

Peter Grenell

From: Wingfield, Jeff <jwingfield@stocktonport.com>
Sent: Friday, August 16, 2013 3:46 PM
To: 'DAVID HULL'
Cc: Peter Grenell
Subject: RE: CMIA

Hey Dave,

Sorry for the lag time. Been quite busy for some time now! We were and did have that meeting. I did not do a good job of reminding you all so I was the only one who attended. That is what led to the accountant providing the cost estimate. They continue to state we do not HAVE to do an audit but are happy to help us and they noticed some additional reporting that I don't believe we are currently doing but they can get us compliant. I feel strongly we should approve the work at our next Board meeting.

Best,

Jeff

From: DAVID HULL [<mailto:hullspier@aol.com>]
Sent: Monday, August 12, 2013 1:29 PM
To: Wingfield, Jeff
Cc: pgrenell@smharbor.com
Subject: CMIA

Hey Jeff,

Hope you are having a productive Summer and finding some time to have fun also!

I wanted to follow up on the audit as it seems like we were going to have a meeting in Sacto to finish it off (or something like that). Did the meeting happen? Do you still need me down there at some point??

Also, just FYI, I have attached a copy of our JPA agreement that I think seems to indicate on Section 9c that we DO need an audit. Glad we are doing that!

David

*David Hull
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
707.496.3120
707.445.0434 FAX
hullspier@aol.com
www.davidhullcoastal.com*

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Monday, August 12, 2013 9:10 PM
To: Peter Grenell; charchenko@montaguederose.com; brian.foss@me.com
Subject: RE: CMIA member Question

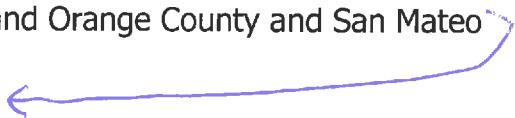
FYI: From Section 1 of the JPA agreement it defines "membership categories" as:

Membership Category

"Membership Category" means each of the following: (1) Large Deep Draft Harbors (harbors handling 3-million tons of cargo and over annually); (2) Medium Deep Draft Harbors (harbors handling from 700,000 to 2,999,999 tons annually); (3) Small Deep Draft Harbors (harbors handling less than 700,000 tons annually); (4) Large Shallow Draft Harbors (harbors or marinas having 2,500 boat berths and over); (5) Medium Shallow Draft Harbor (harbors or marinas having from 1,000 to 2,499 boat berths) and (6) Small Shallow Draft Harbors (harbors or marinas having less than 1,000 berths).

So the way it is written, when we get to 10 members, 1 member from each of these 6 categories will make up the Board. To date I think the following members meet these categories:

Category 1: San Diego and Hueneme (or they are close)
Category 2: Stockton and Sacramento
Category 3: Humboldt
Category 4: San Diego and Orange County and San Mateo
Category 5: Santa Cruz
Category 6: Noyo



David

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-----Original Message-----

From: Peter Grenell <pgrenell@smharbor.com>
To: DAVID HULL <hullspier@aol.com>; charchenko <charchenko@montaguederose.com>; brian.foss <brian.foss@me.com>
Sent: Mon, Aug 12, 2013 1:47 pm
Subject: RE: CMIA member Question

OK. Nothing further to do for a while – until a tenth surfaces.

Since we're on this, Membership Category appears to be key. Where is that defined, if at all? And if not, it would seem that the current Board would need to identify or define the categories. Now, most critically, if a membership category is Harbor, and another is Port, and those are the ONLY categories, that means there would be a two-person Board. In order to have broader representation, the categories would need to be a bit more precise: possibilities: (1) by geography; (2) by principal economic activity of the harbor or port; (3) by size or level of economic activity or other measure; etc. Something to think about.

pg

From: DAVID HULL [<mailto:hullspier@aol.com>]
Sent: Monday, August 12, 2013 1:33 PM
To: Peter Grenell; charchenko@montaguederose.com; brian.foss@me.com
Subject: CMA member Question

Hi all,

With regards to your member question, the JPA agreement says the following:

SECTION 7. Governing Board

(a) The Authority shall be administered by the Board. **During such time as there are less than ten (10) Members**, the Board shall consist of the chief executive officer of each Member, who shall serve ex officio.

(b)(i) During such time as there are **ten (10) or more Members**, the Board shall consist of six (6) Boardmembers, each of whom shall represent a different Membership Category. In the event each Membership Category is not represented by the Members, the number of Boardmembers shall equal the number of Membership Categories represented by the Members. At such time as the addition of the tenth (10th) Member becomes effective, the Members shall elect the new Boardmembers, with each Member entitled to vote only for a Member in its Membership Category. Each Member shall vote through its chief executive officer (or its chief financial officer if its chief executive officer is unavailable) without the requirement of any approval or other action by its governing body, and the Board shall consist of the chief executive officer of each of the elected Members, who shall serve ex officio.

(ii) **During such time as there are ten (10) or more Members**, Boardmembers of such Board shall serve a term of three years. Successors to such Boardmembers shall be selected in the manner in which the respective initial Boardmember was selected and shall serve a term of three years. Any vacancy on the Board shall be filled pursuant to the terms and provisions of the By-Laws of the Authority.

(c) The chief financial officer of a Member, or such other officer as designated by resolution of the Member filed with the Secretary of the Authority, shall be the alternate Boardmember for the chief executive officer of such Member, and shall have the power to act as such Boardmember in his or her place and stead to all intents and purposes as though the Boardmember

were personally present, including the right to be counted in constituting a quorum, to participate in the proceedings of the Board, to execute and deliver documents, and to vote upon any and all matters.

