



**FENNER VALLEY
WATER AUTHORITY**

**AGENDA
FENNER VALLEY WATER AUTHORITY
REGULAR BOARD OF DIRECTORS' MEETING**

**SANTA MARGARITA WATER DISTRICT BOARDROOM
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688
MAY 28, 2026 9:30 AM**

Telephone Audio: +1 323-553-2644 fees may apply Telephone Audio ID: 775 003 711#
<https://tinyurl.com/3vs2mdhh>

This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Microsoft Teams and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the virtual component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended unless otherwise required by law, such as when a Director is attending the meeting virtually pursuant to certain provisions of the Brown Act.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Kelly Howell at (949) 459-6642 at least 48 hours before the meeting if possible.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the Authority's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. All documents available for public review are on file with the Authority's Secretary located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688.

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. PUBLIC FORUM**

Persons wishing to address the Board of Directors on non-agenda items will have three minutes to speak. For items on the agenda, an opportunity to speak during that item will

be provided. Those attending the meeting in-person are requested to submit a "Request to Be Heard" form to the Recording Secretary.

4. CONSENT CALENDAR

4.1 Consideration and Action on the Minutes of February 19, 2026, Special Board Meeting **Page 3**

Recommendation: Approve the Minutes.

5. PRESENTATION

5.1 Technical Review Panel Update - Presentation by David Jordon, Interra

6. TREASURER ITEMS

6.1 Fiscal Year 2026 Financial Statements (through April 30, 2026) **Page 6**

7. ACTION ITEMS

7.1 Consideration and Action on Fiscal Year 2027 Operating Budget **Page 9**

Recommendation: Approve the FY 2027 Operating Budget in the amount of \$466,000.

7.2 Consideration and Action on a Professional Service Agreement for Accounting and Tax Services with Plante Moran for Fiscal Year 2027 **Page 12**

Recommendation: Authorize the Executive Director to execute an agreement with Plante Moran for Fiscal Year 2027 in an amount not-to-exceed \$30,000.

8. INFORMATION ITEMS

8.1 Executive Director Report (verbal or written reports may be provided and shall be included in the record/minutes)

8.2 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes)

9. ATTORNEY'S REPORT

10. ADJOURNMENT

The next regular Board of Directors' meeting is scheduled for June 25, 2026, at 9:30 a.m.



**FENNER VALLEY
WATER AUTHORITY**

**MINUTES
FENNER VALLEY WATER AUTHORITY
SPECIAL BOARD OF DIRECTORS' MEETING**

**SANTA MARGARITA WATER DISTRICT BOARDROOM
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688
FEBRUARY 19, 2026 9:30 AM**

**Telephone Audio: +1 323-553-2644 fees may apply
Telephone Audio ID: 733 374 608#**

<https://tinyurl.com/3fwm4nz5>

Teleconference Address: 42 Canyon Ridge Irvine, CA 92603

ATTENDEES

Frank Ury	Chair
Betty Olson	Vice Chair
Natasha Raykhman	Director
Curt Hagman	Ex-Officio Member
Jennifer Wilt	SMWD/Executive Assistant
Kelly Howell	Secretary
Kristine Day	Treasurer
Paul Pender	SMWD/Director of Finance
Stacey Bruno	SMWD/Executive Assistant
Cathryn Rivera	Cadiz Inc.
Courtney Degener	Cadiz Inc.
Michelle Lewis	Plante Moran
Susan Kennedy	Cadiz Inc.
Scott Smith	Best Best & Krieger/General Counsel

1. CALL TO ORDER

Chairman Ury convened the meeting at 10:00 a.m.

2. PLEDGE OF ALLEGIANCE

3. PUBLIC FORUM

4. SELECTION OF OFFICERS

- 4.1 Consideration and Action on Selection of the Fenner Valley Water Authority Board of Directors Officer Positions for 2026

Recommendation: Reappoint Frank Ury as Authority Chair and appoint Betty Olson as Vice Chair.

Motion: Approve as recommended.

Moved by: Vice Chair Olson

Seconded by: Chairman Ury

Ayes: Olson, Raykhman, Ury

Unanimously approved

5. CONSENT CALENDAR

Motion: Approve as recommended.

Moved by: Chairman Ury

Seconded by: Vice Chair Olson

Ayes: Olson, Raykhman, Ury

Unanimously approved

- 5.1 Consideration and Action on the Minutes of September 25, 2025, Special Board Meeting

Recommendation: Approve the Minutes.

- 5.2 Consideration and Action on the Appointment of Authority Executive Officers

Recommendation: Affirm the following Executive Officers, Robert Grantham, Executive Director; Kristine Day, Treasurer; and appoint Kelly Howell, Secretary.

- 5.3 Consideration and Action on Approving Resolution No. 26-02-01; Establishment of Time and Place of Regular Meetings for 2026

Recommendation: Adopt Resolution No. 26-02-01.

