

**Conflict of Interest Code for:**

**San Diego County Water Authority Financing Agency**

2016 SEP 8 PM 2 45

**2016 CONFLICT OF INTEREST CODE**

**BIENNIAL REVIEW REPLY FORM**

**DUE DATE: OCTOBER 1, 2016**

Contact Person: Melinda Cogle Telephone Number: 858-522-6614

Name of Agency: San Diego County Water Authority Financing Agency

Mailing Address: 4677 Overland Avenue, San Diego, CA 92123

This agency has reviewed its conflict of interest code and has determined that:

**Amendments are necessary:** (Attach Amended Code)  
(Check all that applies)

- Include new positions (including consultants) which must be designated
- Revise the titles of existing positions
- Delete titles of positions that have been abolished
- Delete positions that manage public investments
- Revise disclosure categories
- Other \_\_\_\_\_

**No amendments are necessary.** Our agency's code accurately designates all positions which make or participate in the making of governmental decisions; the disclosure assigned to those positions accurately requires the disclosure of all investments, business positions, interests in real property and sources of income which may foresee-ably be affected materially by the decision made by those designated positions; and the code includes all other provisions required by Government Code Section 87302.

Signature of Chief Executive Officer: Melinda Cogle Date: 09-02-16  
Agency Secretary: Melinda Cogle

You must complete this report regardless of how recently your code was approved or amended. **Please return this report no later than October 1, 2016 to:**

**Clerk of the Board of Supervisors  
(Conflict of Interest Code)  
1600 Pacific Highway, Room 402  
San Diego, CA 92101**

SAN DIEGO COUNTY WATER AUTHORITY  
FINANCING AGENCY  
RESOLUTION NO. 2009-1

A RESOLUTION OF THE SAN DIEGO COUNTY WATER AUTHORITY FINANCING AGENCY ADOPTING THE BY-LAWS OF THE AGENCY; CONFIRMING THE PRESIDENT, VICE PRESIDENT, SECRETARY, AND TREASURER, RESPECTIVELY, OF THE AGENCY; ESTABLISHING THE DATES, TIME AND PLACE OF REGULAR MEETINGS OF THE AGENCY; AND ADOPTING A CONFLICT OF INTEREST CODE.

WHEREAS, the San Diego County Water Authority (the "Water Authority") and the California Municipal Finance Authority ("CMFA") have heretofore executed a Joint Exercise of Powers Agreement, dated as of December 17, 2009 (the "Agreement"), by and between the Water Authority and CMFA, which Agreement creates and establishes the San Diego County Water Authority Financing Agency (the "Agency");

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Diego County Water Authority Financing Agency, as follows:

Section 1. The by-laws attached hereto as Exhibit A (the "By-Laws") are adopted as the By-Laws of the Agency.

Section 2. Pursuant to Section 7 of the By-Laws, the Chair of the Board of Directors of the Water Authority shall be President of the Agency.

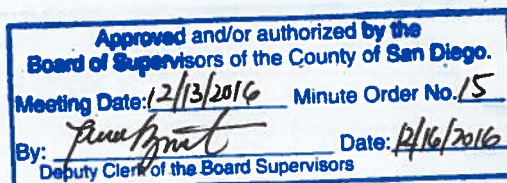
Section 3. Pursuant to Section 8 of the By-Laws, the Chair of the Administrative and Finance Committee of the Water Authority shall be Vice President of the Agency.

Section 4. Pursuant to Section 9 of the By-Laws, the Clerk of the Board of Directors of the Water Authority shall be Secretary of the Agency.

Section 5. Pursuant to Section 10 of the By-Laws, the Director of Finance/Treasurer of the Water Authority shall be Treasurer of the Agency.

Section 6. Pursuant to Section 13 of the By-Laws, the General Counsel of the Water Authority shall be General Counsel of the Agency.