(d) Boardmembers shall not receive any compensation for serving as such, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Boardmember if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

So we are still one member short of changing.

David

*David Hull
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
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707.445.0434 FAX
hullspier@aol.com*

RESOLUTION NO. 174

**RESOLUTION OF THE NOYO HARBOR DISTRICT
APPROVING MEMBERSHIP IN THE CALIFORNIA MARITIME INFRASTRUCTURE
AUTHORITY (CMIA)**

WHEREAS, the Noyo Harbor District and other agencies are empowered by Chapters 1 and 2 of part 1 of Division 6 of the Harbors and Navigation Code of the State of California (the "Act") and Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Joint Powers Law") to create a joint powers entity for the purpose, among others, of establishing or administering an infrastructure fund or funds; receiving or administering federal, state and private grants; financing port or harbor infrastructure; and other purposes permitted under the Joint Powers Law and Act; and

WHEREAS, there has been presented to this meeting the *Join Exercise of Powers Agreement Creating the California Maritime Infrastructure Authority* dated November 1, 1995 (the "Agreement") by and between the Humboldt Bay Harbor, Recreation and Conservation District; the Stockton Port District; the Sacramento-Yolo Port District; and the San Diego Unified Port District (the "initial Members"); and

WHEREAS, the Noyo Harbor District desires to become a member of the California Maritime Infrastructure Authority (CMIA); and

WHEREAS, to become a member of the California Maritime Infrastructure Authority (CMIA), a California public harbor agency as defined in the Act, the Noyo Harbor District must adopt a resolution executing the Agreement by accession.

NOW, THEREFORE, BE IT RESOLVED by the Noyo Harbor District the Noyo Harbor District adopts Resolution No. 174 and executes the agreement by accession.

PASSED AND ADOPTED: This 8th day of August, 2013, at a regular meeting of the Noyo Harbor Commission by the following vote.

AYES: 5

NOES: 0

ABSENT: 0

ATTEST:



Kevin Michel, Secretary

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Monday, August 12, 2013 1:33 PM
To: Peter Grenell; charchenko@montaguederose.com; brian.foss@me.com
Subject: CMIA member Question
Attachments: CMIA_MEMBER_JPA_Agreement_Original.pdf

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So we are still one member short of changing.

David

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hullspier@aol.com*

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Tuesday, September 24, 2013 1:10 PM
Subject: CMIA Rescheduled Meeting
Attachments: cmia oct 3 2013.pdf

All,

Attached is the agenda for our rescheduled California Maritime Infrastructure Authority meeting to be held **Thursday OCTOBER 3, 2013 AT 11:00 AM.** The call-in number for this meeting is:

Conference Call in number: 712-432-0220
Passcode: 6511894#

Please be sure and post the agenda as soon as possible.

Thanks!

*David Hull
Executive Director
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
(707) 496-3120
(707) 445-0434 Fax*

CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY

October 3, 2013

11:00 AM

Meeting held telephonically, as per Subsection 54953 (b) of the Government Code

Via Teleconference

Conference Call in number: 712-432-0220

Passcode: 6511894#

Teleconference locations

400 Oyster Point Blvd, Suite 300, South San Francisco, CA

2201 W. Washington St, Stockton, CA

24650 Dana Point Harbor Drive, Dana Point, CA

1110 W. Capital Ave, 3rd Fl., West Sacramento, CA

601 Startare Dr., Eureka, CA

135 Fifth Ave., Santa Cruz, CA

3165 Pacific Hwy., San Diego, CA

333 Ponomo St. Port Hueneme, CA

4330 Cedar St., Suite M, Eureka, CA

2801 Townsgate Rd. Suite 221, Westgate Village, CA

27194 Toyon Ridge Road, Valley Center, CA

19101 Harbor Drive, Fort Bragg, CA

Agenda

1. Call to Order/Roll Call
2. Public Comment
3. Approval of Minutes
 - a. CMIA meeting of May 23, 2013
4. Executive Director Report. David Hull
5. Chairman's Report. Peter Grenell
6. Treasurer's Report Jeff Wingfield
 - a. Status of Audit
7. CMIA Business
 - a. Consideration of approval of the Noyo Harbor District's request for CMIA membership.
 - b. Consideration of approval of the retention of Croce and Company for auditing services for the California Maritime Infrastructure Authority; and authorizing CMIA Chair to sign engagement letter.
 - c. Consideration of appointing CMIA Secretary
 - d. Directors and Officers Insurance Update.
8. Other Business
9. Next Meeting/Adjournment

(Subject to Approval)
CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY
MINUTES
Of
May 23, 2013

**Meeting held telephonically, as per Subsection 54953 (b) of the
Government Code**

1. Roll Call

Meeting called to order at 11:30 AM by Chairman Grenell.

Present:
Grenell
Palomares
Wingfield
Jeff McEntee

Absent:
Ekers, Gross, Crider

Staff and Guests:
Doug Charchenko
David Hull
Tasha Brown
Brian Foss
Bob DeAngelis

2. Public Comment: None

3. Approval of Minutes

Motion Wingfield to approve minutes of December 19, 2012. Seconded by McEntee.

Roll Call Vote: Motion carried unanimously.

4. Executive Director's Report

Executive Director Hull reported the following:

- Thanked Jeff McEntee for his work on the CMIA as Secretary and congratulated him on his retirement. All Board members present joined in with their congratulations and best wishes. McEntee introduced Bob DeAngelis, the new CFO for the Port of San Diego.

