# CONFERENCE CALL LOCATION SHEET

**BAY AREA COMMUNITY COLLEGE DISTRICTS JPA**

**SPECIAL BOARD OF DIRECTORS MEETING**

**AUGUST 11, 2014**

9:30 a.m.

**CONFERENCE CALL**

1 (800) 930-8726

Participant Code: 9002760#

<table>
<thead>
<tr>
<th>ALLAN HANCOCO COMMUNITY COLLEGE DISTRICT</th>
<th>HARTNELL COMMUNITY COLLEGE DISTRICT</th>
<th>SAN LUIS OBISPO COMMUNITY COLLEGE DISTRICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>800 South College Drive</td>
<td>411 Central Avenue</td>
<td>Highway 1</td>
</tr>
<tr>
<td>Santa Maria, CA 93454-6399</td>
<td>Salinas, CA 93901</td>
<td>San Luis Obispo, CA 93403-8106</td>
</tr>
<tr>
<td>Elizabeth Miller</td>
<td>Alfred Munoz</td>
<td>Toni Sommer</td>
</tr>
<tr>
<td>(805) 922-6966</td>
<td>(831) 755-6914</td>
<td>(805) 546-3120</td>
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<tr>
<th>CONTRA COSTA COMMUNITY COLLEGE DISTRICT</th>
<th>MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT</th>
<th>WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT</th>
</tr>
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<tbody>
<tr>
<td>500 Court Street</td>
<td>980 Fremont Street</td>
<td>14000 Fruitvale Avenue</td>
</tr>
<tr>
<td>Martinez, CA 94553</td>
<td>Monterey, CA 93940-4799</td>
<td>Saratoga, CA 95070</td>
</tr>
<tr>
<td>Jonah Nicholas</td>
<td>Earl Davis</td>
<td>Brigit Espinosa</td>
</tr>
<tr>
<td>(925) 229-6944</td>
<td>(831) 646-4040</td>
<td>(408) 741-2187</td>
</tr>
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<tr>
<th>GAVILAN JT. COMMUNITY COLLEGE DISTRICT</th>
<th>SAN JOSE/EVERGREEN COMMUNITY COLLEGE DISTRICT</th>
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<tbody>
<tr>
<td>5055 Santa Teresa Blvd.</td>
<td>4750 San Felipe Road</td>
</tr>
<tr>
<td>Gilroy, CA 95020</td>
<td>San Jose, CA 95135-1599</td>
</tr>
<tr>
<td>Susan Cheu</td>
<td>Peter Fitzsimmons</td>
</tr>
<tr>
<td>(408) 848-4739</td>
<td>(408) 531-6130</td>
</tr>
</tbody>
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AGENDA

BAY AREA COMMUNITY COLLEGE DISTRICTS JPA

SPECIAL BOARD MEETING
AUGUST 11, 2014
9:30 AM

CONFERENCE CALL
1 (800) 930-8726
Participant Code: 9002760#

Conference Call Instructions:
1) Enter call-in number 800-930-8726. 2) Enter Part. Code 9002760#. 3) State your name and enter #.

This meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Members of the public may address the Board from any teleconference location on the attached sheet.

I. CALL TO ORDER – 1 Minute

II. ROLL CALL - 2 Minutes

OFFICERS:
OHLONE CCD
SAN JOSE/EVERGREEN CCD
CONTRA COSTA COUNTY CCD
WEST VALLEY/MISSION CCD

Ron Little, President
Peter Fitzsimmons, Vice President
Jonah Nicholas, Treasurer
Brigit Espinosa, Secretary

MEMBERS:
ALLAN HANCOCK JOINT CCD
GAVILAN JOINT CCD
HARTNELL CCD
MONTEREY PENINSULA CCD
SAN LUIS OBISPO COUNTY CCD
WEST VALLEY/MISSION CCD

Elizabeth Miller
Susan Cheu
Alfred Munoz
Earl Davis
Toni Sommer
Ed Maduli

MANAGER:
KEENAN & ASSOCIATES
KEENAN & ASSOCIATES
SETECH

Rick McHale
Marcia Malone
Mary Boyer

Keenan & Associates
License No. 0451271
III. APPROVAL OF AGENDA - 30 Seconds

The Authority retains the right to change the order in which agenda items are discussed. Subject to review by the Authority, the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

PUBLIC COMMENTS

COMMITTEE CONSIDERATION

IV. ADMINISTRATION

FINANCIAL AUDIT AGREEMENT - 10 Minutes

The Authority will review and discuss the revised Crowe Horwath one-year Financial Audit Agreement for financial audit services for year ended June 30, 2014.

