



April 30, 2012

PAYNE STERLING inc

601 N. First Street, Suite 200 • San Jose, CA 95112
Phone (408) 293-9595 • Fax (408) 293-9598

Ms Jeanne M. Evilsizer, District Clerk
Los Altos Hills County Fire District
P. O. Box 1766
Los Altos, CA 94023-1766

Dear Ms. Evilsizer and Members of the Board,

Thank you for asking Payne Sterling Inc. to assist you with your needs in meeting with your board for financial affairs for Los Altos Hills County Fire District (the District). This letter incorporates the ingredients of our proposal and details our understanding of the terms and objectives of our engagement. Also, the letter is designed to be a "letter of agreement" between us which, when signed by you will detail our contractual obligations under this engagement.

Payne Sterling Inc. is a company offering all of the traditional services of an accounting firm to its clients. We are familiar with the rules and Standards of the accounting professions as well as the pronouncement promulgated by the AICPA.

We understand you would like representatives of Payne Sterling Inc. to meet with your Board on a monthly basis to provide financial insight and assistance with the financial statements and budgets. We also understand that you want Rudolph Vargas to be the representative that will carry out these duties. Our fees for the above services will be \$400.00 per month.

Please indicate your acceptance of the above understanding by signing below. A copy is enclosed for your records. If your needs change during the year, the nature of our services can be adjusted appropriately. Likewise, if you have special projects with which we can assist, please let us know.

Sincerely,


Payne Sterling Inc.

RESPONSE:

This letter correctly sets forth the understanding of the Los Altos Hills County Fire District

Officer Signature: _____

Title: _____



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Los Altos Hills County Fire District
P. O. Box 1766
Los Altos, CA 94023-1766

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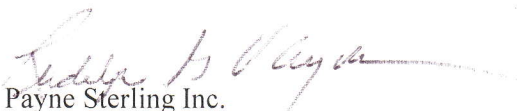
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We understand you would like representatives of Payne Sterling Inc. to meet with your Board on a monthly basis to provide financial insight and assistance with the financial statements and budgets. Our fees for the above services will be \$250.00 per month.

Please indicate your acceptance of the above understanding by signing below. A copy is enclosed for your records. If your needs change during the year, the nature of our services can be adjusted appropriately. Likewise, if you have special projects with which we can assist, please let us know.

Sincerely,


Payne Sterling Inc.

RESPONSE:

This letter correctly sets forth the understanding of the Los Altos Hills County Fire District

Officer Signature: _____

Title: _____

Date: _____

RUDOLPH G. VARGAS

CERTIFIED PUBLIC ACCOUNTANT

Senior Executive and Consultant with over 30 years of proven experience in management and in determining practical solutions for complex situations and under difficult conditions. Proven leadership in setting courses of management action, establishing favorable avenues in difficult accounting and financial matters, and in investigating cases requiring highly technical financial, economic or accounting issues. Has provided strategies for foreign investment in Latin America.

PROFESSIONAL EXPERIENCE

**VARGAS AND COMPANY,
CERTIFIED PUBLIC ACCOUNTANTS
MANAGING PARTNER
(September 1976 to present)**

Founded regional accounting firm composed of four regional offices in San Jose, Fresno and Los Angeles and correspondent offices in Sacramento, Tucson, Albuquerque and Baltimore. In charge of the day-to-day operations of the firm which is comprised of over 40 professionals. The firm has served such clients as Pacific Bell, Pacific Gas and Electric Company, Southern California Edison Company, California Department of Transportation, Resolution Trust Corporation, California Employment Development Department, Los Angeles Metropolitan Transportation Commission, ARCO, Alameda County Transportation Authority, Santa Clara County, Santa Cruz County, Mariposa County, San Francisco County Transportation Authority, and Santa Clara County Traffic Authority.

**PAYNE STERLING inc
CHAIRMAN OF THE BOARD/
CHIEF EXECUTIVE OFFICER
(June 1997 to present)**

Served a variety of clients, including Stanford University, in providing local and wide area network installation and maintenance. Set up distribution network and recruited local distributors for David Systems International, Inc. throughout Mexico.

Provided contract accounting out-source services to a \$40,000,000 national training institution with over 30 sites nationally. His strategic plans, assisted in successfully turning CET around from a \$3,000,000 deficit to a \$500,000 surplus in 1999.

CERTIFIED FRAUD AUDITOR

Mr. Vargas holds a certificate for Forensic Accounting with the American College of Forensic Examiners. He has provided fraud audits of the Coyote Valley Indian Tribe, the La Jolla Band of Luiseno Indians.

CORINNE A. VARGAS

PAYNE STERLING INC.

STAFF ACCOUNTANT

Ms Vargas is a staff accountant in the Accounting Department of Payne Sterling inc. with over five years experience in accounting. Ms Vargas is acquiring a diversified Accounting experience at the firm. She is involved in accounting for corporations, governmental entities and some tax returns.

PROFESSIONAL EXPERIENCE

Ms Vargas has spent a number of years managing retail branches for

Restoration Hardware (3 years)

Papyrus (3 years)

Smith and Hawkins (3 years)

She joined Payne Sterling inc in 2007.

He has performed accounting services for the following:

Los Altos Hills County Fire District

Infonexcion Inc.

Espanas Collision Repair Inc.

Assyrian Pentacostal Church

Potter Valley Indian Reservation

National Professional Resource Fund

EDUCATION

Bachelor of Arts from Santa Clara University.

Courses in accounting from College of San Mateo.