Section 7. The regular meetings of the Agency shall be held at the Administration Office of the Water Authority at 4677 Overland Avenue, San Diego, CA 92123, or such other place as this Board of Directors of the Agency may designate from time to time, at such time as may be designated by appropriate notice. Such regular meetings shall occur on the regular Water Authority Board of Directors meeting dates in each year. In the event that the President or Treasurer of the Agency determines that there will be no business to transact at such meeting, such meeting of the Agency may be canceled. A regular meeting will be deemed cancelled without further action or notice by the President or Treasurer if an agenda of the meeting is not posted in



Approved and/or authorized by the Board  
of Supervisors of the County of San Diego  
Date: 12/16/16 Minute Order No. 15  
THOMAS J. PASTUSZKA  
Clerk of the Board of Supervisors  
*[Signature]*  
July Clerk

accordance with the Ralph M. Brown Act 72 hours prior to the meeting.

Section 8. Whenever an officer of the Water Authority is designated an officer of the Agency, the assistants and deputies of such officer from time to time shall also be, *ex officio*, officers of the Agency; and whenever a power is granted to, or a duty imposed upon, such officer, the power may be exercised, or the duty performed, by such assistant or deputy.

Section 9. Pursuant to Section 5 of the By-Laws, the San Diego County Water Authority Conflict of Interest Code is hereby adopted as the Conflict of Interest Code of the Agency. The Officers of the Agency shall report financial interests according to categories 1, 2, 3, and 4 as specified in that Code.

Section 10. The Board hereby determines that an audit shall be caused to be performed by the Treasurer of the Agency as required by Section 6505 of the Government Code of the State of California. Such audit shall be filed with the Secretary of the Agency.

Section 11. This resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED, this 18th day of December, 2009.

AYES: Unless noted below all Directors voted aye.

NOES:

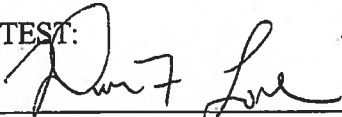
ABSTAIN:

ABSENT:



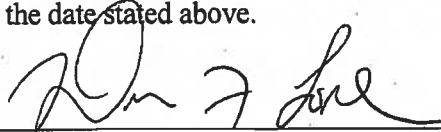
\_\_\_\_\_  
Claude A. "Bud" Lewis, President

ATTEST:



\_\_\_\_\_  
Doria F. Lore, Secretary

I, Doria F. Lore, Secretary of the San Diego County Water Authority Financing Agency, certify that the vote shown above is correct and this Resolution No. 2009-01 was duly adopted at the meeting of the Board of Directors on the date stated above.



\_\_\_\_\_  
Doria F. Lore, Secretary

**BY-LAWS  
OF THE  
SAN DIEGO COUNTY WATER AUTHORITY  
FINANCING AGENCY**

**Adopted December 18, 2009**

## ARTICLE I - THE AGENCY

Section 1. Name. The official name of the Agency shall be the "San Diego County Water Authority Financing Agency". The Agency was created pursuant to the Joint Exercise of Powers Agreement, dated as of December 17, 2009 (the "Agreement"), between the San Diego County Water Authority (the "Water Authority") and the California Municipal Finance Authority (the "CMFA").

Section 2. Agency Board Members. The Agency shall be administered by a governing Board of Directors (the "Board") that shall consist of five members: the Chair of the Board of Directors of the Water Authority, the Chair of the Administrative and Finance Committee of the Water Authority, the General Manager of the Water Authority, the Director of Finance/Treasurer of the Water Authority and the General Counsel of the Water Authority. The term of office as a member of the Board shall terminate when such member of the Board shall cease to hold its respective office at the Water Authority; and the successor to such officer or director of the Water Authority shall become a member of the Board, upon assuming such office.

Section 3. Office. The business office of the Agency shall be the Administration Office of the Water Authority at 4677 Overland Avenue, San Diego, CA 92123, or at such other place as may be designated by the Board.

Section 4. Compensation. Board members shall serve without compensation by the Agency. Board members shall receive compensation or reimbursement of expenses by the Water Authority in the same manner as other duties performed in the course of service to the Water Authority.

Section 5. Conflicts of Interest. The Agency shall adopt the San Diego County Water Authority Local Conflict of Interest Code as its Conflict of Interest Code.

## ARTICLE II - OFFICERS

Section 6. Officers. The Officers of the Agency shall be the President, Vice President, Secretary and Treasurer.