PUBLIC COMMENTS

BOARD CONSIDERATION

V. INFORMATION

MEMBER COMMENTS

Each member may report about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

MANAGER COMMENTS

The Manager will report to the Authority about various matters involving the Authority. There will be no Authority discussion except to ask questions and no action will be taken unless listed on a subsequent agenda.

OTHER COMMENTS

The public may address the Authority on any matter pertaining to the Authority that is not on the agenda. The President reserves the right to limit the time of presentations by individual or topic.

VI. AGENDA ITEMS FOR NEXT MEETING

Members and others may suggest items for consideration at the next meeting on October 10, 2014.

VII. ADJOURNMENT

Americans with Disabilities Act:
Bay Area Community College Districts JPA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Bay Area Community College Districts JPA, shall be made to Marcia Malone, Account Manager, Keenan & Associates, 1740 Technology, Suite 300, San Jose, CA 95110, (408) 441-0876, Extension 6154.
<table>
<thead>
<tr>
<th>PRESENTED TO:</th>
<th>DATE:</th>
<th>August 11, 2014</th>
</tr>
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<tbody>
<tr>
<td>Board of Directors</td>
<td>INFO/ACTION:</td>
<td>ACTION</td>
</tr>
<tr>
<td>SUBJECT:</td>
<td>ITEM #:</td>
<td>2014/2015-01</td>
</tr>
<tr>
<td>Approval of Agenda</td>
<td>Enclosure:</td>
<td>No</td>
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</tbody>
</table>

**Category:** Approval of Agenda

**Prepared by:** Keenan & Associates

**Requested by:** Board of Directors

**BACKGROUND:**

Under California Government Code Section §54950 the “Legislative Body” is required to post an agenda detailing each item of business to be discussed. The Authority posts the agenda in compliance with California Government Code Section 54954.2

**STATUS:**

Unless items are added to the agenda according to Government Code §54954.2 (b) (1) (2) (3) the agenda is to be approved as posted.

**RECOMMENDATION:**

Subject to changes or corrections, the agenda is to be approved.
BACKGROUND:

At the meeting on March 7, 2014, the board decided that they would like to go out to bid for financial audit services; however, it was acknowledged that it was too late in the fiscal year to do so for the 2013/14 audit. Therefore, they requested that the manager ask Crowe Horwath to submit a 1-year proposal for consideration at the June 6, 2014 Board meeting. A 1-year agreement was approved by the board for $14,500 at the June 6, 2014 board meeting.

STATUS:

During the NCCCP board meeting on June 6, 2014, a question was raised regarding why the fee for the financial audit was $22,000 for the NCCCP JPA and $14,500 for the BACCD. The manager did not have a ready answer to that question. The Board asked the manager to request that Crowe Horwath reduce its fee to match the BACCD fee of $14,500. Subsequently, the manager discussed this with Tina Treis at Crowe Horwath and she advised that the reason the fee's were different was because for as long as she could recall the NCCCP fee was higher and that the likely reason was that any travel expenses needed to facilitate the audit were included in that fee, rather than being split evenly between both groups.

I asked Tina whether she would be willing to lower the 1-year fee for the NCCCP JPA to the same as the BACCD and she advised that they could not do that, as it would not cover their costs. She suggested that for a 1-year fee they were willing to split the fees evenly, which resulted in a fee of $18,250 for both JPA’s. I advised her that I would take this to the board for consideration.
RECOMMENDATION:

Approve the 1-year agreement with Crowe Horwath LLP, to perform the 2013-14 financial audit for a fee of $18,250.
June 24, 2014

Ms. Jennifer Lampley  
Account Manager, Keenan and Associates  
Bay Area Community College Districts  
Joint Powers Authority  
1740 Technology Drive, Suite 300  
San Jose, California 95110

This letter confirms the arrangements for Crowe Horwath LLP ("Crowe" or "us" or "we" or "our") to provide the professional services discussed in this letter to Bay Area Community College Districts Joint Powers Authority ("the Authority" or "you" or "your") for the year ended June 30, 2014. The attached Crowe Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

AUDIT SERVICES

Our Responsibilities

We will audit and report on the financial statements of the Authority, which collectively comprise the basic financial statements of the Authority for the periods indicated.

