,921.64</u></b>

Broad Beach GHAD  
Disbursements  
2011 through January 31, 2018

	Expenses transferred from Fair Share account 2011	Actuals Paid 2011 (Chase)	Actuals Paid 2012 (Chase/City)	Actuals Paid 2013 (Chase/City)	Actuals Paid 2014	Actuals Paid 2015	Actuals Paid 2016	Actuals Paid 2017	Actuals Paid January 2018	Totals
<b>Sources of cash:</b>										
L.A. County/GHAD Assessment/Malibu West Swim Club/M. Magidson funding Reef Feasibility Study				\$ 3,294,658.64	\$ 2,614,517.02	\$ 3,818,816.06	\$ 3,091,324.06	\$ 3,275,577.38	\$ 318,235.09	\$ 16,413,128.25
Advances from homeowners/TPOA fund/	\$ 2,391,857.00	\$ 266,250.00	\$ 1,378,637.00		\$ 195,530.47	\$ (195,530.47)				\$ 4,036,744.00
Revetment Acct/Transfer to Revetment Acct								\$ (26,821.44)		\$ -
West End Refunds										\$ (26,821.44)
<b>Income Total:</b>	<b>\$ 2,391,857.00</b>	<b>\$ 266,250.00</b>	<b>\$ 1,378,637.00</b>	<b>\$ 3,294,658.64</b>	<b>\$ 2,810,047.49</b>	<b>\$ 3,623,285.59</b>	<b>\$ 3,091,324.06</b>	<b>\$ 3,248,755.94</b>	<b>\$ 318,235.09</b>	<b>\$ 20,423,050.81</b>
Loan Advances 2012/Repayment 2013		\$ 1,216,000.00	\$ (1,216,000.00)							
<b>Administration/Accounting &amp; Insurance</b>										
Project Manager				\$ 18,984.38	\$ 133,471.39	\$ 149,753.08	\$ 97,329.91		\$ 10,000.00	\$ 409,538.76
Clerk/Treasurer		\$ 11,822.68	\$ 3,489.11	\$ 7,968.27	\$ 21,218.35	\$ 22,616.73	\$ 26,476.26	\$ 2,250.00		\$ 95,841.40
D& O Insurance/Election Official/Court Reporter	\$ 6,286.00	\$ 7,509.00	\$ 7,947.00	\$ 7,947.00	\$ 7,947.00	\$ 8,283.00	\$ 17,842.50	\$ 1,342.80		\$ 65,104.30
L.A. County fees/Bank fees/Interest/subscriptions		\$ 2,644.09	\$ 2,529.24	\$ 84.00	\$ 171.74	\$ 175.25				\$ 5,604.32
Print/Office/Phone/Room Rental/Internet		\$ 3,648.11	\$ 1,122.01	\$ 1,953.58	\$ 454.28		\$ 397.45	\$ 266.75		\$ 7,842.18
Moorpark Litigation							\$ 201,665.17	\$ 57,122.83		\$ 258,788.00
TTL Administration & Accounting	\$ 6,286.00	\$ 25,623.88	\$ 34,071.74	\$ 151,424.24	\$ 179,544.45	\$ 128,404.89	\$ 246,381.38	\$ 70,982.38		\$ 842,718.96
<b>Annual Monitoring</b>										
SAP/California Marine Sanctuary Foundation -							\$ 177,902.00	\$ 168,731.00		\$ 346,633.00
<b>Managing fees</b>										
SAP/California Marine Sanctuary Foundation -										
<b>Monitoring Fees</b>										