Section 7. President. The President of the Agency shall be the member who is the Chair of the Board of Directors of the Water Authority. The term of office shall be the same as the term of the Chair of the Board of Directors of the Water Authority. The President shall preside at all meetings of the Agency, and shall submit such information and recommendations to the Board as he or she may consider proper concerning the business, policies and affairs of the Agency.

Section 8. Vice President. The Vice President shall be the member who is the Chair of the Administrative and Finance Committee of the Water Authority. The term of office shall be the same as the term of Chair of the Administrative and Finance Committee of the Water Authority. The Vice President shall perform the duties of the President in the absence or incapacity of the President. In case of the resignation or death of the President, the Vice President shall perform such duties as are imposed on the President, until such time as a new President is selected or appointed.

Section 9. Secretary. The Secretary shall be the person who is the Clerk of the Board of Directors of the Water Authority and shall serve at the pleasure of the Agency. The Secretary shall keep the records of the Agency, shall act as Secretary at the meetings of the Agency and record all votes, and shall keep a record of the proceedings of the Agency in a



journal of proceedings to be kept for such purpose, and shall perform all duties incident to the office.

Section 10. Treasurer. The Director of Finance/Treasurer of the Water Authority is hereby designated as Treasurer of the Agency. The Treasurer of the Agency shall be responsible for execution and supervision of the affairs of the Agency. Except as otherwise authorized by resolution of the Board, the Treasurer or the Treasurer's designee shall sign all contracts, deeds and other instruments executed by the Agency. Subject to the applicable provisions of any trust agreement, indenture or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Agency to have custody of all the money of the Agency, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Act.

Section 11. Confirmation of Officers. Confirmation of officers shall be the first order of business at the first meeting of the Agency, regular or special, held in each calendar year.

Section 12. Authority to Bind Agency. No member, officer, agent or employee of the Agency, without prior specific or general authority by a vote of the Board, shall have any power or authority to bind the Agency by any contract, to pledge its credit, or to render it liable for any purpose in any amount.

### ARTICLE III - EMPLOYEES AND AGENTS

Section 13. Appointment of Employees and Agents. The Agency may from time to time request from the Water Authority the services of such personnel, counsel or agents, permanent or temporary, as may be necessary to carry out the business and affairs of the Agency.

The Board may in addition employ temporary professional and technical personnel on such terms and at such rates of compensation as the Board may determine, for the performance of Agency business and affairs, provided that adequate sources of funds are identified for the payment of such temporary professional and technical services.

#### ARTICLE IV - MEETINGS

Section 14. Regular Meetings. Regular meetings shall be held at the Water Authority headquarters, or at such other place as the President may designate, on dates and at a time as fixed by Resolution of the Agency. If at any time any regular meeting falls on a legal holiday, such regular meeting shall be held on the next business day at the same time. Regular meeting will be held in accordance with the Ralph M. Brown Act.

Section 15. Special Meetings. A special meeting may be called at any time by the President or the Treasurer by delivering written notice to each member. Such written notice may be dispensed with as to any Board member who at or prior to the time the meeting convenes files with the Secretary of the Agency a written waiver of notice. Such waiver may be given by telegram or telecopy. Such written notice may also be dispensed with as to any member who is actually present at the meeting. Special meetings will be held in accordance with the Ralph M. Brown Act.

Section 16. Closed Sessions. Nothing contained in these bylaws shall be construed to prevent the Board from holding closed sessions during a regular or special meeting concerning any matter permitted by law to be considered in a closed session.

Section 17. Public Hearings. All public hearings held by the Board shall be held during regular or special meetings of the Board.

Section 18. Adjourning Meetings and Continuing Public Hearings to Other Times

or Places. The Board may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all Board members are absent from any regular meeting or adjourned regular meeting the Secretary or Acting Secretary of the Agency may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided for special meetings unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings.

Any public hearing being held, or any hearing noticed or ordered to be held at any meeting may by order or notice of continuance be continued or reconvened to any subsequent meeting in the same manner and to the same extent set forth herein for the adjournment of the meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing a copy of the order or notice of continuance shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

Section 19. Ralph M. Brown Act. The Ralph M. Brown Act applies to all meetings of the Board.