- Noted that he made a presentation at the national Working Waterfront Symposium in Tacoma, WA on March 26-28, 2013. He reported there was good attendance at the CMIA panel and received lots of questions. He also reported that he made contact with a Commissioner from the Noyo Harbor District and interested people from Santa Monica.
- Reported that he followed up with the Noyo Harbor District. The Noyo Harbor District Board considered membership in the CMIA at their May 9 Board meeting but opted to table the issue until August. Executive Director offered to attend that meeting and answer any questions that may come up.
- Executive Director will be working with the CMIA webmaster to upload the slide show that was presented at the National Waterway Symposium on the website.

5. Chairman's Report

Chairman Grenell reported on the recent "Fish Forum" which was the 40th annual gathering for the Joint Fisheries and Aquaculture Committee of the CA State legislature. He was on a panel discussing CMIA and its role in harbor infrastructure development.

6. Treasurer's Report

Treasurer Wingfield reported that as of March 29, 2013, CMIA has an account balance of \$123,143.40. He proposed a meeting between Larry Mallon, David Hull and himself with the accountant. Wingfield offers to coordinate the meeting.

7. CMIA Business

a) Directors and Officers Insurance Update

Foss reported same as last meeting; that he has submitted application for this insurance, but cannot be formalized until the audit is completed.

8. Other Business: None. It was noted that WRDA recently passed the Senate however it is reported that the President and OMB do not like it.

9. Next Meeting: It was suggested that the next meeting be held in mid-September.

10. Adjournment: Chairman Grenell adjourned the meeting at 11:55 AM.

Recorded By:

**David Hull
Executive Director**

7a

RESOLUTION NO. 174

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APPROVING MEMBERSHIP IN THE CALIFORNIA MARITIME INFRASTRUCTURE
AUTHORITY (CMIA)**

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WHEREAS, there has been presented to this meeting the *Join Exercise of Powers Agreement Creating the California Maritime Infrastructure Authority* dated November 1, 1995 (the "Agreement") by and between the Humboldt Bay Harbor, Recreation and Conservation District; the Stockton Port District; the Sacramento-Yolo Port District; and the San Diego Unified Port District (the "initial Members"); and

WHEREAS, the Noyo Harbor District desires to become a member of the California Maritime Infrastructure Authority (CMIA); and

WHEREAS, to become a member of the California Maritime Infrastructure Authority (CMIA), a California public harbor agency as defined in the Act, the Noyo Harbor District must adopt a resolution executing the Agreement by accession.

NOW, THEREFORE, BE IT RESOLVED by the Noyo Harbor District the Noyo Harbor District adopts Resolution No. 174 and executes the agreement by accession.

PASSED AND ADOPTED: This 8th day of August, 2013, at a regular meeting of the Noyo Harbor Commission by the following vote.

AYES: 5

NOES: 0

ABSENT: 0

ATTEST:



Kevin Michel, Secretary

7b

Larry M. Solari, CPA
Kevin F. Jones, CPA
Jerry W. Butterfield, CPA
Anna M. Lovecchio, CPA
Duane E. Balthuis, CPA
Mark J. Croce, CPA

CROCE & COMPANY
Accountancy Corporation



July 2, 2013

California Maritime Infrastructure Authority
c/o Mr. Jeffrey D. Wingfield, Treasurer
Post Office Box 2089
Stockton, California 95201

Dear Mr. Wingfield:

Thank you for inviting our firm to submit this letter outlining the nature and scope of services we propose to provide for the **California Maritime Infrastructure Authority** (Authority) for the year ended June 30, 2013. Our firm provides audit services for over 70 governmental agencies annually. Accordingly, we can provide the Authority with excellent service and perform the audit with optimum efficiency.

We would like to highlight that our firm participates in the AICPA peer review program to ensure that we continually adhere to professional standards and deliver the highest quality product to our accounting and audit clients. The program requires a practice monitoring review of a firm's accounting and auditing practice every three years, which includes an assessment of quality control policies and procedures to determine compliance with professional standards. We have participated in this program since its inception in 1990 and have continually received the highest level of assurance/rating possible. Our most recent peer review occurred in November 2012 and included a review of governmental engagements. A copy of the review report is attached to this letter for your reference.

We propose to audit the financial statements of the Authority, including the related notes to the financial statements, which collectively comprise the basic financial statements of **California Maritime Infrastructure Authority** as of and for the year ended June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement **California Maritime Infrastructure Authority's** basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to **California Maritime Infrastructure Authority's** RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

591 West Weber, Suite 500, Stockton, California 95203 [®] Post Office Box 1607, Stockton, California 95201-1607

Telephone: (209) 943-2222 [®] Facsimile: (209) 943-2220 [®] Website Address: www.croceco.com

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knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis.

Audit Objective

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with accounting principles generally accepted in the United States of America.

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Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, additional information that we may request for the purpose of the audit, and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving management, employees who have significant roles in internal control, and others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures – General

During the course of our engagement, we will request information and explanations from management regarding the Authority's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. Accordingly, false representations could cause us to extend unnecessary efforts or could cause a material error or a fraud to go undetected by our procedures. In view of the

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foregoing, you agree that we shall not be responsible for any misstatements in the Authority's financial statements that we may fail to detect as a result of false or misleading representations that are made to us by management.