In addition to our report on the financial statements, we also plan to perform specified procedures in order to describe in our report whether the following required supplementary information is presented in accordance with applicable guidelines. However, we will not express an opinion or provide any assurance on this information due to our limited procedures.

- Management’s Discussion and Analysis (MD&A)
- Claims Development Information

The objective of the audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the State Controller’s Minimum Audit Requirements for California Special Districts. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Because of 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 applicable standards. An audit is not designed to detect error or fraud that is immaterial to the financial statements.
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 that the financial statements could be misstated by an amount we believe would influence the financial statement users. 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.

In making our risk assessments, we consider internal control relevant to the 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 Authority’s internal control. However, we will communicate in writing to those charged with governance and management 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 communicate to management other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in our professional judgment, are of sufficient importance to merit management’s attention. We will also communicate certain matters related to the conduct of the audit to those charged with governance, including (1) fraud involving senior management, and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential), (3) disagreements with management and other significant difficulties encountered in performing the audit and (4) various matters related to the Authority’s accounting policies and financial statements. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We expect to issue a written report upon completion of our audit of the financial statements. Our report will be addressed to the Board of Directors of the Authority. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph, or withdraw from the engagement.

In addition to our report on the financial statements and supplemental information, we plan to issue the following reports:

- Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards — The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of your compliance with applicable laws, regulations, contracts and grants. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. The objective of our audit of compliance relative to the financial statements will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. We will advise you, however, of any matters of that nature that come to our attention, unless they are clearly inconsequential.

Our audit and work product are intended for the benefit and use of the Authority only. The audit will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.
The working papers for this engagement are the property of Crowe and constitute confidential information. However, we may be requested to make certain working papers available to your oversight agency or grantors pursuant to authority given to them by law, regulation, or contract. If requested, access to such working papers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected working papers to your oversight agency or grantors. The working papers for this engagement will be retained for a minimum of three years after the date our report is issued or for any additional period requested by the oversight agency or pass-through agency, as applicable. If we are aware that a federal awarding agency, pass-through agency, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the working papers.

_Government Auditing Standards_ require that we provide you with a copy of our most recent peer review report, which accompanies this letter along with the related letter of comment and response thereto.

**The Authority’s Responsibilities**

The Authority’s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. The Authority’s management is also responsible for complying with applicable laws, regulations, contracts and grants and such responsibility extends to identifying the requirements and designing internal control policies and procedures to provide reasonable assurance that compliance is achieved.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, design and implement programs and controls to prevent and detect fraud and devise policies to ensure that the Authority complies with applicable laws and regulations. Management’s judgments are typically based on its knowledge and experience about past and current events and its expected courses of action. Management’s responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements.

Management is responsible for providing to us, on a timely basis, 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. Management is also responsible for providing such other additional information we may request for the purpose of the audit, and unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence. Additionally, those charged with governance are responsible for informing us of their views about the risks of fraud within the Authority, and their knowledge of any fraud or suspected fraud affecting the Authority.

Management is responsible for adjusting the financial statements to correct material misstatements related to accounts or disclosures. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements. Management acknowledges the importance of management’s representations and responses to our inquiries, and that they will be utilized as part of the evidential matter we will rely on in forming our opinion. Because of the importance of management’s representations to an effective audit, you agree to release Crowe and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.
Management is responsible for the preparation of the required supplementary information identified above in accordance with the applicable guidelines. We will request from management certain written representations regarding management’s responsibilities in relation to the required supplementary information presented, including but not limited to whether it has been measured and presented in accordance with prescribed guidelines, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information.