Section 20. Quorum. A majority of the members of the Board shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other official purposes, except that less than a quorum may adjourn from time to time until a quorum is obtained. Any action or decision of the Agency shall be on motion duly approved by a majority of a quorum of the Board at a lawfully held meeting.

Section 21. Order of Business. The President or Treasurer shall prepare or approve the agenda of all meetings. Business will be conducted according to the agenda, except when determined by the Board as permitted by law.

Section 22. Parliamentary Procedure. The presiding officer at the meeting shall determine the rules of conduct. The presiding officer may be guided by the rules of parliamentary procedure set forth in Robert's Rules of Order, but failure to follow Robert's Rules of Order shall not affect the validity of any action or motion duly taken or adopted by the Board at any lawfully held meeting.

#### ARTICLE V - AMENDMENTS

Section 23. Amendments to By-Laws. These by-laws may be amended by the Board at any regular or special meeting by majority vote, provided that a description of the proposed amendment to any particular section is included in the notice of such meeting.

## **APPENDIX**

### **SAN DIEGO COUNTY WATER AUTHORITY LOCAL CONFLICT OF INTEREST CODE**

#### **List of Designated Positions and Disclosure Requirements (2008 Update)**

#### **SECTION 1: AUTHORITY AND SCOPE**

This Appendix is adopted pursuant to and as a part of the San Diego County Water Authority Local Conflict of Interest Code, which adopts by reference the latest provisions of Section 18730 of Title 2 of the California Code of Regulations.

The San Diego County Water Authority Local Conflict of Interest Code contains both requirements for the disclosure of financial interests and disqualification requirements. Violations of the local conflict of interest code are subject to the administrative, criminal and civil sanctions of the Political Reform Act.

This Appendix contains a list of designated positions and disclosure requirements for employees holding designated positions. This Appendix is the "Appendix" referred to in subsection (b)(3) [Disclosure Categories] of 2 Cal. Code of Regs. Section 18730. The General Manager, in consultation with the General Counsel, may add designated positions and establish disclosure requirements for such positions whenever a new job classification is created. Such designation shall be effective pending amendment of the Code or this Appendix by the Board of Directors.

The Members of the Board of Directors, the General Manager, the Director of Finance and the Treasurer are designated as "other public officials who manage public investments" under Government Code Section 87200 and 2 Cal. Code of Regulation Section 18720. Persons in these positions are required to disclose financial interests pursuant to Government Code sections 87200 - 87210 and are therefore not included in the list set forth below. However, such persons are subject to the disqualification requirements of the San Diego County Water Authority Local Conflict of Interest Code.

#### **SECTION 2: EFFECTIVE DATE**

This 2008 update of the Appendix shall be effective the day following its approval by the code reviewing body. The San Diego County Board of Supervisors is designated by statute as the code reviewing body for the San Diego County Water Authority. Following approval by the code reviewing body, this Appendix remains in effect until repealed or superseded.

#### **SECTION 3: LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES**

The positions within the Water Authority listed in this section are "designated positions." Any person whose employment position (whether full time, part time or temporary) with the Water

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Authority is a designated position, is a "designated employee" for the purposes of the local conflict of interest code. Designated employees shall disclose in the manner provided in the local conflict of interest code, those reportable financial interests which are within each of the categories represented by the numerals following each listed position. Each disclosure category is identified by a number and is described below. Disclosure requirements for interests in each disclosure category are set forth in subsection (b)(7) [Manner of Reporting] of 2 Cal. Code of Regs. Section 18730.

<b>Category Number</b>	<b>Reportable Financial Interests</b>
1	All investments
2	All sources of income
3	All interests in real property
4	All business positions
5	Investments and business positions in business entities, and sources of income, engaged directly or indirectly, in land development, construction, civil engineering, environmental consulting, land planning, real estate (including without limitation brokerage, sales, marketing, leasing, appraisal, and lending), commercial lending, banking or farming.
6	Investments and business positions in business entities, and sources of income, engaged, directly or indirectly, in development, distribution, transfer, conservation, storage, treatment, reclamation or marketing of water.
7	Investments and business positions in business entities, and sources of income, engaged in architecture, engineering, accounting, auditing, law, public relations, provision of temporary employees, office products, telecommunications, computer hardware and software, personnel services, management services, or in the manufacture, production, vending or servicing of goods, materials, machinery or equipment of the type routinely used or purchased by public water agencies; including those entities and sources within the scope of category 8.
8	Investments and business positions in business entities, and sources of income who have contracted with the Authority within the past two years or who in the future may foreseeably contract with the Authority to provide services, supplies, materials, machinery or equipment. Reporting under this category shall apply to those contracts for services, supplies, materials, machinery or equipment acquisition, the solicitation, negotiation, or administration of which are within the scope of regular and customary job duties of the employee.