In addition, the Authority further agrees to indemnify and hold us harmless for any liability and all reasonable costs, including legal fees, which we may incur as a result of the services performed under this engagement in the event there are false or misleading representations made to us by any member of the Authority's management.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of cash, receivables, and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

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Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of **California Maritime Infrastructure Authority's** compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

Anna Lovecchio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fees for these services will be as follows:

Audit

Annual financial statements for the year ended June 30, 2013 (Includes disclosures of all limited obligation bonds issued by the Authority with outstanding balances as of June 30, 2013.)	\$ 9,000 – 10,000
Statement of net position for the year ended June 30, 2012	675*

Compilations

Annual Report of Financial Transactions and submission to the State Controller's Office (due October 2013)	750
Annual Report of Local Government Compensation and submission to the State Controller's Office (due October 2013)	250
Initial set-up of the Authority's registration with the State Controller's Office	700**

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- * As the Authority has not been required to conduct a previous audit of the financial statements, we are required to audit the statement of net position for the year ended June 30, 2012 in order to render an opinion on the statement of revenues, expenses and changes in fund net position for the year ended June 30, 2013.
- ** Includes submission of the Authority's formation documents and additional correspondence with the State Controller's Office in order to obtain the Authority's identification number required for the annual filings.

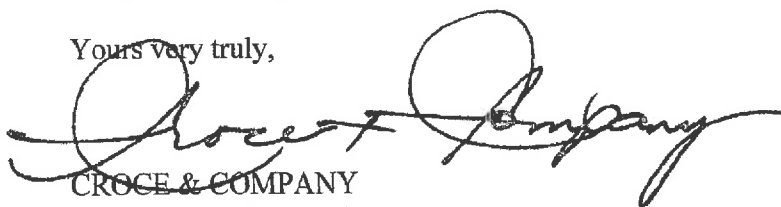
The fees quoted are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If conditions are such that our audit procedures result in a reduction in this fee, you will be charged the lower amount and not the fee quoted. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for the services outlined in this letter are payable upon presentation.

In the event that the Authority requires an Organization-Wide Audit (single audit) due to expenditure of federal funds in excess of \$500,000 we will perform such an audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Services rendered in order to meet the aforementioned requirements will be billed to you separately.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will be submitted to mediation upon the written request of any party to the engagement. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or such other rules as may be agreed upon by the parties. The results of this mediation shall not be binding upon either party. Costs of any mediation proceeding shall be shared equally by both parties.

We appreciate the opportunity to be of service to **California Maritime Infrastructure Authority** and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign where indicated and return it to us. A copy of this engagement letter is enclosed for your files.

Yours very truly,



CROCE & COMPANY
Accountancy Corporation

CROCE & COMPANY

Accountancy Corporation

This foregoing letter fully describes our understanding and is accepted by us.

CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY

Officer signature _____

Title _____

Date _____

ALLEN & COOK, INC.
CERTIFIED PUBLIC ACCOUNTANTS

System Review Report

November 28, 2012

To the Owners
Croce & Company Accountancy Corporation
and the Peer Review Committee of the CA Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Croce & Company Accountancy Corporation (the firm) in effect for the year ended May 31, 2012. 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. 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 standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Croce & Company Accountancy Corporation in effect for the year ended May 31, 2012, 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. Croce & Company Accountancy Corporation received a peer review rating of pass.

Allen & Cook, Inc.

Allen & Cook, Inc.

California Maritime Infrastructure Authority
Audit Preparation Guide
6/30/13

The following is a tentative listing of items needed to begin the audit of the California Maritime Infrastructure Authority for the year ended 6/30/13:

1. Listing of the board members as of 6/30/13 including the expiration date of their term.
2. Signed copy of the Joint Exercise of Powers Agreement Creating the California Maritime Infrastructure Authority.
3. Signed copy of the Authority's bylaws and amendments to the bylaws.
4. Access to most recently filed Conflict of Interest Statements (Form 700s) filed for each board member.
5. Access to the Authority's insurance policy through 6/30/13, if applicable.
6. Access to the Authority's accounting records.
7. Access to all monthly bank statements and bank reconciliations for the period June 1, 2012 through current.
8. Access to deposit records for all revenues received directly by the Authority for the period 7/1/12 - current.
9. Access to all invoice support for all expenses paid for the period 7/1/12 - current.
10. Information relative to the limited obligation bonds remaining outstanding as of 6/30/13.
11. Access to payroll information including quarterly Form 941s filed during the period 7/1/12 - 6/30/13, if applicable.
12. Minutes and resolutions from all board meetings from 7/1/12 through the most current (draft minutes not yet approved will suffice).

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Tuesday, September 24, 2013 1:04 PM
Subject: Rescheduled CMIB Meeting
Attachments: cmib oct 3 2013.pdf

CMIB Members,

Attached is the agenda for the next California Maritime Infrastructure BANK meeting to be held **Thursday OCTOBER 3, 2013 AT 11:30 AM.** The call-in number for this meeting is:

Conference Call in number: 712-432-0220
Passcode: 6511894#

Thanks!

David Hull
Executive Director
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
(707) 496-3120
(707) 445-0434 Fax

CALIFORNIA MARITIME INFRASTRUCTURE BANK
(not a commercial bank)

October 3, 2013

11:30 AM

Meeting held telephonically, as per Subsection 54953 (b) of the Government Code

Via Teleconference

Conference Call in number: 712-432-0220

Passcode: 6511894#

Teleconference locations

400 Oyster Point Blvd, Suite 300, South San Francisco, CA

2201 W. Washington St, Stockton, CA

185 Moran Way, Santa Cruz, CA

4330 Cedar St., Suite M, Eureka, CA

2801 Townsgate Rd. Suite 221, Westgate Village, CA

3165 Pacific Hwy., San Diego, CA

27194 Toyon Ridge Road, Valley Center, CA

Agenda

1. Call to Order/Roll Call
2. Executive Director's Report
3. Chairman's Report
4. Treasurer's Report
 - a. CMIB audit
5. CMIB Business
 - a. Approval of Minutes from the May 23, 2013 CMIB Board meeting.
 - b. Consideration of CMIB Board composition changes.
 - c. Report on status of CMIB funding opportunities through the Transportation Reauthorization bill/DBAW Revolving loan fund and others
 - d. – Meetings for Jeff Wingfield in Wash DC related to Bank funding.
6. Other
7. Next Meeting
8. Adjournment

(Subject to Approval)
CALIFORNIA MARITIME INFRASTRUCTURE BANK
MINUTES
Of
May 23, 2013

**Meeting held telephonically, as per Subsection 54953 (b) of
the Government Code**

1. Roll Call

Meeting called to order at 11:56 AM by Chairman Grenell.