6. TREASURER ITEMS

- 6.1 Fiscal Year 2026 Financial Statements (through December 31, 2025)

7. **INFORMATION ITEMS**

7.1 Cadiz Valley Water Conservation, Recovery and Storage Project Update

Susan Kennedy, Cadiz Inc., provided a project update, highlighting recent developments which included an invitation from the U.S. EPA for Fenner Gap Mutual Water Company to submit an application for a WIFIA loan up to \$194 million of Northern Pipeline Projects capital costs; and Lytton Rancheria, a Native American tribe, became a lead partner in the groundwater bank in November of 2025, providing a \$51 million loan to Cadiz Inc. for the project construction and development expenses. Ms. Kennedy also provided a recap on the Memorandum of Understanding with the US Bureau of Reclamation adopted in October of 2025; and the 2nd Addendum to the Final EIR for conversion of the Northern Pipeline to water conveyance approved in September 2025.

Ms. Kennedy noted Cadiz Inc. aims to have the Northern Pipeline operational by the first or second quarter in 2027, while simultaneously advancing the development of the Southern Pipeline and storage bank. Cadiz Inc. will present Phase 2 Storage Addendum to San Bernardino County and Authority boards, outlining water placement, volume, timing, and management of the groundwater bank as a conjunctive use facility. The modeling is complete and when the Bureau of Land Management processes are complete, Cadiz Inc. will seek an addendum to the Final Environmental Impact Report and a Groundwater Management, Monitoring and Mitigation Plan amendment.

7.2 Executive Director Report (verbal or written reports may be provided and shall be included in the record/minutes)

7.3 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes)

Chairman Ury reported that he will attend the Urban Water Institute Conference next week.

8. **ATTORNEY'S REPORT**

9. **ADJOURNMENT**

The meeting adjourned at 10:10 a.m.



FENNER VALLEY WATER AUTHORITY

MEMORANDUM

Agenda Item: 6.1

TO: Board of Directors

DATE: May 28, 2026

FROM: Kristine Day, Treasurer
Plante Moran, Accounting Consultant

SUBJECT: Fiscal Year 2026 Financial Statements (through April 30, 2026)

FINANCIAL SUMMARY HIGHLIGHTS

This report includes the Authority's Balance Sheet and Income Statement (Revenue and Expenditure Report) for the period ending April 30, 2026.

- Total Authority expenses incurred for the fiscal year to date are \$116,947.98 (34.96% of the adopted budget).
- As of April 30, the Authority's cash balance was \$56,691.48.
- Unaudited financial statements as of April 30 have been prepared by Plante Moran.

The Balance Sheet and Revenue and Expenditure Reports are provided on the following pages.

Fenner Valley Water Authority
 COMPARATIVE BALANCE SHEET
 As of April 30, 2026

	YEAR ENDED		PERIOD ENDED		CHANGE	% CHANGE
	6/30/2025		4/30/2026		Period Diff	Period % Var
Assets						
Bank Accounts						
1100000 - Cash	\$	59,907.49	\$	56,691.48	\$ (3,216.01)	(5.36) %
Total Bank Accounts		59,907.49		56,691.48	(3,216.01)	(5.36) %
Other Current Assets						
1301100 - Prepaid Expense		629.87		629.87	0.00	0.00 %
Total Other Current Assets		629.87		629.87	0.00	0.00 %
Total Assets		60,537.36		57,321.35	(3,216.01)	(5.31) %
Liabilities and Equity						
Liabilities						
Accounts Payable						
2000000 - Accounts Payable		1,530.00		0.00	(1,530.00)	(100.00) %
Total Accounts Payable		1,530.00		0.00	(1,530.00)	(100.00) %
Other Current Liabilities						
2019001 - Due to SMWD		4,743.44		0.00	(4,743.44)	(100.00) %
2400000 - Unearned Revenue		54,263.92		0.00	(54,263.92)	(100.00) %
Total Other Current Liabilities		59,007.36		0.00	(59,007.36)	(100.00) %
Total Liabilities		60,537.36		0.00	(60,537.36)	(100.00) %
Equity						
Fund Balance						
3902000 - Unrestricted		14,787.75		0.00	(14,787.75)	(100.00) %
Total Fund Balance		14,787.75		0.00	(14,787.75)	(100.00) %
Net Revenue		(14,787.75)		57,321.35	72,109.10	(487.62) %
Total Equity		0.00		57,321.35	57,321.35	100.00 %
Total Liabilities and Equity	\$	60,537.36	\$	57,321.35	\$ (3,216.01)	(5.31) %