<u>Designated Positions</u>	<u>Disclosure Categories</u>
<u>General Manager's Office</u>	
Assistant General Manager	1, 2, 3, 4
Deputy General Manager	1, 2, 3, 4
Executive Administrative Assistant	8
Management Analyst	5, 6, 7, 8
Water Policy Manager	5, 6, 7
Government Relations Manager	5, 6, 7
<u>General Counsel's Office</u>	
General Counsel	1, 2, 3, 4
Assistant General Counsel	1, 2, 3, 4
Deputy General Counsel	1, 2, 3, 4
Legal Administrative Assistant	8
<u>Administrative Services Department</u>	
Director of Administrative Services	1, 2, 3, 4
Clerk of the Board	7
Deputy Clerk of the Board	7
Management Analyst	5, 6, 7, 8
Assistant Management Analyst	5, 6, 7, 8
Data Base Administrator	7
Facilities Services Technician	7
Information Systems Supervisor	7
Information Systems Manager	7
Purchasing Manager	1, 2, 3, 4
Purchasing Technician I and II	8
Risk Manager	5, 6, 7
Safety Officer	8
Senior Management Analyst	1, 2, 3, 4
Supervising Management Analyst	1, 2, 3, 4
Warehouse Supervisor	7
<u>Engineering Department</u>	
Director of Engineering	1, 2, 3, 4
Assistant Management Analyst	5, 6, 7, 8
Construction Manager	1, 2, 3, 4

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Cost Estimator	5, 6, 7
Engineer (P.E.)	5, 6, 7
Engineer I	5, 6, 7
Engineer II	5, 6, 7
Engineering Manager	1, 2, 3, 4
Engineering Technician I	5
Engineering Technician II	5

Management Analyst	5, 6, 7, 8
Principal Engineer	1, 2, 3, 4
Program Control Manager	5, 6, 7
Senior Project Scheduler	5, 6, 7

Senior Engineer	5, 6, 7
Senior Engineering Technician	5, 6, 7
Senior Management Analyst	1, 2, 3, 4

Supervising Administrative Assistant	7, 8
Supervising Engineering Tech.	5, 6, 7
Supervising Management Analyst	1, 2, 3, 4,

Finance Department

Controller	1, 2, 3, 4
Deputy Director of Finance	1, 2, 3, 4
Budget Officer	8
Accounting Supervisor	8
Accountant	8
Assistant Management Analyst	5, 6, 7, 8
Investment Analyst	8
Rate and Debt Administrator	1, 2, 5
Financial Analyst	8

Financial Services Manager/Asst. Treasurer	1, 2, 3, 4
Senior Accountant	8

Human Resources Department

Director of Human Resources	1, 2, 3, 4
Human Resources Analyst	7
Senior Human Resources Analyst	7



Colorado River Program

Colorado River Program Manager	1, 2, 3, 4
Management Analyst	5, 6, 7, 8
Senior Engineer	5, 6, 7
Principal Engineer	1, 2, 3, 4
Principal Water Resources Specialist	6, 7
Senior Public Affairs Representative	7
Senior Water Resource Specialist Engineer (P.E.)	6, 8 5, 6, 7

MWD Program

MWD Program Chief	1, 2, 3, 4
Senior Water Resources Specialist	6, 8

Public Affairs Department

Director of Public Affairs	1, 2, 3, 4
Education Programs Supervisor	7
Education Programs Specialist	8
Public Affairs Manager	5, 6, 7
Public Affairs Supervisor	7
Public Affairs Representative II	8
Public Affairs Representative I	8
Senior Public Affairs Representative	7
Small Business Contracting Manager	5, 7