OTHER SERVICES

Financial Statement Preparation

The Authority will provide us with the necessary information to prepare the draft financial statements including the notes thereto. We are relying on the Authority to provide us with the detailed trial balance, note disclosure information and any other relevant report information in a timely fashion and ensure the data is complete and accurate. Management is solely responsible for the presentation of the financial statements.

Recordkeeping Assistance

The Authority will provide us with the necessary information to assist you in your recordkeeping. We will propose year end adjusting entries to management for your review and approval, if applicable. We are relying on the Authority to provide us with the necessary information in a timely fashion and ensure the data is complete and accurate.

With respect to the above other services, you agree to: assume all management responsibilities including making all management decisions; oversee the service by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or expertise; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

FEES

Our fees, including out-of-pocket expenses, will not exceed $18,250 for the year ending June 30, 2014, for the services contemplated in this letter. Our invoices are due and payable upon receipt. If any amounts invoiced remain unpaid 30 days after the invoice date, you agree that Crowe may, in its sole discretion, cease work until all such amounts are paid or terminate this engagement.

Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. Examples of such circumstances include, but are not limited to:

- Changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management’s correction of, inappropriate application of accounting pronouncements
- Erroneous or incomplete accounting records
- New or unusual transactions
- Failure of your staff to prepare information in a timely manner
- Numerical revisions to your information
- Lack of availability of appropriate Authority personnel during audit fieldwork.
Additionally, to accommodate requests to reschedule audit fieldwork without reasonable notice, additional billings for our services could be required, and our assigned staffing and ability to meet agreed-upon deadlines could be impacted.

Our fee assumes that we will be provided with an auditable trial balance at year end, that all bank and investment accounts will be reconciled through the end of the year being audited to the trial balance, that interfund and transfer accounts will balance, that subsidiary ledgers will reconcile to the general ledger and that beginning fund equity amounts will be reconcilable to prior year audited ending fund equity. We assume that the Authority will cooperate with our requests for information such as explanations of account activity.

Additionally, we assume the Authority will provide a copy of the capital assets ledger including current year additions and dispositions and depreciation expense. We assume that requested records such as invoices, contracts, grant agreements and supporting documentation will be located and provided to us. We also assume the Authority will prepare the MD&A section of the report.

Our fee does not include implementation of any other future accounting or auditing pronouncements and/or government requirements that may change, thus, the scope or amount of auditing necessary to complete our engagements may increase beyond what is currently anticipated. Should such events occur, we would present you with our estimate of any possible increase prior to beginning our audit for the given year. An equitable adjustment in the proposed fee will be negotiated if the cost of time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by the Authority or required by State or Federal regulations.

When we become aware of circumstances which impact the amount or scheduling of our work, we will issue, for your approval, a formal change order detailing the reason and the anticipated impact of the change.

* * * * *

This engagement letter and the attached Crowe Engagement Terms reflect the entire agreement between us relating to the services covered by this letter. The headings included in this letter are to assist in ease of reading only; the letter and attachment are to be construed as a single document, with the provisions of each section applicable throughout. This agreement may not be amended or varied except by a written document signed by both parties. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this letter. The agreements of the Authority and Crowe contained in this engagement letter shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included. This agreement shall be interpreted and construed under, and governed by the internal laws of the State of Illinois, without regard for choice of law principles.
If the terms of this letter and the attached Crowe Engagement Terms are acceptable to you, please sign and date below and return a copy of this letter at your earliest convenience. If you have any questions, please contact Tina Treis at 916-441-1000.

Very truly yours,

Crowe Horwath LLP

By: ___________________________

Crowe Horwath LLP and the Engagement Authorized Signer above are licensed by the California Board of Accountancy.

I have reviewed the arrangements outlined above and in the attached Crowe Engagement Terms, and I accept on behalf of the Authority the terms and conditions as stated.

Bay Area Community College Districts Joint Powers Authority

Authorized Representative of the Authority’s Management:

Signature: _______________________________
Printed Name: _______________________________
Title: _______________________________
Date: _______________________________
Crowe Engagement Terms

We want you to understand the basis under which we offer our services to you and determine our fees, as well as to clarify the relationship and responsibilities between your organization and ours. These terms are part of our engagement letter and apply to all future services, unless a specific engagement letter is entered into for those services. We specifically note that no advice we may provide should be construed to be investment advice. Each of these terms shall survive and apply after termination of this agreement.

