

FISCAL and EMPLOYMENT SPONSORSHIP AGREEMENT
Between the Hood River SWCD
And the Hood River Watershed Group

PARTIES. The parties to this agreement are:

- A. Hood River Soil & Water Conservation District, hereafter referred to as “Hood River SWCD.”
- B. Hood River Watershed Group, hereafter referred to as “HRWG.”

PURPOSE AND RECITALS.

- A. The Hood River SWCD is a political subdivision of the state of Oregon and considered a municipal corporation, a form of local government. It was established in 1953 and is governed by a host of statutes in Oregon Revised Statutes, chapter 568. The Internal Revenue Service considers SWCDs as instrumentalities of state or municipal government, thus qualifying as tax-exempt under Section 115 of the Internal Revenue Code. The mission of the Hood River Soil & Water Conservation District is to provide educational, technical and financial assistance to our community for the protection, conservation and restoration of natural resources.
- B. The HRWG is an unincorporated association which began in 1993 and adopted its original bylaws in 1995. It serves as the official Watershed Council for Hood River County, as authorized by the Hood River County Commission on March 4, 1996. Since its inception, the HRWG has been staffed by personnel from the Hood River SWCD. The mission of the Hood River Watershed Group is to sustain and improve the Hood River Watershed through education, cooperation and stewardship.
- C. The parties listed above have entered into this Fiscal and Employment Sponsorship Agreement in order to: 1) formalize their existing relationship, 2) expand their respective capacities, 3) capitalize on their organizational and membership strengths, and 4) extend their missions to all members of the community and stakeholders in the natural resource arena.

AGREEMENT: The parties listed above agree to be legally bound by the following:

HOOD RIVER SWCD’S RESPONSIBILITIES. The Hood River SWCD agrees to serve as the employer of staff working on behalf of the HRWG. Employees, such as the HRWG Coordinator, work primarily on HRWG activities. Other employees of the Hood River SWCD may also work on HRWG activities as part of their assigned tasks. The Hood River SWCD also agrees to act as Fiscal Sponsor for the HRWG, to receive donations, grants and sign contracts intended to provide financial support to the HRWG, to treat all funds intended for the HRWG as restricted funds, and to use such grants and donations to provide funds and staff for the HRWG so long as the HRWG is operating in compliance with this agreement. Specifically, the Hood River SWCD agrees to:

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A. Employment Management

1. Consider all employees and volunteers of the HRWG as employees, and/or volunteers of the Hood River SWCD and require that they abide by the Personnel Policies of the Hood River SWCD and the laws governing SWCDs.
2. Provide staff sufficient to conduct the work of the HRWG, as delineated in the HRWG Annual Plan of Work, and as HRWG financial support allows.
3. Provide workers compensation insurance for staff and volunteers of the HRWG.
4. Pay all employment taxes and file all employment reports for HRWG staff, per federal and state laws.

B. Work Plan and Budget Development

1. Assist with development of the annual HRWG Plan of Work (POW), and incorporate HRWG POW tasks into the Hood River SWCD annual Plan of Work, assigning responsibilities as staffing and financial capacities allow. All staff activities paid for by HRWG funds, such as grants and local match, will be included in the HRWG Plan of Work.
2. Develop an annual budget that accounts for estimated revenues and expenditures for the HRWG, as part of the overall annual budget for the Hood River SWCD.
3. Provide the annual POW and Budget to the HRWG Operations Committee prior to adoption by the Hood River SWCD.

C. Fiscal Management

1. Manage money and assets of the HRWG as a part of the overall money and assets of the Hood River SWCD. As such, the Board of Directors for the Hood River SWCD will approve an annual budget for the expenditures of the HRWG and manage the funds of the HRWG in accordance with the Hood River SWCD's Financial Policies and Procedures (OP-12).
2. Assume liability for any debts, obligations or liabilities of the HRWG created by the actions or inactions of the HRWG.

3. Grants

- a. Assist the HRWG by reviewing grant application budgets.