REVENUE AND EXPENDITURE REPORT
 As of April 30, 2026

	YEAR ENDING 6/30/2025 END BALANCE	YEAR ENDING 6/30/2026 BUDGET	Year To Date 4/30/2026 YTD BALANCE	% BUDGET
Revenue				
4150600 - Bank Interest Income	\$ 7.16	\$ 0.00	\$ 5.41	0.00%
4172503 - Misc. Revenue - Other Operating Revenue Cadiz	230,736.08	0.00	174,263.92	0.00%
Total Revenues	230,743.24	0.00	174,269.33	0.00%
Expenditures				
Operating				
5308300 - Insurance	3,779.24	5,000.00	3,779.24	75.58%
5340410 - Accounting Services	17,385.00	25,000.00	15,323.44	61.29%
5340420 - Administrative Services	13,688.83	50,000.00	11,495.88	22.99%
5340440 - Auditing Services	10,760.00	12,000.00	11,190.00	93.25%
5340510 - Legal - Attorney Fees	67,867.40	100,000.00	46,984.16	46.98%
5340570 - Consultant and Professional Services - TRP	873.50	40,000.00	1,233.00	3.08%
5340580 - Consultant and Professional Services - External -	131,177.02	100,000.00	26,942.26	26.94%
5390900 - Other Items of Expense - Bank Fees Service	0.00	2,500.00	0.00	0.00%
Total Operating	245,530.99	334,500.00	116,947.98	34.96%
Total Expenditures	245,530.99	334,500.00	116,947.98	34.96%
Revenue in Excess of Expenses	\$ (14,787.75)	\$ (334,500.00)	\$ 57,321.35	(17.14) %



FENNER VALLEY WATER AUTHORITY

MEMORANDUM

Agenda Item 7.1

TO: Board of Directors **DATE:** May 28, 2026

FROM: Kristine Day, Treasurer

SUBJECT: Consideration and Action on Fiscal Year 2027 Operating Budget

SUMMARY:

Issue: The Fenner Valley Water Authority (Authority) is considering adoption of its Operating Budget for Fiscal Year (FY) 2027.

Recommendation: Approve the FY 2027 Operating Budget in the amount of \$466,000.

Fiscal Impact: Funding for all FY 2027 costs will be provided by Cadiz, Inc.

DISCUSSION

The Authority is an independent agency, and Santa Margarita Water District (SMWD), as the Managing Member, is responsible for preparing an annual budget in accordance with Article 12 of the Joint Exercise of Powers Agreement and the Administrative Services Agreement. The Authority funds its budget through deposits from Cadiz, Inc. Additional funds may be requested on a quarterly basis, depending on the Authority's needs and available cash balances.

The proposed FY 2027 Budget totals \$466,000 and reflects an anticipated level of activity and number of meetings consistent with the current fiscal year to carry out its responsibilities under the Agreement related to implementation of the Cadiz Valley Water Conservation, Recovery and Storage Project ("Water Project").

Anticipated Authority activities for the upcoming year are expected to include oversight of the design and permitting for the construction and implementation of the facilities and associated appurtenances necessary for the conveyance and delivery of water from the Water Project ("Capital Facilities"), as well as management and maintenance of existing authorized Water Project permits, including the Groundwater Monitoring, Management, and Mitigation Plan ("GM3P"), and facilitation of the Technical Review Panel ("TRP").

The table on the following page presents the Authority's proposed FY 2027 Budget.

**Fenner Valley Water Authority
 Proposed Fiscal Year 2027 Operating Budget**

Description	<i>FY 2026 Adopted Budget</i>	<i>FY 2026 Unaudited (as of 4/30/26)</i>	<i>FY 2027 Proposed Budget</i>
Insurance	<i>\$5,000</i>	\$3,779	\$6,000
Accounting / Tax Services	<i>\$25,000</i>	\$15,323	\$40,000
Administrative Services	<i>\$50,000</i>	\$11,496	\$50,000
Auditing Services	<i>\$12,000</i>	\$11,190	\$15,000
Legal Fees	<i>\$100,000</i>	\$46,984	\$100,000
Professional Service – TRP	<i>\$40,000</i>	\$1,233	\$150,000
Professional Services – Other	<i>\$100,000</i>	\$26,942	\$100,000
Other Expense Items	<i>\$2,500</i>	\$0	\$5,000
Total Operating Expenses	<i>\$334,500</i>	\$116,947	\$466,000

Budgeted expenses for FY 2027 include the following items and assumptions:

Insurance: Annual insurance premium for Board of Directors and executives for errors and omissions coverage. Costs are expected to remain consistent with the current year.

Accounting / Tax Services: Plante Moran provides annual accounting and tax services for the Authority, including 1099 reporting, under a time-and-materials contract. This represents a slight increase from the prior year, which was the first year 1099 services were provided. In FY 2027, their work will remain consistent, including tracking approved contracts, agreements, and related expenditures.

Administrative Services: This category includes reimbursement of SMWD for staff time spent by its executive team managing the Authority and preparing for and conducting meetings. Costs and activities are expected to remain consistent with the current year.