YOUR ASSISTANCE - For us to provide our services effectively and efficiently, you agree to provide us timely with the information we request and to make your employees available for our questions. You will also provide our personnel with access to the Internet (if available). The availability of your personnel and the timetable for their assistance are key elements in the successful completion of our services and in the determination of our fees. Completion of our work depends on appropriate and timely cooperation from your personnel; complete, accurate, and timely responses to our inquiries; and timely communication by you of all significant accounting and financial reporting matters of which you are aware. If for any reason this does not occur, a revised fee to reflect the additional time or resources required by us will be mutually agreed upon, and you agree to hold us harmless against all matters that arise in whole or in part from any resulting delay.

If circumstances arise that, in our professional judgment, prevent us from completing this engagement, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue other work product or withdrawing from the engagement.

THIRD-PARTY PROVIDER - We may use a third-party service provider in providing professional services to you which may require our sharing your confidential information with the provider. If we use a third-party service provider, we will enter into a confidentiality agreement with the provider to require them to maintain the confidentiality of your confidential information. The terms of our engagement letter and these engagement terms shall apply to any third-party provider.

CONFIDENTIALITY - We will maintain the confidentiality of your confidential information in accordance with professional standards. You agree not to disclose any confidential material you obtain from us without our prior written consent, except to the extent such disclosure is an agreed objective of this engagement. Your use of our work product shall be limited to its stated purpose and to your business use only. We retain the right to use the ideas, concepts, techniques, industry data, and know-how we use or develop in the course of the engagement. You agree to the use of fax, email, and voicemail to communicate both sensitive and non-sensitive matters; provided, however, that nonpublic personal information regarding your customers or consumers shall not be communicated by unencrypted email.

CHANGES - We may periodically communicate changes in laws, rules, or regulations to you. However, you have not engaged us to and we do not undertake an obligation to advise you of changes in laws, rules, regulations, industry or market conditions, your own business practices, or other circumstances, except to the extent required by professional standards.

PUBLICATION - You agree to obtain our specific permission before using our report or our firm’s name in a published document, and you agree to submit to us copies of such documents to obtain our permission before they are filed or published.

NO PUNITIVE OR CONSEQUENTIAL DAMAGES - Any liability of Crowe to you shall not include any special, indirect, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings, or business opportunity.

LIMIT OF LIABILITY – Except where it is judicially determined that Crowe performed its Services with gross negligence or willful misconduct, Crowe’s liability shall not exceed fees paid by you to Crowe for the portion of the work giving rise to liability. A claim for a return of fees paid shall be the exclusive remedy for any damages. This limitation of liability is intended to apply to any and all claims to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including (without limitation) to claims based on principles of contract, negligence or other tort, fiduciary duty, warranty, statute or common law. This limitation of liability shall also apply after termination of this agreement.
INDEMNIFICATION FOR THIRD-PARTY CLAIMS – In the event of a legal proceeding or other claim brought against Crowe by a third party, except where it is judicially determined that Crowe performed its Services with gross negligence or intentional misconduct, you agree to indemnify and hold harmless Crowe and its personnel against all costs, fees, expenses, damages and liabilities, including attorney fees and any other fees or defense costs associated with such third-party claim, arising from or relating to any Services, work product, or other work performed by Crowe that you use or disclose to others or this engagement generally. This indemnification is intended to apply to any and all claims to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including (without limitation) to claims based on principles of contract, negligence or other tort, fiduciary duty, warranty, statute or common law. This indemnification shall also apply after termination of this agreement.

NO TRANSFER OR ASSIGNMENT OF CLAIMS - No claim against Crowe, or any recovery from or against Crowe, may be sold, assigned or otherwise transferred, in whole or in part.

TIME LIMIT ON CLAIMS - In no event shall any action against Crowe arising from or relating to this engagement letter or the services provided by Crowe relating to this engagement be brought after the earlier of 1) two (2) years after the date on which occurred the act or omission alleged to have been the cause of the injury alleged; or 2) the expiration of the applicable statute of limitations or repose.