4. Contracts

- a. Assist HRWG by writing contracts or agreements as needed to implement and continue the HRWG's operation and projects.
- b. Manage the contracts of the HRWG in accordance with the Hood River SWCD's Contracting Rules (Resolutions 01-02/1, 05-06/1 through 8).
- c. Consider all contractors of the HRWG as contractors of the Hood River SWCD.

5. Reporting and Accounting

- a. Provide funding sources with documentation of HRWG expenditures in the format prescribed by the funding source.
- b. Provide to the HRWG regular (annual) financial reports that detail income received by the Hood River SWCD to support HRWG staffing and activities and expenditures made by the Hood River SWCD for HRWG expenses.
- c. Maintain accounting and other financial records for the HRWG in accordance with generally accepted accounting principles (GAAP).

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- d. Conduct annual financial reviews or audits by a municipal auditor to meet funding and legal requirements.
 - e. Facilitate internal controls and authorization protocols to assure a smooth flow of funds and accurate financial tracking as described in the Hood River SWCD’s Financial Policies and Procedures (OP-12).
 - f. Request, receive, and track funds from funding sources to support HRWG activities.
 - g. Account for HRWG funds used for fiscal and employer services through monthly and yearly Hood River SWCD staff time-tracking and report annually to the HRWG membership after the conclusion of the Hood River SWCD’s fiscal year.
 - h. Keep all financial and grant records for at least three years or longer, if required by the Hood River SWCD’s Records Retention Policy (OP-17) or grant requirements.
 - i. Provide archiving in accordance with Hood River SWCD’s Records Retention Policy (OP-17) or grant requirements.
6. Invoices and Payments
- a. Make timely payments as authorized by the HRWG Coordinator.
 - b. Make timely payments according to the Hood River SWCD’s Financial Policies and Procedures (OP-12).

HRWG’S RESPONSIBILITIES. Specifically, the HRWG agrees to:

- A. General
1. Establish an Operations Committee to provide guidance and oversight for the HRWG Coordinator, review proposed HRWG annual budgets, and communicate to the Board of Directors of the Hood River SWCD.
 2. A member of the Operations Committee who is not a staff member of the Hood River SWCD will be designated as a liaison to the Hood River SWCD. This person will be responsible for oversight and review of HRWG revenues and expenditures reported in the Hood River SWCD’s monthly financial reports.
 3. Task the HRWG Coordinator with helping to secure funds through donations, contracts, and grants in order to accomplish tasks and projects described in the annual HRWG POW and support HRWG operational costs. HRWG operational costs include but are not limited to fiscal administration of grants, personnel management, rent, phones/internet, website hosting, computers/software, insurance, audits, meeting costs, travel, printing/copying, and postage.
 4. Have the Chair of the HRWG or designee participate in the hiring and annual performance evaluation of the HRWG Coordinator. During the hiring process, the Operations Committee shall participate in the ranking of applicants, and the Chair of the HRWG shall participate in the interview and final selection process. As part of annual performance evaluation, the Chair shall solicit comments from the HRWG Operations Committee about the Coordinator’s performance.
 5. Consider its staff, as employees of the Hood River SWCD, as “public officials” as defined in ORS 244.020(14). As such, employees must comply with the Oregon Government Ethics law regarding conflicts of interest and other matters relating to financial gain.
 6. Consider its staff, as employees of the Hood River SWCD, as “public employees” according to ORS 260.432, and require that they not engage in political activity while on the job.
 7. Require liability waivers to be signed by any person involved with the HRWG in any manner which may reasonably create liabilities for the HRWG and/or the Hood River SWCD.

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8. Abide by the following policies and rules of the Hood River SWCD:
 - ✓ Personnel Policies
 - ✓ Contracting Resolutions and Rules
 - ✓ Records Retention Policy (OP-17)
 - ✓ Conflict of Interest Policy (OP-6)
 - ✓ Note: any future policies adopted by the Hood River SWCD’s Board of Directors that pertain to the HRWG will be provided to the HRWG for similar adoption.