Audit Services: As a municipal Joint Powers Authority, the Authority is required to conduct an annual audit. This audit also ensures public transparency and provides assurance that the financial statements accurately represent the Authority's financial position. Costs are expected to remain consistent with the current year.

Legal – Attorney Fees: General Counsel services, provided by Best Best and Krieger, are required for the Authority meetings as well as review of contracts and other legal matters as they arise. Costs and activities are expected to remain consistent with the current year.

Professional Services - TRP: The Authority formed a Technical Review Panel (TRP) in 2023 for ongoing work efforts under the Groundwater Management, Monitoring, and Mitigation Plan. The TRP consists of three members, one each hired by the San Bernadino County, SMWD, and the Authority. Costs and activities are expected to remain largely consistent with the current year, with a slight increase anticipated.

Professional Services - Other: This category includes other consulting services provided to the Authority, covering areas such as environmental, engineering, and financial support. Activities are expected to include preparation of technical studies, environmental review documents, and engineering design plans necessary for the Water Project. Costs are expected to remain consistent with the current year.



FENNER VALLEY WATER AUTHORITY

MEMORANDUM

Agenda Item: 7.2

TO: Board of Directors **DATE:** May 28, 2026

FROM: Kristine Day, Treasurer

SUBJECT: Consideration and Action on a Professional Service Agreement for Accounting and Tax Services with Plante Moran for Fiscal Year 2027

SUMMARY:

Issue: The existing agreement with Plante Moran for accounting and tax services is set to expire on June 30, 2026. A new agreement is required to continue these essential financial support services for the Authority.

Recommendation: Authorize the Executive Director to execute an agreement with Plante Moran for Fiscal Year 2027 in an amount not-to-exceed \$30,000.

Fiscal Impact: The total cost of the agreement will not exceed \$30,000, including \$25,000 for accounting and financial support services and \$5,000 for tax services. Sufficient funds are included in the Authority's Fiscal Year 2026–2027 Budget.

DISCUSSION

Plante Moran provides accounting and tax services to the Fenner Valley Water Authority, including general ledger maintenance, accounts payable processing, financial reporting, audit support, and preparation of required federal information returns.

The proposed agreement consolidates these services into a single contract, improving administrative efficiency. The agreement covers a one-year term from July 1, 2026, through June 30, 2027, and includes a not-to-exceed compensation structure based on hourly billing rates.

Continuation of these services supports accurate financial reporting, regulatory compliance, and ongoing operations. Plante Moran has the necessary expertise and familiarity with the Authority's financial processes to perform this work effectively.

This agreement is being presented to the Board for approval as the total amount exceeds the Executive Director's authorization threshold.

Attachment: Professional Service Agreement with Plante Moran

FENNER VALLEY WATER AUTHORITY

PROFESSIONAL CONSULTANT SERVICES AGREEMENT

1. PARTIES AND DATE.

This Agreement is made and entered into this 1st day of July, 2026, by and between the Fenner Valley Water Authority, organized under the laws of the State of California, with its principal place of business at 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688 ("Authority") and Plante Moran, PLLC, with its principal place of business at 3000 Town Center, Suite 100, Southfield, MI 48075 ("Consultant"). Authority and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional certified public accounting and tax services required by the Authority on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional certified public accounting and tax services to public clients, is licensed in the State of California, and is familiar with the plans of Authority.

2.2 Project.

Authority desires to engage Consultant to render such professional certified public accounting and tax services for Fenner Valley Water Authority project ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

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

3.1.2 Term. The term of this Agreement shall be from July 1, 2026 to June 30, 2027, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Independent Contractor; Control and Payment of Subordinates. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Authority retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of

this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of Authority and shall at all times be under Consultant's exclusive direction and control. Neither Authority, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

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

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

3.2.4 Substitution of Key Personnel. Consultant has represented to Authority that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Authority. In the event that Authority and Consultant cannot agree as to the substitution of key personnel, Authority shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the Authority, or who are determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Authority. The key personnel for performance of this Agreement are as follows: Brian Camiller, Partner.

3.2.5 Authority's Representative. The Authority hereby designates the Executive Director, or his/her designee, to act as its representative in all matters pertaining to the administration and performance of this Agreement ("Authority's Representative"). Authority's Representative shall have the power to act on behalf of the Authority for review and approval of all products submitted by. The Executive Director shall be authorized to execute all necessary documents which enlarge the Scope of Work or change the Consultant's total compensation subject to the provisions contained in Section 3.3 of this Agreement. Consultant shall not accept direction or orders from any person other than the Executive Director, Authority's Representative or his/her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Brian Camiller, Partner, or his/her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his/her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

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

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the Authority, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the Authority, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Authority, its officials, directors, officers, employees, agents, and volunteers free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the Authority that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the Authority that the subconsultant has secured all insurance required under this section.