RESPONSE TO LEGAL PROCESS - If we are requested by subpoena, other legal process, or other proceedings to produce documents pertaining to you and we are not a named party to the proceeding, you will reimburse us for our professional time, plus out-of-pocket expenses, as well as reasonable attorney fees we incur in responding to such request.

MEDIATION - If a dispute arises, in whole or in part, out of or related to this engagement, or after the date of this agreement, between you or any of your affiliates or principals, and Crowe, and if the dispute cannot be settled through negotiation, you and Crowe agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. The results of mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation shall be shared equally by both parties.

JURY TRIAL WAIVER – FOR DISPUTES LITIGATED IN ANY FORUM OTHER THAN CALIFORNIA STATE COURT -- For all matters not brought in California state court, the parties agree to waive a trial by jury to facilitate judicial resolution and to save time and expense. Each party agrees that it has had the opportunity to have its legal counsel review this waiver. This waiver is irrevocable, may not be modified either orally or in writing, and shall apply to any subsequent amendments, renewals, or modifications to this Agreement. In the event of litigation, this Agreement may be filed as written consent to a trial by court.

FOR DISPUTES LITIGATED IN CALIFORNIA STATE COURT – Following mediation, all claims, causes of action or other disputes concerning this engagement (each a “Claim”), including questions of law or fact relating thereto, shall upon either party's request be determined by judicial reference pursuant to the California Code of Civil Procedure (“Reference”). The parties shall select a single neutral referee, who shall be an attorney who is also a certified public accountant. In the event that the parties cannot agree upon a referee, the referee shall be appointed by the court, but such referee shall be an attorney who is also a certified public accountant. The referee shall report a statement of decision to the court. Nothing in this paragraph shall limit the right of any party at any time to cease work or otherwise exercise or obtain self-help or provisional remedies. The parties shall bear the fees and expenses of the referee equally. The referee shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. The parties acknowledge and agree that the Claims will not be adjudicated by a jury.

LEGAL AND REGULATORY CHANGE - The scope of services and the fees for the services covered by the accompanying letter are based on current laws and regulations. If changes in laws or regulations change your requirements or the scope of our work, you and we agree that our fees will be modified to a mutually agreed-upon amount to reflect the changed level of our effort.

NON-SOLICITATION - You and we acknowledge the importance of retaining key personnel. Accordingly, both parties agree that during the period of this agreement and for one year after its expiration or termination, neither party will solicit any personnel of the other party for employment without the written consent of the other party. If an individual becomes an employee of the other party, the other party agrees to pay a fee equal to the individual's compensation for the prior full twelve-month period to the original employer.
AFFILIATES - Crowe Horwath LLP (“Crowe”) is an independent member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath International is a separate and independent legal District. Crowe and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International. Crowe Horwath International does not render any professional services and does not have an ownership or partnership interest in Crowe. Crowe Horwath International and its other member firms are not responsible or liable for any acts or omissions of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe.

NOTIFICATION OF NON-LICENSEE OWNERSHIP - Crowe Horwath LLP (“the Firm”) and certain owners of the Firm are licensed by the California State Board of Accountancy. However, the Firm has owners not licensed by the California State Board of Accountancy who may provide client services under this agreement. If you have any questions regarding licensure of the personnel performing services under this engagement, please do not hesitate to contact us.
System Review Report

To the Partners of Crowe Horwath LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Crowe Horwath LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Crowe Horwath LLP applicable to non-SEC issuers in effect for the year ended March 31, 2013, 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. Crowe Horwath LLP has received a peer review rating of pass.

Cherry Bekaert LLP
September 24, 2013
December 12, 2013

Charles M Allen, CPA
Crowe Horwath LLP
One Mid America Plaza, Suite 700
Oakbrook Terrace, IL 60181

Dear Mr. Allen:

It is my pleasure to notify you that on December 12, 2013 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, 2016. 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,

Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: Scot D Ivey, Samuel E Johnson

Firm Number: 10014904             Review Number: 350003