

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
BOARD RESOLUTION**

WHEREAS, the Camino Real Regional Mobility Authority (CRRMA) is required by applicable State rules and statutes to receive an annual audit of its financials by an independent third party; and

WHEREAS, the CRRMA selected the firm of Clifton Larson Allen, LLP as its auditing firm through a public procurement process and the CRRMA desires to engage Clifton Larson Allen, LLP for the audit of the CRRMA's fiscal year ending August 31, 2012;

NOW, THEREFORE, BE IT RESOLVED BY THE CAMINO REAL REGIONAL MOBILITY AUTHORITY:

THAT the Executive Director be authorized to execute an Engagement Letter with Clifton Larson Allen, LLP for the provision of auditing services to the Camino Real Regional Mobility Authority for the fiscal year ending August 31, 2012.

PASSED AND APPROVED THIS 10TH DAY OF OCTOBER 2012.

**CAMINO REAL REGIONAL
MOBILITY AUTHORITY**

ATTEST:

Scott McLaughlin, Chair

Susan A. Melendez, Board Secretary

APPROVED AS TO CONTENT:

Raymond L. Telles
Executive Director



CliftonLarsonAllen

CliftonLarsonAllen LLP
500 Marquette NW, Suite 800
Albuquerque, NM 87102
505-842-8290 | fax 505-842-1568
www.cliftonlarsonallen.com

October 8, 2012

Mr. Raymond Telles
Camino Real Regional Mobility Authority
2 Civic Center Plaza, 9th Floor
El Paso, TX 79901

Dear Mr. Telles:

We are pleased to serve Camino Real Regional Mobility Authority (hereinafter "you" or the "Entity") as your independent accountants. The purpose of this engagement letter and the accompanying Professional Services Agreement, which is attached and incorporated by reference, is to confirm the terms of our agreement. This letter and the attached Professional Services Agreement also clarify the nature, extent and limitations of the auditing and nonattest services to be provided.

Janet Pacheco-Morton, CPA, CGFM, will be the relationship and audit engagement partner responsible for the services provided to you. In addition to the services that we are to provide under this engagement letter, we would also be pleased to assist the Entity on issues as they arise throughout the year. We hope that you will contact Janet when you believe the firm can be of assistance. Any such future services are outside the scope of this engagement and their terms would be covered by a separate engagement letter.

Services to be Provided

Our services will include:

Auditing services. We will audit the financial statement of business-type activities of the Camino Real Regional Mobility Authority as of and for the year ended August 31, 2012. Our audit will be made in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition, we will perform a compliance audit in accordance with *Office of Management and Budget (OMB) Circular A-133, "Audits of states, Local Governments, and Non-Profit Organization, and the State of Texas Single Audit Circular."*

Our Fees and Payment Terms

The charges for our work are to be based upon the time involved, degree of responsibility assumed and skills required, plus expenses including internal and administrative charges. Bills for services are due when submitted. Interim bills may be submitted at periodic dates to cover charges and expenses incurred. If a bill for services is not paid when due, we reserve the right to cease work and withdraw from the engagement.

It is hereby agreed that our fee will not exceed \$11,200. This fee is based on our understanding that your accounting records, including supporting schedules, a list of which is attached, will be substantially completed by November 1, 2012. We expect that your office personnel will help us by locating and providing us with invoices, vouchers, and other governmental documents and records that we request. We do not anticipate that we will encounter any substantial amount of

accounting work to be completed or adjusted by us, or any defalcation or other significant problem or contingency. We will, of course, advise you in advance before undertaking any work that would require an increase in the fee arrangement.

Unanticipated Services

Our fee considers the agreed-upon level of preparation and assistance from your personnel. We will advise management should this not be provided or should any other circumstances arise that may cause our time to exceed this estimate. These fees do not consider any time that might be necessary to assist management in the implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements that may apply. If there is a significant change in your organizational structure or size due to acquisitions or other events, we reserve the right to revise our fees. Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. Examples of such circumstances include, but are not limited to:

- Changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management's correction of, fraud, irregularities, errors or inappropriate application of accounting pronouncements
- Erroneous or incomplete accounting records
- Evidence of material weaknesses or significant deficiencies in internal controls
- New or unusual transactions
- Failure of your staff to prepare information in a timely manner
- Numerous revisions to audit information
- Rescheduling of audit fieldwork without reasonable notice (at least a full week in advance)
- Lack of availability of appropriate Entity personnel during audit fieldwork

Accounting and auditing standard setters and regulators are continuing to evaluate the need for changes that may affect you. These actions may result in changes in reporting and expand the nature, timing, and scope of the activities we are required to perform to provide the services discussed in this letter. Proposed changes and shortened deadlines could result in a reduction of the level of assistance and preparedness you are able to provide. We expect that our clients will look to us to assist them with these changes. To the extent that the amount of time required to provide the services described in this letter increases due to such changes or that additional time is required to complete any new tasks required by such changes, we reserve the right to adjust our fees appropriately.