3.2.10.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder, and without limiting the indemnity provisions of the Agreement, the Consultant, in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement the following policies of insurance. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(A) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, or the exact equivalent, with limits of not less than \$1,000,000 per occurrence and no less than \$2,000,000 in the general aggregate. Defense costs shall be paid in addition to the

limits. The policy shall contain no endorsements or provisions (1) limiting coverage for contractual liability; (2) excluding coverage for claims or suits by one insured against another (cross-liability); or (3) containing any other exclusion(s) contrary to the terms or purposes of this Agreement.

(B) Automobile Liability Insurance: (1) a Personal Automobile Liability policy for the Consultant's own vehicle stipulating Automobile Liability Insurance with a limit of not less than \$1,000,000 each accident; or (2) a non-owned auto endorsement to the Commercial General Liability policy if Consultant uses vehicles of others (e.g., vehicles of employees).

(C) Workers' Compensation/Employer's Liability: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury and disease. If Consultant has no employees or agents, Consultant shall not be required to maintain Workers' Compensation Insurance. However, in the event that Consultant hires employees or agents during the term of this Agreement, Consultant shall obtain and maintain Workers' Compensation/Employer's Liability Insurance in accordance with this Section.

(D) Professional Liability (Errors & Omissions): Professional Liability insurance or Errors & Omissions insurance appropriate to Consultant's profession with limits of not less than \$1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.). If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this agreement.

3.2.10.3 Insurance Endorsements. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the Authority to add the following provisions to the insurance policies:

(A) Commercial General Liability:

(1) Additional Insured: The Authority, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the terms or purposes of this Agreement. For all policies of Commercial General Liability insurance, Consultant shall provide endorsements in the form of ISO CG 20 10 10 01 and 20 37 10 01 (or endorsements providing the exact same coverage) to effectuate this requirement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the Authority except ten (10) days shall be allowed for non-payment of premium.

(B) Automobile Liability:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the Authority except ten (10) days shall be allowed for non-payment of premium.

(C) Workers' Compensation:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the Authority except ten (10) days shall be allowed for non-payment of premium.

(2) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the Authority, its officials, officers, employees, agents, and volunteers.

(D) Professional Liability (Errors & Omissions):

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the District except ten (10) days shall be allowed for non-payment of premium.

(2) Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must "pay on behalf of" the insured and include a provision establishing the insurer's duty to defend.

3.2.10.4 Primary and Non-Contributing Insurance. All policies of Commercial General Liability and Automobile Liability insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the Authority, its officials, officers, employees, agents, or volunteers shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.10.5 Waiver of Subrogation. All policies of Commercial General Liability and Automobile Liability insurance shall contain or be endorsed to waive subrogation against the Authority, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby grants to Authority a waiver of any right to subrogation which any insurer of said Consultant may acquire against the Authority by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Authority has received a waiver of subrogation endorsement from the insurer. Consultant shall require similar written express waivers and insurance clauses from each of its subconsultants.

3.2.10.6 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be approved in writing by the Authority and shall protect the Authority, its officials, officers, employees, agents, and volunteers in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.10.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates on forms approved by the Authority, together with all endorsements affecting each policy. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the Authority for approval. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the Authority. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the Authority evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.10.8 Failure to Maintain Coverage. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced immediately so as to avoid a lapse in the required coverage, Authority has the right but not the duty to obtain the insurance it deems necessary, and any premium paid by Authority will be promptly reimbursed by Consultant or Authority will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Authority may cancel this Agreement effective upon notice.

3.2.10.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to transact business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.10.10 Enforcement of Agreement Provisions (non estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the Authority to inform Consultant of non-compliance with any requirement imposes no additional obligation on the Authority nor does it waive any rights hereunder.

3.2.10.11 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained herein are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. If the Consultant maintains higher limits than the minimums contained herein, the Authority requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Authority.

3.2.10.12 Claims Made Policies. If any of the required policies provide coverage on a claims-made basis:

(A) The Retroactive Date must be shown and must be before the effective date of the Agreement or the beginning of work under this Agreement.

(B) Such insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of all services under this Agreement.

(C) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the effective date of the Agreement, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of all services under this Agreement.

3.2.10.13 Special Risks or Circumstances. Authority reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

3.2.10.14 Insurance for Subconsultants. Consultant shall include all subconsultants engaged in any work for Consultant relating to this Agreement as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the Authority, its officials, officers, employees, agents, and volunteers as additional insureds to the subconsultant's policies. All policies of Commercial General Liability insurance provided by Consultant's subconsultants performing work relating to this Agreement shall be endorsed to name the Authority, its officials, officers, employees, agents and volunteers as additional insureds using endorsement form ISO CG 20 38 04 13 or an endorsement providing equivalent coverage. Consultant shall not allow any subconsultant to commence work on any subcontract relating to this Agreement until it has received satisfactory evidence of subconsultant's compliance with all insurance requirements under this Agreement, to the extent applicable. The Consultant shall provide satisfactory evidence of compliance with this section upon request of the Authority.