Operations and Maintenance Department

Director of Operations and Maintenance	1, 2, 3, 4
Electrical/Electronics Supervisor	7
Fleet Maintenance Supervisor	7
Management Analyst	5, 6, 7, 8
Operations and Maintenance Manager	5, 7
Principal Water Resources Specialist	5, 6, 7
Senior Electrical/Electronics Technician	7
Senior Engineering Technician	7
Senior Maintenance Technician	7
Supervising Management Analyst	1, 2, 3, 4
Senior System Operator	8
Systems Operations Supervisor	7
System Maintenance Supervisor	7
Water Resources Specialist	5, 6, 7

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Right of Way Department

Director of Right of Way	1, 2, 3, 4
Engineering/Right of Way Technician I	5
Engineering/Right of Way Technician II	5
Supervising Land Surveyor	5, 7
Right of Way Supervisor	5, 7
Right of Way Agent	5, 7
Right of Way Inspector	5
Senior Right of Way Agent	5, 7
Senior Right of Way Inspector	5, 7
Senior Survey Technician	5, 8
Survey Technician	5, 8

Water Resources Department

Director of Water Resources	1, 2, 3, 4
Water Resources Manager	5, 6, 7
Principal Water Resources Specialist	5, 6, 7
Water Resources Specialist	5, 6, 7
Senior Water Resources Specialist	5, 6, 7
Management Analyst	5, 6, 7, 8
Assistant Management Analyst	5, 6, 7, 8
Principal Engineer	5, 6, 7
Engineer (P.E.)	5, 6, 7

Consultants

Fair Political Practices Commission regulation [2 Cal. Code of Regs. section 18701(a)] defines "consultant" as an individual whom, pursuant to a contract with a state or local governmental agency:

(a) Makes a governmental decision whether to:

- (1) Approve a rate, rule or regulation;
- (2) Adopt or enforce a law;
- (3) Issue, deny, suspend, or revoke a permit, license, application, certificate, approval, order, or similar authorization or entitlement;
- (4) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
- (5) Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
- (6) Grant agency approval to a plan, design, report, study, or similar item;

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- (7) Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision of the agency; or

(b) Serves in a staff capacity with the agency and in that capacity performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's local conflict of interest code.

Disclosure required:

Disclosure required by consultants shall be determined on a case-by-case basis by the General Manager, or in the case of legal service contracts by the General Counsel. The General Manager, in consultation with the General Counsel, or General Counsel may determine whether a person is a consultant and what disclosure, if any, is required by the consultant. The determination shall be in writing and shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The written determination is a public record and shall be retained for public inspection in the office of the Clerk of the Board. The written determination may be made as a part of the contract pursuant to which the consultant provides services to the Authority. Subject to the foregoing, consultants that meet the definition of paragraph (b), above, generally will disclose financial interests in the same manner as is required for the designated position the duties of which are performed, in whole or in part, by the consultant.

**JOINT EXERCISE OF POWERS AGREEMENT**

**by and between**

**SAN DIEGO COUNTY WATER AUTHORITY**

**and**

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

**creating the**

**SAN DIEGO COUNTY WATER AUTHORITY FINANCING AGENCY**

**December 17, 2009**

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**SECTION 26. MISCELLANEOUS .....10**

Agency

The term "Agency" shall mean the San Diego County Water Authority Financing Agency created by this Agreement.

Agreement

The term "Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Agency.

Board; Board of Directors

The term "Board" or "Board of Directors" shall mean the governing board of the Agency.

Bonds

The term "Bonds" shall mean bonds and any other evidence of indebtedness of the Agency authorized and issued pursuant to the Act.

CMFA

The term "CMFA" shall mean California Municipal Finance Authority, a joint exercise of powers authority, duly organized and existing under and by virtue of the laws of the State of California.

Indenture

The term "Indenture" shall mean each indenture, trust agreement or other such instrument pursuant to which Bonds are issued.

Member

The term "Member" or "Members" shall mean the Water Authority and/or CMFA, as appropriate.

Water Authority

The term "Water Authority" shall mean San Diego County Water Authority, a county water authority duly organized and existing under and by virtue of the laws of the State of California.