Total SAP						\$ 177,902.00	\$ 168,731.00			\$ 346,633.00
<b>Permitting Fees</b>										
Lobbyist Fees: Neish Inc. - CCC/Kindel Kagan/AMEC EIR	\$ 190,324.00		\$ 6,500.00	\$ 171,068.81	\$ 152,533.96	\$ 9,070.26				\$ 529,497.03
Vectis Strategies-U.S. Army Corps lobbyist				\$ 10,736.95	\$ 120,000.00	\$ 110,000.00	\$ 10,000.00			\$ 250,736.95
Legal Fees:Jeffer Mangels/Elkins Kalt	\$ 346,060.00	\$ 75,000.00	\$ 720,357.41	\$ 526,454.59	\$ 570,230.93	\$ 673,062.10	\$ 686,053.55	\$ 716,206.12		\$ 4,313,424.70
Other Legal Fees: Morgan, Miller/Colantuono			\$ 24,400.88	\$ 41,206.98	\$ 82,187.52	\$ 79,081.50	\$ 10,427.75	\$ 141,157.97	\$ 33,461.82	\$ 467,208.42
Highsmith & Whatley/Linscott Law/Judge Reiner	\$ 55,284.00	\$ 104,063.25	\$ 1,197,181.99	\$ 882,222.16	\$ 828,513.78	\$ 753,623.45	\$ 1,255,162.53	\$ 1,060,405.90	\$ 43,561.86	\$ 7,694,264.92
Engineering Fees: Moffat & Nichol	\$ 1,569,530.00	\$ 16,076.92	\$ 42,177.06	\$ 5,638.15	\$ 1,102.50	\$ 40,567.50	\$ 13,607.50	\$ 35,046.50	\$ 3,376.25	\$ 207,459.38
ENGEO	\$ 49,867.00							\$ 412,305.12	\$ 124,623.43	\$ 536,928.55
RINCON/M. Baker Intl								\$ 39,000.00	\$ 15,686.87	\$ 54,686.87
Commonwealth Title/Crain & Ass./McCabe										\$ 164,291.79
Quality Mapping/Topanga Underground/Ramboll Envir	\$ 17,934.00	\$ 16,313.00	\$ 84,191.10	\$ 30,943.03	\$ 2,050.00	\$ 12,860.66				\$ 1,089,613.01
U.S. Army Corps Mitigation: The Bay Foundation							\$ 51,693.48	\$ 50,000.00		\$ 1,350,000.00
CA State Lands Commission (Back Rent)	\$ 79,343.00	\$ 10,066.67	\$ 344,217.54	\$ 321,038.98	\$ 233,253.34		\$ 1,350,000.00			\$ 173,968.00
CA State Lands Commission Financial Sec. deposit										\$ 58,340.00
California Coastal Commission	\$ 17,584.00	\$ 40,000.00	\$ 37,472.00		\$ 78,912.00					\$ 58,340.00
State Water Control Board		\$ 58,340.00								
<b>Total Permitting Fees</b>	<b>\$ 2,325,926.00</b>	<b>\$ 205,206.84</b>	<b>\$ 2,442,987.88</b>	<b>\$ 1,904,723.96</b>	<b>\$ 1,928,036.86</b>	<b>\$ 1,779,830.51</b>	<b>\$ 3,508,875.73</b>	<b>\$ 2,564,121.61</b>	<b>\$ 230,710.23</b>	<b>\$ 16,890,419.62</b>
<b>Expense Total:</b>	<b>\$ 2,332,212.00</b>	<b>\$ 205,206.84</b>	<b>\$ 2,468,611.76</b>	<b>\$ 1,938,795.70</b>	<b>\$ 2,079,461.10</b>	<b>\$ 1,959,374.96</b>	<b>\$ 3,815,182.62</b>	<b>\$ 2,979,233.99</b>	<b>\$ 301,692.61</b>	<b>\$ 18,079,771.58</b>