B. Grants and Local Match

1. Oversee all grants for HRWG activities and assure that they are completed according to funding specifications.
2. Provide copies of all grant applications made by the HRWG to the Hood River SWCD upon submission to third-party grantor.
3. Secure, document and report required match funds as needed.
4. Provide documentation required by the grantor for funding releases (including, but not limited to, permits, land use forms and landowner agreements).
5. Sign grant agreements, budget and substantive modifications and other changes as required by the grantor.
6. Notify the Hood River SWCD of all requests for grant changes (including budget changes and time extension requests) prior to submission to a grantor.

C. Reporting and Accounting

1. Provide documentation of expenses in the format agreed upon with the Hood River SWCD and funding sources.
2. Document all “in-kind” work (e.g., match of donated materials, services, and volunteer time) as required by the Hood River SWCD and funding sources.
3. Be responsible for all Interim, Final and Status Reports and other reports not related to fiscal matters to fulfill the requirements of the funding source(s).

DONATIONS. All donations intended to support the HRWG that are made by check should be made out to the Hood River SWCD with a notation about its intended purpose. Donations such as equipment may be given directly to the HRWG and should be accounted for by the HRWG Coordinator by labeling with permanent marker and entry onto the Hood River SWCD’s non-capitol and asset list.

The parties agree that the Hood River SWCD will assist the HRWG by receiving donations and gifts from individual donors and businesses wishing to support the activities of the HRWG, and providing the receipts that such donors need to take tax deductions for their donations.

OTHER DUTIES OF THE HOOD RIVER SWCD. In addition to the other duties imposed by this agreement, the Hood River SWCD agrees to properly maintain its legal status as a local governmental unit, and as a tax exempt organization under Section 155 of the Internal Revenue Code; to properly prepare and file its own annual reports required by the State and Federal governments; comply with all applicable laws and regulations governing SWCDs; to operate and make decisions properly as a local governmental unit; to keep the required records of its Board meetings and decisions; and to keep adequate financial records and maintain proper oversight and control over its financial activities. The Hood River SWCD shall be responsible for its own

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employment taxes, insurance, debts, liabilities and other legal obligations. The Hood River SWCD shall notify the HRWG immediately of any change in its legal status or tax exempt status.

HRWG’S ENTITY STATUS. The HRWG is not a legally incorporated separate entity; its programs and activities are the programs and activities of the Hood River SWCD. However, the membership of the HRWG is the decision-making body for the HRWG, not the Hood River SWCD. The HRWG membership directs the work of the HRWG Coordinator, through the adoption of the annual plan of work and under the direct supervision of the Chair of the HRWG. The Operations Committee oversees the fiscal and employment services provided by the Hood River SWCD. The HRWG will notify the Hood River SWCD immediately of any change in its legal status or tax exempt status. The HRWG agrees to not incorporate or otherwise create a legal entity without written notice to the Hood River SWCD.

HRWG’S EMPLOYEES, CONTRACTORS, and PROPERTY. All employees, independent contractors and volunteers who perform services or work for the HRWG are and shall be the employees, independent contractors and volunteers of the Hood River SWCD. The Hood River SWCD shall be responsible for payment of all compensation to HRWG staff and independent contractors, paying all payroll withholding taxes and payroll taxes for HRWG employees, filing all required reports to the IRS regarding payroll taxes, and preparing and filing all W-2 forms and 1099 forms reporting the payment of compensation to HRWG employees and independent contractors.

The Hood River SWCD shall have the sole responsibility to select, employ, supervise, evaluate, discipline and if necessary terminate the employment or services of all employees, independent contractors or volunteers associated with the HRWG, with the exception of the hiring, supervision and evaluation of the HRWG Coordinator, which will be done in conjunction with the HRWG Chair and Operations Committee, as described under HRWG’s Responsibilities, section A.2. Discipline and/or termination of the HRWG Coordinator shall be done by the Hood River SWCD with input from the HRWG Operations Committee.

Any tangible or intangible property, including intellectual property such as copyrights, obtained or created by the HRWG shall be the property of the Hood River SWCD. All equipment and supplies purchased with HRWG funds are the sole property of the Hood River SWCD.