SECTION 2. PURPOSE

This Agreement is made pursuant to the Act for the purpose of assisting the financing and refinancing of capital improvement projects of the Water Authority and to finance working capital for the Water Authority by exercising the powers referred to in this Agreement.

(2) Legal Notice. All regular and special meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), or any successor legislation hereafter enacted.

(3) Minutes. The Secretary of the Agency shall cause minutes of all meetings of the Board to be kept and shall, as soon as practicable after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the Water Authority and CMFA.

(4) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time.

D. Officers; Duties; Bonds

(1) The Officers of the Agency shall be the President, Vice President, Secretary and Treasurer. The officers of the Agency shall be the persons specified in the By-Laws of the Agency adopted by the Board (the "By-Laws") and shall have the powers vested in them pursuant to such By-Laws and such other powers as may be granted by the Board from time to time by resolution. Such officers may be directors or officers of the Water Authority serving ex officio.

(2) The Treasurer of the Agency is designated as the public officer or person who has charge of, handles, or has access to any property of the Agency, and such officer shall file an official bond in the amount of \$25,000 as required by Section 6505.1 of the Act; provided, that such bond shall not be required if the Agency does not possess or own property or funds with an aggregate value of greater than \$500 (excluding amounts held by a trustee or other fiduciary in connection with any Bonds). The cost of the bond shall be paid by the Water Authority.

(3) So long as required by Section 6505 and Section 6505.5 of the Act, the Treasurer of the Agency shall prepare or cause to be prepared: (a) a special audit as required pursuant to Section 6505 of the Act every year during the term of this Agreement; and (b) a report in writing on the first day of July, October, January and April of each year to the Board, the Water Authority and CMFA which report shall describe the amount of money held by the Treasurer of the Agency for the Board, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provides regular reports covering such amounts).

(4) The services of the Officers shall be without compensation by the Agency. The Water Authority will provide such other administrative services as required by the Agency, and shall not receive economic remuneration from the Agency for the provision of such services.

The Agency is hereby authorized, in its own name, to do all acts necessary or convenient for the exercise of its powers, including, but not limited to, any or all of the following: to sue and be sued; to make and enter into contracts; to employ agents, consultants, attorneys, accountants, and employees; to acquire, hold or dispose of property, whether real or personal, tangible or intangible, wherever located; to issue Bonds or otherwise incur debts, liabilities or obligations to the extent authorized by the Act or any other applicable provision of law and to pledge any property or revenues or the rights thereto as security for such Bonds and other indebtedness.

Notwithstanding the foregoing, the Agency shall have any additional powers conferred under the Act or under applicable law, insofar as such additional powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

#### SECTION 6. TERMINATION OF POWERS

The Agency shall continue to exercise the powers herein conferred upon it until the termination of this Agreement in accordance with Section 3 hereof.

#### SECTION 7. FISCAL YEAR

Unless and until changed by resolution of the Board, the fiscal year of the Agency shall be the period from July 1 of each year to and including the following June 30, except for the first fiscal year which shall be the period from the date of this Agreement to June 30, 2010.

#### SECTION 8. DISPOSITION OF ASSETS

Upon termination of this Agreement pursuant to Section 3 hereof, any surplus money in possession of the Agency or on deposit in any fund or account of the Agency shall be returned in proportion to any contributions made as required by Section 6512 of the Act. The Board is vested with all powers of the Agency for the purpose of concluding and dissolving the business affairs of the Agency. After rescission or termination of this Agreement pursuant to Section 3 hereof, all property of the Agency, both real and personal, shall be distributed to the Water Authority, subject to Section 9 hereof.

#### SECTION 9. CONTRIBUTIONS AND ADVANCES

Contributions or advances of public funds and of personnel, equipment or property may be made to the Agency by the Water Authority and CMFA for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance made in respect of a revenue-producing facility shall be made subject to repayment, and shall be repaid, in the manner agreed upon by the Water Authority or CMFA, as the case may be, and the Agency at the time of making such advance as provided by 6512.1 of the Act. It is mutually understood and agreed that neither the Water Authority nor CMFA has any obligation to make advances or contributions to the Agency to provide for the costs and expenses of administration of the Agency, even though either may do so. The Water Authority or CMFA may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Agency.