We will advise you of anticipated changes to our fees in advance of their accrual.

Agreed and Accepted

If the above terms, and the terms and conditions of the accompanying Professional Services Agreement, are in accordance with your understanding and acceptable to you, please sign, date, and return the duplicate copy of this letter to us. This engagement letter should not be signed unless the Professional Services Agreement is attached and you have read and understand and agree to its terms.

Mr. Raymond Telles
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We very much appreciate the opportunity to serve you and will be pleased to discuss any questions you may have.

Very truly yours,

Clifton Larson Allen LLP

JPM:cmd

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The services described in the foregoing letter and attached Professional Services Agreement are in accordance with our requirements, and we understand and agree to the terms and conditions recited above.

CAMINO REAL REGIONAL MOBILITY
AUTHORITY

By _____

Title _____

Date _____

Professional Services Agreement Audit Services

This Professional Services Agreement, together with the engagement letter, which is attached and incorporated by reference, represents the terms and conditions relating to the services CliftonLarsonAllen LLP ("CLA") will provide to Camino Real Regional Mobility Authority (hereinafter "you" or the "Entity"). This Professional Services Agreement is an integral part of the terms of our engagement and contains important and critical information. You should read it carefully before signing the engagement letter and contact us if you have any questions.

Objective of the Audit

The purpose and objective of our audit is to lead to the expression of an opinion with respect to your financial statements. The audit will include tests of your accounting records and other procedures we consider necessary to enable us to express our opinion on these basic financial statements (and to report on the schedule of expenditures of federal awards) and on the entity's compliance with laws and regulations and its internal controls as required by *Government Auditing Standards* and *OMB Circular A-133*.

You understand that circumstances may exist or may arise that would preclude us from issuing such an opinion. We will inform you if we discover circumstances that will have an effect on our opinion on the basic financial statements or on compliance with the direct and material compliance requirements applicable to major programs in accordance with *OMB Circular A-133*. If our opinion on the basic financial statements or on compliance with the requirements applicable to major programs in accordance with *OMB Circular A-133*, will be other than unqualified, the reasons will be fully disclosed. If, for any reason, we are unable to complete the audit or are unable to form an opinion, we may decline to issue a report and terminate our engagement. If these circumstances occur, we will bill you; you agree, under the terms of this letter, to pay for our time and expense incurred prior to the termination of our engagement.

Procedures and Limitations

Our audit is designed to provide reasonable, but not absolute, assurance of detecting misstatements, whether caused by error or fraud that, in our judgment, could have a material effect on the basic financial statements taken as a whole. It is not designed to detect error or fraud that is immaterial to the basic financial statements, or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. Our audit will be based upon tests and samples, since detailed auditing of all transactions is not practicable. The concept of selective testing of data is generally accepted as a valid and sufficient basis for an auditor to

express an opinion on financial statements. Selective testing involves judgment both as to the number of transactions we examine and the areas to be tested.

Because we will not perform a detailed examination of all transactions, there is an inherent risk that we will not detect material errors, fraud, or other illegal acts, if they exist. We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. We would document the actual terms and fees of such an engagement in a separate engagement letter to be signed by both you and CLA.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests will not be to provide an opinion on overall compliance with such provisions, and we will not express an opinion.

The audit will include certain procedures to test compliance with certain provisions of laws, regulations, contracts, and grants and the requirements applicable to the major federal award programs as required by *OMB Circular A-133*. Our procedures will consist of those identified in the *OMB Circular A-133 Compliance Supplement* applicable to each major program that we consider necessary to express our opinion on the direct and material compliance requirements of such programs. We are responsible for determining which programs are tested for compliance under the requirements of *OMB Circular A-133*. In addition, we are responsible for determining which compliance requirements have a direct and material effect on such programs.

In planning and performing our audit for the year ended August 31, 2012, we will consider internal control to the extent required to support our reports in accordance with *Government Auditing Standards* and *OMB Circular A-133*, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material

noncompliance with the direct and material compliance requirements that are applicable to each major federal award program. We will obtain an understanding of the design of the relevant policies and procedures and whether they have been placed in operation. Tests of controls may be performed to test the effectiveness of certain policies and procedures that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. We are not required to provide an opinion and we will not provide an opinion, at any level, on the internal controls over financial assertions.

While an audit includes obtaining an understanding of internal control to the extent required to support our reports in accordance with *Government Auditing Standards*, it is not designed to identify significant deficiencies. We will inform you of any significant deficiencies that come to our attention.

Our report on internal control and compliance will include a statement that the report is intended for the information and use of the Audit Committee (or equivalent), Management, State and federal agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Your Responsibilities for the Fair Presentation of Financial Statements, Internal Control and Accounting Services We Perform

You are responsible for making all financial records and related information available to us and for the completeness and accuracy of that information. You are responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (or other comprehensive basis of accounting). This includes retaining qualified personnel in areas affecting financial matters and performing ongoing monitoring activities to ensure transactions are properly recorded, assets are safeguarded and the basic financial statements are substantially accurate.