AGREEMENT TO INDEMNIFY. Because the Hood River SWCD is liable for any acts or omissions of the HRWG, HRWG funds may be used to defend the Hood River SWCD and its officers, directors, employees and volunteers from any liability, demands or lawsuits for any claim of loss, damage or injury that arises from any of the activities, programs, decisions or omissions of HRWG or employees, volunteers, members or agents associated with the HRWG.

TERMINATION OF THIS AGREEMENT. Either party may terminate this agreement at any time, with cause, by delivering a written statement of termination to the other party at least thirty (30) days in advance of the effective date of the termination. This agreement shall automatically terminate if the HRWG incorporates as a separate legal entity. If this agreement terminates due to the HRWG’s separate incorporation as an organization qualified to receive IRS recognition of its 501(c)(3) status for purposes and activities significantly related to the activities of the HRWG under this agreement, then the Hood River SWCD shall:

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- ✓ Transfer the remaining funds to the HRWG minus any accrued payment owed to the Hood River SWCD for its services and expenses related to the HRWG;
- ✓ Transfer ownership of all HRWG assets, including its name and any intellectual property developed or created by the HRWG under this agreement, to the HRWG.

If this agreement is terminated for any reason other than the HRWG's separate incorporation, then the Hood River SWCD shall retain the funds held in the account for the HRWG to be used in accordance with the mission of the HRWG and in accordance with any restrictions on the use of those funds.

MEDIATION AND ARBITRATION. In the event of a conflict regarding the terms of this agreement, or if the parties cannot agree to terminate this agreement without serious conflict, they will enter into a mediated conflict resolution process with a third-party mediator chosen by both parties. If resolution cannot be achieved through mediation, the parties agree to submit to binding arbitration of their differences before a single arbitrator in accordance with the arbitration rules of the American Arbitration Association. This agreement shall be governed by and construed in accordance with the laws of the State of Oregon, and any decision or award by an arbitrator shall be made in accordance with such laws.

ENTIRE, INTEGRATED AGREEMENT. This agreement, and any attached and properly executed exhibits, contains and constitutes the entire agreement of the parties with respect to the subject matter it addresses, and it supersedes any prior oral or written understandings or communications between the parties.

AMENDMENTS. This agreement may not be amended or modified, except in writing and signed by both parties.

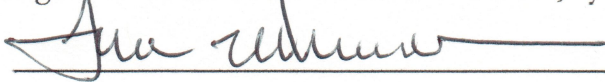
EXECUTION OF THIS AGREEMENT HAS BEEN PROPERLY AUTHORIZED BY BOTH DECISION-MAKING BODIES. Each of the parties to this agreement certify that its own decision-making body (Hood River SWCD Board of Directors and membership of the HRWG) has formally approved entering into this Fiscal and Employment Sponsorship Agreement, by passage and adoption of a resolution at a properly called Hood River SWCD meeting at which a quorum was present and for which proper minutes were recorded, or by consensus approval of the HRWG membership at two properly noticed HRWG membership meetings.

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EFFECTIVE DATE AND TERM. This Agreement is effective on the date of its execution by both parties, as shown below. It shall continue in effect until either party terminates the Agreement in accordance with the provisions for termination stated above.

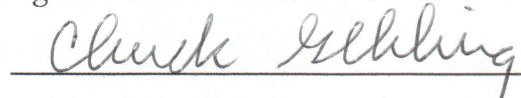
IN WITNESS WHEREOF, the parties have executed this Fiscal and Employment Sponsorship Agreement:

Signed on behalf of the Hood River SWCD, by:

 Date: 10/28/2014

(Print Name and Title: Brian Nakamura, Board Chair)

Signed on behalf of the HOOD RIVER WATERSHED GROUP, by:

 Date: 10/28/14

(Print Name and Title: CHUCK GEHLING HRWG CHAIR)

List of Exhibits:

- A- Hood River SWCD Personnel Policies
- B - Hood River SWCD Contract Resolutions (05-06/1 through 9)
- C - Hood River SWCD's Financial Policies and Procedures (OP-12)
- D - Hood River SWCD's Records Retention Policy (OP-17)
- E - Hood River SWCD's Conflict of Interest Policy (OP-6)