<b>Fair Share Contributions:</b>		<b>Actual</b>	<b>(diff. unknown)</b>
Advances from Individual Homeowners	\$ 3,017,028.00	\$ 3,021,130.96	\$ (4,102.96)
Advances from TPOA General Fund	\$ 750,000.00	\$ 750,000.00	
Revetment Credit applied to FS	\$ 261,579.00	\$ 244,821.00	\$ 16,758.00
<b>Total</b>	<b>\$ 4,028,607.00</b>	<b>\$ 4,015,951.96</b>	

Sources of Fair Share Contrib. transferred from TPOA (Union Bank) to BBGHAD in 2011: **\$2,391,857.00** = Sources of Fair Share Contr./TPOA General Fund (Chase) 2011/ **\$266,250.00** = Sources of Fair Share Contributions in 2012 (Chase acct.) **\$1,378,637.00**

FS \$ **1,580,278.00** + Revetment Credit applied to FS **\$261,579.00** + General TPOA fund **\$550,000.00**

General TPOA fund (Dec. 2011)\$200,000.00 +Fair Share Contributions **\$ 66,250.00**

Fair Share contributions January 2012 thru June 2012

#	Address	Name	Fair Share		Donation	Total FS & Donation	Revetment Credit to Fair Share	
	30708 /30760 BBR	Klein	\$	90,000.00	\$ 10,000.00	\$ 100,000.00		
	30712 BBR	Lotman	\$	30,250.00		\$ 30,250.00		
	30718 BBR	Coastline Properties	\$	16,000.00		\$ 16,000.00		
	30724 PCH	Ross Family Trust	\$	36,250.00		\$ 36,250.00		
	30756 PCH	Malibu West	\$	40,000.00		\$ 40,000.00		
	30800 BBR	Finegood	\$	37,000.00	\$ 10,000.00	\$ 47,000.00		
	30810 BBR	Leigh					\$	4,643.00
	30826 BBR	O'Connor					\$	4,643.00
	30830 BBR	Koenig	\$	20,000.00		\$ 20,000.00		
	30838 BBR	Lowell	\$	8,000.00		\$ 8,000.00		
	30842 BBR	Thompson	\$	12,000.00		\$ 12,000.00		
	30846 BBR	Ressler/Gertz	\$	40,000.00	\$ 10,000.00	\$ 50,000.00		
	30852/30856/30860	Rosenbloom	\$	102,000.00	\$ 13,500.00	\$ 115,500.00	\$	21,361.00
	30866 BBR	Sherman	\$	32,077.00	\$ 10,000.00	\$ 42,077.00	\$	7,923.00
	30870 BBR	Lemmon	\$	8,000.00	\$ 10,000.00	\$ 18,000.00		
	30874 BBR	Needleman	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	7,923.00
	30900 BBR	Kelton	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	6,719.00
	30904 BBR	Ray Romano	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	7,923.00
	30908 BBR	Themba Partners	\$	39,500.00		\$ 39,500.00	\$	7,923.00
	30916 BBR	Nathanson	\$	40,000.00	\$ 10,000.00	\$ 50,000.00		
	30918 BBR	Zaillian	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	7,923.00
	30924/30928/30930	Hess	\$	110,999.97	\$ 17,500.00	\$ 128,499.97	\$	18,953.00
	30936 BBR	West	\$	4,000.00	\$ 10,000.00	\$ 14,000.00		
	30940 BBR	E. Glazer	\$	16,000.00		\$ 16,000.00		
	30940 BBR	Mellon	\$	24,000.00	\$ 10,000.00	\$ 34,000.00		
	30944 /30948BBR	Arad	\$	70,500.00		\$ 70,500.00	\$	7,923.00
	30952 BBR	30952 Broad Beach	\$	16,000.00		\$ 16,000.00		
	30956 BBR	Maynard	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	2,706.00
	30962 BBR	Sitrick	\$	40,000.00	\$ 10,000.00	\$ 50,000.00		
	30966 BBR	Sinatra	\$	8,000.00		\$ 8,000.00	\$	2,706.00
	30970 BBR	Sheinberg	\$	40,000.00	\$ 10,000.00	\$ 50,000.00		
	30974/30978/30980	Ovitz	\$	96,000.00		\$ 96,000.00	\$	13,712.00
	31000 BBR	Haft	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	2,706.00
	31008/31520	Mark	\$	11,000.00	\$ 5,000.00	\$ 16,000.00	\$	2,706.00
	31012 BBR	Brown/Sholem Trust	\$	16,000.00		\$ 16,000.00		
	31016 BBR	Baron/Oakmont	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	2,706.00
	31020 /31022BBR	Pearlman/De Vito	\$	77,000.00	\$ 17,500.00	\$ 94,500.00		
	31026 BBR	Martin	\$	24,000.00	\$ 10,000.00	\$ 34,000.00		
	31030 BBR	Grossman	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	2,706.00
	31034 BBR	Meeham/Goldberg	\$	40,000.00		\$ 40,000.00	\$	4,706.00
	31038 BBR	Mendoza/Fred Sanc	\$	16,000.00		\$ 16,000.00		
	31042 BBR	Hill/Gottlieb	\$	50,000.00	\$ 10,000.00	\$ 60,000.00	\$	2,706.00
	31048 BBR	Lawrence	\$	12,000.00		\$ 12,000.00		
	31052 BBR	Stoneburner	\$	8,000.00	\$ 10,000.00	\$ 18,000.00	\$	2,706.00
	31054 BBR	Hoffman	\$	24,000.00	\$ 10,000.00	\$ 34,000.00	\$	2,706.00
	31058 BBR	Novograder	\$	28,000.00	\$ 10,000.00	\$ 38,000.00	\$	2,706.00
	31064 BBR	Smidt	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	4,194.00
	31100/31070 BBR	S.A.M Trust	\$	48,000.00		\$ 48,000.00		
	31108 BBR	Jill Grey	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	4,058.00
	31112/31118 BBR	Brosnan/Middleton	\$	7,000.00		\$ 7,000.00	\$	8,117.00
	31130 &31134BBR	Broad Beach LLC	\$	34,500.00		\$ 34,500.00		
	31138 BBR	Roski	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	367.00
	31202/31206 BBR	Attanasio	\$	74,000.00	\$ 25,000.00	\$ 99,000.00	\$	5,156.00
	31212 BBR	Kauffman/Skloff	\$	40,000.00	\$ 10,000.00	\$ 50,000.00	\$	2,706.00