Present:
Peter Grenell
Jeff Wingfield
Brian Foss
Jeff McEntee

Staff and Guests:
David Hull
Doug Charchenko
Andrew Palomares
Bob DeAngelis

2. Executive Director's Report

Executive Director Hull reported the following:

- Suggested that the CMIB Board make a concerted effort to look for CMIB funding. It was suggested that maybe harbor maintenance trust Fund or other federal source may be appropriate

3. Chairman's Report

No Report.

4. Treasurer's Report

Treasurer Wingfield reported that CMIB has a balance of ~\$2,500.00. He reported that nothing has changed in that account except for the transfer of funds from CMIA to fund CMIA/CMIB Executive Services.

5. CMIB Business

a. Approval of minutes from CMIB meeting of February 13, 2013.

Board member Foss made a motion to approve minutes of CMIB meeting of February 13, 2013. McEntee Seconded the motion. Motion carried without dissent.

b. Consideration of CMIB Board Composition Changes

Doug Charchencko stated that he continues to approach Jim Preusch, CFO of the Alameda Transportation Authority and he was interested on serving on CMIB.

Board member Foss stated that he and Chair Grenell continue to approach John McLauren of PMSA. It was suggested that CMIB promo info should be sent to PMSA and that there was a need for new CMIB brochure that mentions private sector membership and funding eligibility.

c. Report on status of CMIB funding opportunities through the Transportation Reauthorization bill/DBAW Revolving loan fund and others

Jeff Wingfield noted that he was going back to Washington D.C in June and at that time he will further explore federal opportunities to fund CMIB.

6. Other

None

7. Next Meeting

Next Meeting of the CMIB will be in mid-September, 2013

8. Adjournment. Meeting was adjourned at 12:15 PM

Recorded By:

**David Hull
Executive Director**

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Monday, November 04, 2013 12:02 PM
To: Peter Grenell
Subject: RE: DBAW

Thanks Peter!

David

*David Hull
David Hull and Associates
4330 Cedar Street, Suite M
Eureka, CA 95503
707.496.3120
707.445.0434 FAX
hullspier@aol.com
www.davidhullcoastal.com*

-----Original Message-----

From: Peter Grenell <pgrenell@smharbor.com>
To: DAVID HULL <hullspier@aol.com>
Sent: Sun, Nov 3, 2013 4:02 pm
Subject: RE: DBAW

I'll follow up, Dave. The AWAFF grant has its own process; I'll check with Scott re: status, outlook, etc. Re: other things, don't know. I do know that we have been waiting for an approval on a routine lease assignment since July. What with the move into State Parks, staff changes, office moves, etc., they are really messed up. My guess is that Noyo's stuff is hung up along with who knows what else. I'll call him for details and give an update, but We (CMIA) will have no special pull with DBW. I'll keep you up on it.

pg

From: DAVID HULL [<mailto:hullspier@aol.com>]
Sent: Friday, November 01, 2013 4:45 PM
To: Peter Grenell
Subject: DBAW

Hey Peter,

I know have been working closely with the Division of Boating and Waterways recently. Kevin Michele, our CMIA Noyo member called me to ask about some stalled grants that he has with DBAW. He asked if he could tell people that CMIA supported his grant applications (boat ramp grant; pump out grant; and the one that is giving him the mot grief - abandoned watercraft grant). I said "Yes" to his request, but 1) wanted to give you a heads up in case he needs a letter and 2) would appreciate it if you could give him a call to let him know any of your tricks for breaking DBAW money free. I gave him my tricks, but frankly haven't had the opportunity since they became a part of Parks and Rec. His number is 707 964-4719

Thanks Peter!

David

David Hull

California Maritime Infrastructure Authority

4330 Cedar Street, Suite M

Eureka, CA 95503

707.496.3120

707.445.0434 FAX

hullspier@aol.com

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Thursday, October 03, 2013 3:26 PM
To: jwingfield@stocktonport.com
Cc: Peter Grenell
Subject: RJ and the CR

Hi Jeff,

As per our discussion today at the California Maritime Infrastructure Bank (CMIB) meeting, please ask RJ if she can find any opportunity to insert funding for the CMIB into a provision of the upcoming CR. I think there are all sorts of ways to make it fit somewhere as it could be viewed in light of increased trade, port infrastructure improvement, export initiative, energy, really as flexible as CMIB is in funding projects, it could be justified in several areas.

If she can find an appropriate place and needs more information or needs me to write up something on the CMIB to fit a particular program, please let me know and I will turn it around.

David

*David Hull
Executive Director
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
707.496.3120
707.445.0434 FAX
hullspier@aol.com*

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Tuesday, September 24, 2013 1:04 PM
Subject: Rescheduled CMIB Meeting
Attachments: cmib oct 3 2013.pdf

CMIB Members,

Attached is the agenda for the next California Maritime Infrastructure BANK meeting to be held **Thursday OCTOBER 3, 2013 AT 11:30 AM.** The call-in number for this meeting is:

Conference Call in number: 712-432-0220
Passcode: 6511894#

Thanks!