You are also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us of all known, suspected or alleged fraud involving the Entity, its employees or others that could have a material effect on the basic financial statements. You are responsible

for identifying and ensuring compliance with the laws and regulations and the provisions of contracts and grant agreements applicable to your activities.

Although our firm may prepare or help in preparing your basic financial statements, the statements are the representations of your management ("Management"). You are responsible for adjusting the basic financial statements to correct material misstatements, and for affirming to us in the representation letter (as further discussed below) 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 opinion units in the financial statements.

For all nonattest services we perform in connection with our engagement you are responsible to designate a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.

You will disclose any significant vendor relationships where the vendor transaction is structured such that the vendor is responsible for program compliance under *OMB Circular A-133*.

Limitation on Who May Use Our Services

It is our understanding that the primary intent of engaging our professional audit services is for the benefit of the Management and Board of Directors of Camino Real Regional Mobility Authority.

We understand that you are required by Texas law to submit the audit to the Texas Department of Transportation, that the audit will be available on your website and may potentially be produced pursuant to the Texas Public Information Act.

Ownership, Retention, Access and Production of Workpapers and Original Documents

Subject to the Texas Public Information Act, the working papers supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers in accordance with our record retention policy that typically provides for a retention period of seven years.

We will provide access to workpapers to applicable regulators for their regulatory oversight purposes. Access to the requested workpapers will be provided to the regulators under the supervision of CLA personnel and at a location designated by our firm.

In the event our workpapers are subpoenaed, we may request that your legal counsel assist us in obtaining a protective order, to prevent public disclosure of our workpapers.

At the conclusion of our services, we will promptly return to you all of your original documents and records. Your original records are the primary records for your operations and comprise the principal back up and support for your financial statements. You should take the appropriate actions necessary to safeguard and preserve these original records. Any information that may be contained in our working papers is not a substitute for your own original records.

The firm may, from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information, and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, the firm will remain responsible for the work provided by any such third-party service providers.

We understand that our workpapers are subject to review under 43 TAC Section 26.62 (e) Texas Department of Transportation right by rule.

Our Consent and Dissemination of Financial Statements and Other Information

Should you decide to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such an offering document. We will determine, at our

sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have conducted any due diligence we deem necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, for which we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our working papers for those periods, we are under no obligation to permit such access.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied upon.

With regard to electronic filings, such as in connection with the World Wide Web area of the Internet, you understand that electronic sites are a means of distributing 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.

In the interest of facilitating our services to you, we may communicate by sending electronic mail over the Internet or by facsimile transmission. Such communications may include information that is confidential to the Entity. You acknowledge that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of our firm. Unless you issue specific instructions to do otherwise, we will assume that you consent to our use of these electronic devices and facsimile transmissions during this engagement as we deem appropriate. In addition, we mutually agree that the engagement letter, including the professional services agreement, may be executed electronically.

Management Representations

During the course of our engagement, we may request information and explanations from Management regarding, among other matters, the Entity's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. As a precondition to the issuance of our report, we will require that you provide us a written representation letter confirming some or all of the representations made by you and your staff during the engagement. The procedures we will perform in our engagement will be heavily influenced by the representations that we receive in the representation letter and otherwise from Management. Accordingly, inaccurate, incomplete or false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures.

In view of the foregoing, you agree that Camino Real Regional Mobility Authority will indemnify CLA and our partners, principals and employees and hold us harmless from any claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of Management of Camino Real Regional Mobility Authority regardless of whether such person was acting in the best interests of Camino Real Regional Mobility Authority.

Other Matters

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Government Auditing Standards require that we provide you with a copy of our most recent quality control review report. A copy of our peer review report accompanies this letter.

CLA is qualified as a limited liability partnership under the laws of the State of Minnesota. Under such laws, an obligation of the firm incurred while the firm is a limited liability partnership, whether arising in contract, tort or otherwise, is solely the obligation of the firm, and partners of the firm are not personally liable, directly or indirectly, by way of indemnification, contribution, assessment or otherwise, for such obligation solely by reason of being or so acting as a partner.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. Any additional costs incurred due to these procedures will be fully billable in addition to our fees.

In the event that any portion of this professional services agreement or the attached engagement letter is deemed invalid or unenforceable, that finding shall not invalidate the remainder of the engagement letter or professional services agreement.

Entire Agreement

This agreement may be supplemented by other written agreements and is null and void if not executed within sixty days of the date on the initial page of the agreement.

This Professional Services Agreement is an integral part of the terms of our engagement and contains important and critical information. You should read it carefully before signing the engagement letter, and contact us if you have any questions.