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

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed Thirty Thousand Dollars (\$30,000) without written approval of the Board of Directors. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to Authority a monthly invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall describe the amount of Services provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the invoice. Authority shall, within 30 days of receiving such invoice, review the invoice and pay all non-disputed and approved charges thereon. If the Authority disputes any of Consultant's fees, the Authority shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth therein.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by Authority or included in Exhibit "C" of this Agreement.

3.3.4 Extra Work. At any time during the term of this Agreement, Authority may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by Authority to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the Authority. Any Extra Work in excess of the total contract price of Twenty-Four Thousand Nine Hundred and Ninety-Nine dollars (\$24,999) shall be approved by the Board of Directors.

3.3.5 Rate Increases. In the event that this Agreement is renewed pursuant to Section 3.1.2, the rate set forth in Exhibit "C" may be adjusted each year at the time of renewal as set forth in Exhibit "C."

3.4 California Labor Code Provisions

3.4.1 Prevailing Wage Law. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and since the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Moreover, as required by Labor Code 1860, Consultant shall secure the payment of compensation to Consultant's employees in accordance with the provisions of Labor Code section 3700. Consultant shall obtain a copy of the prevailing rates of per diem wages at the commencement of this Agreement from the website of the Division of Labor Statistics and Research of the Department of Industrial Relations located at www.dir.ca.gov/dlsr/. In the alternative, Consultant may view a copy of the prevailing rates of per diem wages at the Authority. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the Authority, its officials, officers, employees, agents, and volunteers free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4.2 Registration. If the services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the project and require the same of any subconsultants, and this project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be consultant's sole responsibility to comply with all applicable registration and labor compliance requirements. Notwithstanding the foregoing, the registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption (\$15,000 and \$25,000 for maintenance and Public Works projects respectively) specified in Labor Code Sections 1725.5 and 1771.1.

3.4.3 Labor Compliance; Stop Orders. This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be the Consultant's sole responsibility to evaluate and pay the cost of complying with all labor compliance requirements under this Contract and applicable law. Any stop orders issued by the Department of Industrial Relations against Consultant or any subconsultant that affect Consultant's performance of Work, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant-caused delay

subject to any applicable liquidated damages and shall not be compensable by the Authority. Consultant shall defend, indemnify and hold the Authority, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subconsultant.

3.5 Accounting Records.

3.5.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Authority during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.6 General Provisions.

3.6.1 Termination of Agreement.

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

3.6.1.2 Effect of Termination. If this Agreement is terminated as provided herein, Authority may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.6.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Authority may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

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

Consultant: Plante Moran, PLLC
3000 Town Center, Suite 100
Southfield, MI 48075
ATTN: Brian Camiller, Partner

Authority: Fenner Valley Water Authority
26111 Antonio Parkway
Rancho Santa Margarita, CA 92688
ATTN: Erin Schlegel, SMWD Controller

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its

applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.6.2 Ownership of Materials and Confidentiality.

3.6.2.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for Authority to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that Authority is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the Authority. Authority shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at Authority's sole risk.

3.6.2.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of Authority, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Authority's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Authority.

3.6.2.3 Confidential Information. The Authority shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the Authority's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the Authority shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give Authority written notice of Consultant's objection to the Authority's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the Authority, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. Authority shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with Authority's choice of legal counsel), and hold Authority harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that Authority release such information.

3.6.2.4 Data Use and Security Breach Requirements.

(A) All Data with Confidential Personal Information, provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Data with "Confidential Personal Information" shall mean information that may be used to identify a specific person, including, but not limited to, the following:

(1) A user name or email address, in combination with a password or security question and answer that would permit access to an online account;

(2) An individual's first name or first initial and last name in combination with a (i) social security number, (ii) driver's license number, (iii) California identification card number, or (iv) account number, credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account;

(3) Social security number;

(4) Date of birth;

(5) Government issued driver's license or identification number;

(6) Government passport number;

(7) Unique biometric data such as fingerprints or physical appearance, any unique electronic identification number, telephone number or address;

(8) Customer Account Number;

(9) Telephone number;

(10) Mailing or physical address;

(11) Medical information; or

(12) Health insurance information.

(B) The Parties agree that Data obtained by Consultant under this Agreement may be retransmitted to Consultant's employees, affiliates, subcontractors and agents to the extent such disclosure is reasonably necessary for the performance of its obligations to provide District Services; provided, however, that Consultant shall ensure that its employees, affiliates, subcontractors and agents agree to be bound by confidentiality provisions at least as restrictive as those set forth in this Agreement

(C) Consultant shall effect, implement and maintain reasonable and appropriate safeguards to prevent unauthorized physical and electronic access to Confidential Personal Information.