*David Hull
Executive Director
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
(707) 496-3120
(707) 445-0434 Fax*

CALIFORNIA MARITIME INFRASTRUCTURE BANK
(not a commercial bank)

October 3, 2013
11:30 AM

Meeting held telephonically, as per Subsection 54953 (b) of the Government Code
Via Teleconference
Conference Call in number: 712-432-0220
Passcode: 6511894#

Teleconference locations
400 Oyster Point Blvd, Suite 300, South San Francisco, CA
2201 W. Washington St, Stockton, CA
185 Moran Way, Santa Cruz, CA
4330 Cedar St., Sulte M, Eureka, CA
2801 Townsgate Rd. Suite 221, Westgate Village, CA
3165 Pacific Hwy., San Diego, CA
27194 Toyon Ridge Road, Valley Center, CA

Agenda

1. Call to Order/Roll Call
2. Executive Director's Report
3. Chairman's Report
4. Treasurer's Report
 - a. CMIB audit
5. CMIB Business
 - a. Approval of Minutes from the May 23, 2013 CMIB Board meeting.
 - b. Consideration of CMIB Board composition changes.
 - c. Report on status of CMIB funding opportunities through the Transportation Reauthorization bill/DBAW Revolving loan fund and others
 - d. – Meetings for Jeff Wingfield in Wash DC related to Bank funding.
6. Other
7. Next Meeting
8. Adjournment

(Subject to Approval)
CALIFORNIA MARITIME INFRASTRUCTURE BANK
MINUTES
Of
May 23, 2013

**Meeting held telephonically, as per Subsection 54953 (b) of
the Government Code**

1. Roll Call

Meeting called to order at 11:56 AM by Chairman Grenell.

Present:
Peter Grenell
Jeff Wingfield
Brian Foss
Jeff McEntee

Staff and Guests:
David Hull
Doug Charchenko
Andrew Palomares
Bob DeAngelis

2. Executive Director's Report

Executive Director Hull reported the following:

- Suggested that the CMIB Board make a concerted effort to look for CMIB funding. It was suggested that maybe harbor maintenance trust Fund or other federal source may be appropriate

3. Chairman's Report

No Report.

4. Treasurer's Report

Treasurer Wingfield reported that CMIB has a balance of ~\$2,500.00. He reported that nothing has changed in that account except for the transfer of funds from CMIA to fund CMIA/CMIB Executive Services.

5. CMIB Business

a. Approval of minutes from CMIB meeting of February 13, 2013.

Board member Foss made a motion to approve minutes of CMIB meeting of February 13, 2013. McEntee Seconded the motion. Motion carried without dissent.

b. Consideration of CMIB Board Composition Changes

Doug Charchencko stated that he continues to approach Jim Preusch, CFO of the Alameda Transportation Authority and he was interested on serving on CMIB.

Board member Foss stated that he and Chair Grenell continue to approach John McLauren of PMSA. It was suggested that CMIB promo info should be sent to PMSA and that there was a need for new CMIB brochure that mentions private sector membership and funding eligibility.

c. Report on status of CMIB funding opportunities through the Transportation Reauthorization bill/DBAW Revolving loan fund and others

Jeff Wingfield noted that he was going back to Washington D.C in June and at that time he will further explore federal opportunities to fund CMIB.

6. Other

None

7. Next Meeting

Next Meeting of the CMIB will be in mid-September, 2013

8. Adjournment. Meeting was adjourned at 12:15 PM

Recorded By:

**David Hull
Executive Director**

Peter Grenell

From: DAVID HULL <hullspier@aol.com>
Sent: Tuesday, September 24, 2013 1:10 PM
Subject: CMIA Rescheduled Meeting
Attachments: cmia oct 3 2013.pdf

All,

Attached is the agenda for our rescheduled California Maritime Infrastructure Authority meeting to be held **Thursday OCTOBER 3, 2013 AT 11:00 AM.** The call-in number for this meeting is:

Conference Call in number: 712-432-0220
Passcode: 6511894#

Please be sure and post the agenda as soon as possible.

Thanks!

*David Hull
Executive Director
California Maritime Infrastructure Authority
4330 Cedar Street, Suite M
Eureka, CA 95503
(707) 496-3120
(707) 445-0434 Fax*

CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY

October 3, 2013

11:00 AM

Meeting held telephonically, as per Subsection 54953 (b) of the Government Code

Via Teleconference

Conference Call in number: 712-432-0220

Passcode: 6511894#

Teleconference locations

400 Oyster Point Blvd, Suite 300, South San Francisco, CA
2201 W. Washington St, Stockton, CA
24650 Dana Point Harbor Drive, Dana Point, CA
1110 W. Capital Ave, 3rd Fl., West Sacramento, CA
601 Startare Dr., Eureka, CA
135 Fifth Ave., Santa Cruz, CA
3165 Pacific Hwy., San Diego, CA
333 Ponomo St. Port Hueneme, CA
4330 Cedar St., Suite M, Eureka, CA
2801 Townsgate Rd. Suite 221, Westgate Village, CA
27194 Toyon Ridge Road, Valley Center, CA
19101 Harbor Drive, Fort Bragg, CA

Agenda

1. Call to Order/Roll Call
2. Public Comment
3. Approval of Minutes
 - a. CMIA meeting of May 23, 2013
4. Executive Director Report. David Hull
5. Chairman's Report. Peter Grenell
6. Treasurer's Report Jeff Wingfield
 - a. Status of Audit
7. CMIA Business
 - a. Consideration of approval of the Noyo Harbor District's request for CMIA membership.
 - b. Consideration of approval of the retention of Croce and Company for auditing services for the California Maritime Infrastructure Authority; and authorizing CMIA Chair to sign engagement letter.
 - c. Consideration of appointing CMIA Secretary
 - d. Directors and Officers Insurance Update.
8. Other Business
9. Next Meeting/Adjournment

(Subject to Approval)
CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY
MINUTES
Of
May 23, 2013

Meeting held telephonically, as per Subsection 54953 (b) of the Government Code

1. Roll Call

Meeting called to order at 11:30 AM by Chairman Grenell.