The Agency shall require that each Indenture provide that the trustee appointed thereunder shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of such Indenture. Said trustee may be given such duties in said Indenture as may be desirable to carry out the requirements of this Section.

A. Audits.

The Treasurer of the Agency shall cause an independent audit to be made of the books of accounts and financial records of the Agency in compliance with the requirements of the Act. Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Agency and shall be a charge against any unencumbered funds of the Agency available for that purpose.

B. Audit Reports.

The Treasurer of the Agency, as soon as practicable after the close of each Fiscal Year but in any event within the time necessary to comply with the requirements of the Act shall file a report of the audit performed pursuant to Subsection B of this Section 12 as required by the Act and shall send a copy of such report to public entities and persons in accordance with the requirements of the Act.

SECTION 13. FUNDS.

Subject to the provisions of each Indenture for outstanding Bonds providing for a trustee to receive, have custody of and disburse funds which constitute Authority funds, the Treasurer of the Agency shall receive, have the custody of and disburse Authority funds pursuant to accounting procedures approved by the Board and shall make the disbursements required by this Agreement or otherwise necessary to carry out the provisions and purposes of this Agreement.

SECTION 14. CONFLICT OF INTEREST CODE

The Agency shall, by resolution, adopt a Conflict of Interest Code to the extent required by law. Such Conflict of Interest Code may be the conflict of interest code of the Water Authority.

SECTION 15. BREACH

If default shall be made by the Water Authority or CMFA in any covenant contained in this Agreement, such default shall not excuse either the Water Authority or CMFA from fulfilling its obligations under this Agreement and the Water Authority and CMFA shall continue to be liable for the payment of contributions and the performance of all conditions herein contained. The Water Authority and CMFA hereby declare that this Agreement is entered into for the benefit of the Agency created hereby and the Water Authority and CMFA hereby grant to the Agency the right to enforce by whatever lawful means the Agency deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Agency hereunder or by any law now or hereafter enacted are cumulative and the

### SECTION 23. WAIVER OF PERSONAL LIABILITY

No member, officer or employee of the Agency, the Water Authority or CMFA shall be individually or personally liable for any claims, losses, damages, costs, injury and liability of any kind, nature or description arising from the actions of the Agency or the actions undertaken pursuant to this Agreement, and the Water Authority shall defend such members, officers or employees against any such claims, losses, damages, costs, injury and liability. Without limiting the generality of the foregoing, no member, officer or employee of the Agency or of any Member shall be personally liable on any Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds pursuant to the Act and this Agreement. To the full extent permitted by law, the Board shall provide for indemnification by the Agency of any person who is or was a member of the Board, or an officer, employee or other agent of the Agency, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member of the Board, or an officer, employee or other agent of the Agency, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in the course and scope of his or her office, employment or agency. In the case of a criminal proceeding, the Board may provide for indemnification and defense of a member of the Board, or an officer, employee or other agent of the Agency to the extent permitted by law.

### SECTION 24. NOTICES

Notices to the Water Authority hereunder shall be sufficient if delivered to the Director of Finance/Treasurer of the Water Authority, and notices to CMFA hereunder shall be sufficient if delivered to the financial advisor of CMFA.

### SECTION 25. SECTION HEADINGS

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

### SECTION 26. MISCELLANEOUS

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Where reference is made to duties to be performed for the Agency by a public official or employee, such duties may be performed by that person's duly authorized deputy or assistant. Where reference is made to actions to be taken by CMFA or the Water Authority, such action may be exercised through the officers, staff or employees of CMFA or the Water Authority, as the case may be, in the manner provided by law.

The section and subsection headings herein are for convenience only and are not to be construed as modifying or governing the language in the section or subsection referred to.

This Agreement is made in the State of California, under the Constitution and laws of the state and is to be construed as a contract made and to be performed in the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

SAN DIEGO COUNTY WATER  
AUTHORITY

By

  
Chair of the Board of Directors

Attest:

  
Clerk of the Board of Directors

CALIFORNIA MUNICIPAL FINANCE  
AUTHORITY

By

  
Member of the Board of Directors