(D) If Consultant determines that a security breach caused by Consultant has resulted in the unauthorized acquisition of Confidential Personal Information that is within the possession or control of Consultant and that poses a material risk of harm to an individual, Consultant shall: (i) notify District as soon as possible, but not more than 48 hours from

the discovery of such breach, subject to the requests for delayed notification by regulatory or police investigators or law enforcement authorities; and (ii) act to mitigate the adverse effects of the Confidential Personal Information security breach.

(E) For purposes of the unauthorized use of Confidential Personal Information in this provision, "security breach" means any unlawful or unauthorized acquisition of unencrypted, computerized Confidential Personal Information that is likely to create a material risk of harm to an individual.

(F) If Consultant determines that a security breach has occurred as described in subsection (a) above, Consultant will, as soon as possible, but not more than 48 hours after a breach is discovered, give District notice and take actions to eliminate the cause of the breach in accordance with Program requirements. To the extent District deems warranted, in its sole discretion but following consultation with Consultant, District will provide notice to individuals whose Confidential Personal Information may have been improperly accessed or disclosed. Consultant shall bear the full costs of such notice to impacted individuals, including, if reasonably necessary, the costs to retain an outside consulting firm to undertake the effort. Consultant and District will be responsible for the actions of their own employees and agents and shall be liable for any penalties, claims or damages arising from or pertaining to its breach of this Agreement, or the violation of any state or federal law applicable to the use, disclosure or protection of Confidential Personal Information subject to this Agreement arising from the actions of their own employees or agents.

(G) For purposes of this Agreement and specifically as set forth in Section 3.6.2.4, the aforementioned requirements shall apply to both on-site data (stored at District) and cloud-based data to which Consultant obtains access.

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

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

3.6.5 Indemnification.

3.6.5.1 Scope of Indemnity. To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend Authority and its directors, elected officials, officers, employees and agents from and against all claims, damages, losses and expenses, and costs including costs of defense and attorneys' fees, arising out of, in connection with, or resulting from, or alleged to have arisen out of or resulted from, the performance of the Work hereunder, provided that any such claim, damage, losses and expenses is: (a) attributable to bodily injury, personal injury, sickness, disease, or death, or for damage to, or loss or destruction of, property including the loss of use resulting therefrom, and (b) caused or alleged to have been caused in whole or in part by any act or omission of the Consultant, any subconsultant, anyone directly or indirectly employed by any of them or anyone whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder (except, to the extent of the sole negligence, active negligence or willful misconduct of such indemnified party, in which case Consultant's indemnification obligation shall be reduced in proportion to the indemnified party's share of liability for its sole or active negligence or willful misconduct, if any); **or** (c) due to failure, neglect or refusal of the Consultant to faithfully perform the Services and any of the

Consultant's obligations under the Agreement. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person indemnified in this section. It is expressly acknowledged by the Consultant that the foregoing obligations of Consultant include the duty to defend the indemnified parties against any claims, proceedings and demands within the scope of the foregoing indemnity terms. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

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

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

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

3.6.9 Authority's Right to Employ Other Consultants. Authority reserves right to employ other consultants in connection with this Project.

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

3.6.11 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the Authority. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

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

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

3.6.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise. No waiver shall be effective unless in writing and signed by the waiving party.

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

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

3.6.17 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Authority shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Authority, during the term of his or her service with Authority, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.6.18 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer, and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of Authority's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.6.19 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

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

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

3.7 Independent Contractors and Subcontracting

3.7.1 Use of Independent Contractors and Subcontractors. Consultant is aware of statutory and case law regarding classification of workers as independent contractors, including California Labor Code Section 2750.3 and *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal. 5th 903 (2018). To ensure that Consultant is in compliance with the California Labor Code, Consultant shall only utilize its employees to provide the Services. Consultant may not provide the services through any independent contractor, subcontractor or subconsultant ("Subcontractor(s)") unless approved by the Authority as set forth in Section 3.7.2 of the Agreement. Consultant represents and warrants that all personnel who perform the Services on Consultant's behalf are Consultant's employees, and that Consultant complies with all applicable laws, rules and regulations governing its employees, including, but not limited to, the California

Labor Code, Unemployment Insurance Code and all applicable Industrial Welfare Commission Wage Orders. Any provisions in the Agreement which provide, imply or suggest that Consultant may use Subcontractors to provide the Services, including Section 3.2.8 of the Agreement, are modified to be consistent with this Section. In the event that Authority authorizes Consultant to use a Subcontractor, Consultant shall enter into a written agreement with the Subcontractor, which must include all applicable provisions of the Agreement, including a restriction on the Subcontractor's use of further independent contractors, subcontractors or subconsultants without the Authority 's prior written consent.