Present:
Grenell
Palomares
Wingfield
Jeff McEntee

Absent:
Ekers, Gross, Crider

Staff and Guests:
Doug Charchenko
David Hull
Tasha Brown
Brian Foss
Bob DeAngelis

2. Public Comment: None

3. Approval of Minutes

Motion Wingfield to approve minutes of December 19, 2012. Seconded by McEntee.

Roll Call Vote: Motion carried unanimously.

4. Executive Director's Report

Executive Director Hull reported the following:

- Thanked Jeff McEntee for his work on the CMIA as Secretary and congratulated him on his retirement. All Board members present joined in with their congratulations and best wishes. McEntee introduced Bob DeAngelis, the new CFO for the Port of San Diego.

- Noted that he made a presentation at the national Working Waterfront Symposium in Tacoma, WA on March 26-28, 2013. He reported there was good attendance at the CMIA panel and received lots of questions. He also reported that he made contact with a Commissioner from the Noyo Harbor District and interested people from Santa Monica.
- Reported that he followed up with the Noyo Harbor District. The Noyo Harbor District Board considered membership in the CMIA at their May 9 Board meeting but opted to table the issue until August. Executive Director offered to attend that meeting and answer any questions that may come up.
- Executive Director will be working with the CMIA webmaster to upload the slide show that was presented at the National Waterway Symposium on the website.

5. Chairman's Report

Chairman Grenell reported on the recent "Fish Forum" which was the 40th annual gathering for the Joint Fisheries and Aquaculture Committee of the CA State legislature. He was on a panel discussing CMIA and its role in harbor infrastructure development.

6. Treasurer's Report

Treasurer Wingfield reported that as of March 29, 2013, CMIA has an account balance of \$123,143.40. He proposed a meeting between Larry Mallon, David Hull and himself with the accountant. Wingfield offers to coordinate the meeting.

7. CMIA Business

a) Directors and Officers Insurance Update

Foss reported same as last meeting; that he has submitted application for this insurance, but cannot be formalized until the audit is completed.

8. Other Business: None. It was noted that WRDA recently passed the Senate however it is reported that the President and OMB do not like it.

9. Next Meeting: It was suggested that the next meeting be held in mid-September.

10. Adjournment: Chairman Grenell adjourned the meeting at 11:55 AM.

Recorded By:

**David Hull
Executive Director**

7a

RESOLUTION NO. 174

**RESOLUTION OF THE NOYO HARBOR DISTRICT
APPROVING MEMBERSHIP IN THE CALIFORNIA MARITIME INFRASTRUCTURE
AUTHORITY (CMIA)**

WHEREAS, the Noyo Harbor District and other agencies are empowered by Chapters 1 and 2 of part 1 of Division 6 of the Harbors and Navigation Code of the State of California (the "Act") and Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Joint Powers Law") to create a joint powers entity for the purpose, among others, of establishing or administering an infrastructure fund or funds; receiving or administering federal, state and private grants; financing port or harbor infrastructure; and other purposes permitted under the Joint Powers Law and Act; and

WHEREAS, there has been presented to this meeting the *Join Exercise of Powers Agreement Creating the California Maritime Infrastructure Authority* dated November 1, 1995 (the "Agreement") by and between the Humboldt Bay Harbor, Recreation and Conservation District; the Stockton Port District; the Sacramento-Yolo Port District; and the San Diego Unified Port District (the "initial Members"); and

WHEREAS, the Noyo Harbor District desires to become a member of the California Maritime Infrastructure Authority (CMIA); and

WHEREAS, to become a member of the California Maritime Infrastructure Authority (CMIA), a California public harbor agency as defined in the Act, the Noyo Harbor District must adopt a resolution executing the Agreement by accession.

NOW, THEREFORE, BE IT RESOLVED by the Noyo Harbor District the Noyo Harbor District adopts Resolution No. 174 and executes the agreement by accession.

PASSED AND ADOPTED: This 8th day of August, 2013, at a regular meeting of the Noyo Harbor Commission by the following vote.

AYES: 5

NOES: 0

ABSENT: 0

ATTEST:



Kevin Michel, Secretary

7b

Larry M. Solari, CPA
Kevin F. Jones, CPA
Jerry W. Butterfield, CPA
Anna M. Lovecchio, CPA
Duane E. Bulthuis, CPA
Mark J. Croce, CPA

CROCE & COMPANY
Accountancy Corporation



July 2, 2013

California Maritime Infrastructure Authority
c/o Mr. Jeffrey D. Wingfield, Treasurer
Post Office Box 2089
Stockton, California 95201

Dear Mr. Wingfield:

Thank you for inviting our firm to submit this letter outlining the nature and scope of services we propose to provide for the **California Maritime Infrastructure Authority** (Authority) for the year ended June 30, 2013. Our firm provides audit services for over 70 governmental agencies annually. Accordingly, we can provide the Authority with excellent service and perform the audit with optimum efficiency.