#	Address	Name	Fair Share	Donation	Total FS & Donation	Revelment Credit to Fair Share
31214 BBR		N. Karno	\$ 40,000.00	\$ 10,000.00	\$ 50,000.00	\$ 2,706.00
31220 BBR		P.J. Dejoria	\$ 40,000.00	\$ 10,000.00	\$ 50,000.00	\$ 2,706.00
31224 BBR		31224BBR Trust	\$ 3,000.00		\$ 3,000.00	
31228 BBR		Arnold				\$ 2,706.00
31232 /31236BBR		Pepperdine	\$ 79,500.00	\$ 17,500.00	\$ 97,000.00	\$ 5,412.00
31240 BBR		Douglas	\$ 26,000.00	\$ 10,000.00	\$ 36,000.00	\$ 2,706.00
31250 BBR		Borman	\$ 33,000.00	\$ 17,000.00	\$ 50,000.00	\$ 11,822.00
31260 BBR		Marine	\$ 16,000.00		\$ 16,000.00	\$ 3,044.00
31272 BBR		Spears	\$ 75,000.00		\$ 75,000.00	\$ 8,117.00
31280 /31284BBR		Luanne Wells	\$ 117,500.00	\$ 17,500.00	\$ 135,000.00	
31302 BBR		Kaplan Living Trust	\$ 6,000.00		\$ 6,000.00	\$ 11,115.00
31310 BBR		Marquis	\$ 16,000.00		\$ 16,000.00	
31316 BBR		Douglas Kevin&Mict	\$ 44,000.00	\$ 10,000.00	\$ 54,000.00	
31322 BBR		Reisbord	\$ 24,000.00		\$ 24,000.00	\$ 614.00
31324 BBR		Gottlieb	\$ 10,000.00	\$ 10,000.00	\$ 20,000.00	\$ 12,350.00
31330 BBR		Wini Lumsden	\$ 33,000.00		\$ 33,000.00	\$ 5,735.00
31336 BBR		Chubak	\$ 50,000.00		\$ 50,000.00	\$ 518.00
31340 BBR		Bauer	\$ 26,000.00		\$ 26,000.00	\$ 682.00
31346 BBR		Friedman	\$ 46,000.00		\$ 46,000.00	\$ 655.00
31350 BBR		Fenton	\$ 12,000.00		\$ 12,000.00	
31356/31364/31365		Bright	\$ 113,999.99	\$ 25,000.00	\$ 138,999.99	
31368 BBR		Platt	\$ 50,000.00		\$ 50,000.00	
31368 BBR		Mutchnik	\$ 8,054.00		\$ 8,054.00	
31376 BBR		Glaser	\$ 50,000.00		\$ 50,000.00	
31380 BBR		Kurland	\$ 34,000.00		\$ 34,000.00	
31418/31430 BBR		2XMD Partners	\$ 100,000.00		\$ 100,000.00	
31444 BBR		Levitan	\$ 18,000.00	\$ 14,000.00	\$ 32,000.00	
31454 BBR		Curtis	\$ 8,000.00	\$ 10,000.00	\$ 18,000.00	
31528 VP		Gary Wilson	\$ 16,000.00	\$ 10,000.00	\$ 26,000.00	
			\$ 3,021,130.96	\$ 509,500.00		\$ 244,821.00

COUNTY OF LOS ANGELES - AUDITOR/CONTROLLER, TAX DIVISION  
CITY REMITTANCE ADVICE SUMMARY

FY 2017-2018  
DATE OF REMITTANCE: January 19, 2018

ACCT.#	DESCRIPTION	TYPE	2017-18 PROPERTY TAX REVENUE	2017-18 SECURED 10% REVENUE
97.21	MALIBU BBGHAD	1%	0.00	0.00
		D/S	318,235.09	318,235.09
		TL	318,235.09	318,235.09
	TOTAL 09721	1%	0.00	0.00
		D/S	318,235.09	318,235.09
		TL	318,235.09	318,235.09
TOTAL COLL PREVIOUS PENDING NET PAID			318,235.09	
			0.00	
			318,235.09	