3.7.2 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[Signatures on following page]

FENNER VALLEY WATER AUTHORITY

PLANTE MORAN, PLLC

By: _____
Robert Grantham
Executive Director

By: _____
Brian Camiller
Partner

ATTEST:

By: _____
Kelly Howell
Authority Secretary

APPROVED AS TO FORM:

By: _____
Isra Shah
Authority General Counsel

EXHIBIT "A"
SCOPE OF SERVICES

Plante & Moran, PLLC (Plante Moran) will providing consulting services to support Santa Margarita Water District (SMWD) in its role serving the Fenner Valley Water Authority (FVWA). Work will be performed under the direction and supervision of SMWD and FVWA management. Plante Moran's work product will consist of the following:

1. ACCOUNTING AND FINANCIAL SUPPORT SERVICES

- Processing accounts payable, including check printing for approved vendor payments
- Maintaining general ledger accounting records, including accounts receivable and accounts payable entries
- Preparing monthly financial reports for the Board of Directors
- Assisting with audit preparation, including work papers and coordination with auditors
- Performing bank reconciliations
- Supporting development of the Authority's budget and any amendments
- Performing other accounting-related tasks as directed by management

All services will be performed for the fiscal year ending **June 30, 2027**, as agreed upon by the parties.

It should be noted that at no time during this engagement will Plante Moran be responsible for making investment decisions, signing checks, making bank transfers, initiating ACH or wire transfers, and handling cash in any way. All consulting services provided will be conducted under SMWD or FVWA direction and will be supervised and approved by management.

Plante Moran's services will not constitute an examination, review or audit of any financial statements or other items, including FVWA's internal controls and are not designed and cannot be relied on to identify errors, fraud, or illegal acts that may exist

2. TAX SERVICES

Plante Moran will prepare U.S. Information Returns listed on Form 1096 for the year ended December 31, 2026 based on information you provide, such as list of recipient names, addresses, social security numbers (or in appropriate cases ITIN or EIN), payment amounts and payor names, addresses, ITIN, social security numbers and EIN numbers. We will not review your records to ensure that you are complying with all reporting requirements. We have subcontracted with an outside third-party provider ("Subcontractor") to process and e-file your U.S. Information Returns such as:

- | | | | | |
|----------|------------|-------------|-------------|--------|
| • 1098 | • 1099-B | • 1099-MISC | • 1099-PATR | • 3921 |
| • 1098-C | • 1099-DIV | • 1099-NEC | • 1099-R | • 3922 |
| • 1098-T | • 1099-INT | • 1099-OID | • 1099-S | |

Plante Moran will send Subcontractor information you provide, including:

- Recipient names, addresses, social security numbers, ITIN, EIN and payment amounts
- Payor names, addresses, ITIN, social security numbers, and EIN
- Any other information necessary to prepare U.S. Information Returns

Subcontractor will e-file the above listed U.S. Information Returns with the Internal Revenue Service. It will also mail the recipient copies directly to each individual or organization listed on their U.S. Information Return unless instructed otherwise. Subcontractor will file U.S. Information Returns in

states with a filing requirement. State filings will be based on the payee's address.

A copy of information returns, and Form 1096 must be filed with the Internal Revenue Service.

Sufficient information must be provided to us by **January 20, 2027** to accommodate timely filing with the IRS. Submission of your information to us after this date could result in your U.S. Information Return being filed late, subjecting you to possible IRS penalties.

Some cities may require you to send copies or file U.S. Information Returns with the city. Subcontractor will not file with cities, regardless of filing requirements. If you wish to engage Plante Moran to prepare the city copy of U.S. Information Returns, this service will be covered under a separate engagement letter.

You will receive an electronic copy of all U.S. Information Returns and accompanying Form 1096 for your files.

IMPORTANT: The Internal Revenue Service may apply significant penalties (including penalties for failure to backup withhold) in the event information returns are filed with missing or incorrect information (including taxpayer identification numbers or TINs). Plante Moran shall not be liable for any penalties imposed as a result of any omission or error where complete and correct information has not been provided by Client prior to preparation. It is Client's responsibility to review all information returns before filing to ensure that all information returns are complete and correct.

If you wish to engage Plante Moran to perform additional services, including accounting, assurance, consulting, or other tax services, Plante Moran may be available to provide them under the terms of separate engagement letters and for additional fees.

EXHIBIT "B"
SCHEDULE OF SERVICES

ALL WORK WILL BE PERFORMED BY June 30, 2027.

EXHIBIT "C"
COMPENSATION

Fees

Description	Not to Exceed Amount
1. Accounting and Financial Support Services	\$25,000
2. Tax Services	\$5,000
Total	\$30,000

Payment Terms

The fee for services will be based on the actual time that staff expends, up to a total amount of \$29,999. Plante Moran will bill staff time at an hourly rate of \$190 per hour. This hourly rate will cover travel costs when attendance is requested by FVWA.

If FVWA requests projects in addition to the scope of this engagement, FVWA will issue a change order and Plante Moran will bill at the blended rate of \$190 per hour.