We would like to highlight that our firm participates in the AICPA peer review program to ensure that we continually adhere to professional standards and deliver the highest quality product to our accounting and audit clients. The program requires a practice monitoring review of a firm's accounting and auditing practice every three years, which includes an assessment of quality control policies and procedures to determine compliance with professional standards. We have participated in this program since its inception in 1990 and have continually received the highest level of assurance/rating possible. Our most recent peer review occurred in November 2012 and included a review of governmental engagements. A copy of the review report is attached to this letter for your reference.

We propose to audit the financial statements of the Authority, including the related notes to the financial statements, which collectively comprise the basic financial statements of **California Maritime Infrastructure Authority** as of and for the year ended June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement **California Maritime Infrastructure Authority's** basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to **California Maritime Infrastructure Authority's** RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

501 West Weber, Suite 500, Stockton, California 95203 • Post Office Box 1607, Stockton, California 95201-1607

Telephone: (209) 948-2222 • Facsimile: (209) 948-2220 • Website Address: www.croceco.com

CROCE & COMPANY

Accountancy Corporation

knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis.

Audit Objective

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with accounting principles generally accepted in the United States of America.

CROCE & COMPANY

Accountancy Corporation

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, additional information that we may request for the purpose of the audit, and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving management, employees who have significant roles in internal control, and others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures – General

During the course of our engagement, we will request information and explanations from management regarding the Authority's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. Accordingly, false representations could cause us to extend unnecessary efforts or could cause a material error or a fraud to go undetected by our procedures. In view of the

CROCE & COMPANY

Accountancy Corporation

foregoing, you agree that we shall not be responsible for any misstatements in the Authority's financial statements that we may fail to detect as a result of false or misleading representations that are made to us by management.

In addition, the Authority further agrees to indemnify and hold us harmless for any liability and all reasonable costs, including legal fees, which we may incur as a result of the services performed under this engagement in the event there are false or misleading representations made to us by any member of the Authority's management.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of cash, receivables, and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

CROCE & COMPANY

Accountancy Corporation

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of **California Maritime Infrastructure Authority's** compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

Anna Lovecchio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fees for these services will be as follows:

Audit

Annual financial statements for the year ended June 30, 2013 (Includes disclosures of all limited obligation bonds issued by the Authority with outstanding balances as of June 30, 2013.)	\$ 9,000 – 10,000
Statement of net position for the year ended June 30, 2012	675*

Compilations

Annual Report of Financial Transactions and submission to the State Controller's Office (due October 2013)	750
Annual Report of Local Government Compensation and submission to the State Controller's Office (due October 2013)	250
Initial set-up of the Authority's registration with the State Controller's Office	700**

CROCE & COMPANY

Accountancy Corporation

- * As the Authority has not been required to conduct a previous audit of the financial statements, we are required to audit the statement of net position for the year ended June 30, 2012 in order to render an opinion on the statement of revenues, expenses and changes in fund net position for the year ended June 30, 2013.
- ** Includes submission of the Authority's formation documents and additional correspondence with the State Controller's Office in order to obtain the Authority's identification number required for the annual filings.


The fees quoted are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If conditions are such that our audit procedures result in a reduction in this fee, you will be charged the lower amount and not the fee quoted. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for the services outlined in this letter are payable upon presentation.

In the event that the Authority requires an Organization-Wide Audit (single audit) due to expenditure of federal funds in excess of \$500,000 we will perform such an audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Services rendered in order to meet the aforementioned requirements will be billed to you separately.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will be submitted to mediation upon the written request of any party to the engagement. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or such other rules as may be agreed upon by the parties. The results of this mediation shall not be binding upon either party. Costs of any mediation proceeding shall be shared equally by both parties.

We appreciate the opportunity to be of service to **California Maritime Infrastructure Authority** and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign where indicated and return it to us. A copy of this engagement letter is enclosed for your files.

Yours very truly,



CROCE & COMPANY
Accountancy Corporation

CROCE & COMPANY

Accountancy Corporation

This foregoing letter fully describes our understanding and is accepted by us.

CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY

Officer signature _____

Title _____

Date _____

ALLEN & COOK, INC.
CERTIFIED PUBLIC ACCOUNTANTS

System Review Report

November 28, 2012

To the Owners
Croce & Company Accountancy Corporation
and the Peer Review Committee of the CA Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Croce & Company Accountancy Corporation (the firm) in effect for the year ended May 31, 2012. 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. 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 standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Croce & Company Accountancy Corporation in effect for the year ended May 31, 2012, 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. Croce & Company Accountancy Corporation received a peer review rating of pass.

Allen & Cook, Inc.

Allen & Cook, Inc.

California Maritime Infrastructure Authority
Audit Preparation Guide
6/30/13

The following is a tentative listing of items needed to begin the audit of the California Maritime Infrastructure Authority for the year ended 6/30/13:

1. Listing of the board members as of 6/30/13 including the expiration date of their term.
2. Signed copy of the Joint Exercise of Powers Agreement Creating the California Maritime Infrastructure Authority.
3. Signed copy of the Authority's bylaws and amendments to the bylaws.
4. Access to most recently filed Conflict of Interest Statements (Form 700s) filed for each board member.
5. Access to the Authority's insurance policy through 6/30/13, if applicable.
6. Access to the Authority's accounting records.
7. Access to all monthly bank statements and bank reconciliations for the period June 1, 2012 through current.
8. Access to deposit records for all revenues received directly by the Authority for the period 7/1/12 - current.
9. Access to all invoice support for all expenses paid for the period 7/1/12 - current.
10. Information relative to the limited obligation bonds remaining outstanding as of 6/30/13.
11. Access to payroll information including quarterly Form 941s filed during the period 7/1/12 - 6/30/13, if applicable.
12. Minutes and resolutions from all board meetings from 7/1/12 through the most current (draft minutes not yet approved will suffice).