

MEMBER CITIES

Alhambra
Apple Valley
Azusa
Baldwin Park
Barstow
Bell
Bellflower
Brea
Capitola
Carpinteria
Carson
Chino
Claremont
Colton
Commerce
Compton
Covina
Downey
Duarte
El Monte
Fairfield
Fontana
Fresno
Gardena
Garden Grove
Glendale
Glendora
Hawaiian Gardens
Hawthorne
Huntington Park
Indio
Inglewood
La Habra
La Puente
Lakewood
Lancaster
Lawndale
Long Beach
Los Angeles
Lynwood
Monrovia
Montclair
Montebello
Monterey Park
Morgan Hill
Norwalk
Oceanside
Palmdale
Palm Springs
Paramount
Pico Rivera
Planada Community Services District
Pomona
Rancho Cucamonga
Rialto
Riverside
Rohnert Park
Salinas
San Bernardino
San Bernardino County
San Diego County
San Fernando
San Juan Capistrano
San Marcos
San Mateo County
Santa Clarita
Santa Rosa
Signal Hill
South Gate
Vernon
Visalia
Vista
West Covina
Whittier
Yucaipa

BOARD MEMBERS

OFFICERS

Mike McCormick, President

Vernon

Gil Hurtado, Vice President

South Gate

Jose Solache, Treasurer

Lynwood

DIRECTORS

Ricardo Pacheco, Baldwin Park

Emma Sharif, Compton

Marilyn Sanabria, Huntington Park

Edwin Hernandez, Lynwood

Sylvia Ballin, San Fernando

Secretary/Executive Director

Debbie Smith

General Legal Counsel

Scott Campbell

Best Best & Krieger, LLP



INDEPENDENT CITIES FINANCE AUTHORITY

Special Meeting Of The Board Of Directors
Special Meeting Of The Executive Committee

Monday, April 4, 2016

12:00 p.m.

Vernon City Hall
Conference Room 1
4305 Santa Fe Avenue
Vernon, CA 90058

TELECONFERENCE MEETING LOCATIONS:

Call In Information:

Call In Number: 1-712-775-7031

Participant Number: 236-977-467#

1. San Fernando City Hall
Community Meeting Room
117 Macneil Street
San Fernando, CA 91340
2. Baldwin Park City Hall
Council Chambers (outside)
14403 East Pacific Avenue
Baldwin Park, CA 91706
3. South Gate High School
Maloney Field
3351 Firestone Boulevard
South Gate, CA 90280
4. Compton City Hall
City Council Office
205 South Willowbrook Avenue
Compton, CA 90220
5. Office of Senator Isadore Hall
San Pedro District Office
222 West 6th Street, Suite 230
San Pedro, CA 90731

MEETING AGENDA

STAFF REPORTS AND OTHER WRITTEN DOCUMENTS RELATED TO ITEMS ON THIS AGENDA CAN BE OBTAINED FROM THE INDEPENDENT CITIES FINANCE AUTHORITY BY CALLING (877) 906-0941.

FOR YOUR INFORMATION: The Authority Board/Executive Committee will hear from the public on any item on the agenda or an item of interest to the Board/Executive Committee that is not on the Agenda. These items may be referred for administrative action or scheduled on a future Agenda. Comments are to be limited to three minutes for each speaker, unless extended by the Authority Board. Each speaker will have an opportunity to speak on any Agenda item. You have the opportunity to address the Authority Board at the following times

- A. AGENDA ITEM: at the time the Authority Board considers the Agenda item or during Public Comment, and
- B. NON-AGENDA ITEMS: during Public Comment - comments will be received for a maximum 30-minute period; any additional requests will be heard following the completion of the Agenda.
- C. PUBLIC HEARINGS: at the time of the Public Hearing

I. CALL TO ORDER. *(Page 4)*

II. ROLL CALL. *(Page 4)*

City of Baldwin Park
City of Compton
City of Huntington Park
City of Lynwood

City of San Fernando
City of South Gate
City of Vernon

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA. *(Page 4)*

IV. PUBLIC COMMENT. At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Authority. Reasonable time limits are imposed on each topic and each speaker. In accordance with the provisions of the Ralph M. Brown Act (GC § 54950 et seq.), no action or discussion may take place by the Board on any item not on the posted agenda. The Board may respond to statements made or questions asked, and may direct staff to report back on the topic at a future meeting. *(Page 5)*

V. NEW BUSINESS.

- A. Approval Of The Calaveras County Water District As An Associate (Non-Voting) Member Of The Independent Cities Finance Authority. *(Pages 5-6)*

RECOMMEND APPROVAL

- B. Approval/Adoption Of Resolution No. 2016-1 (A Resolution Of The Board Of Directors/Executive Committee Of The Independent Cities Finance Authority Authorizing And Directing The Execution And Delivery Of A Joint Exercise Of Powers Agreement Necessary For The Creation Of A CCWD Public Financing Authority). *(Pages 6-8 & 9-24)*

RECOMMEND APPROVAL/ADOPTION

C. Status Report/Update On The ICFA Market Rate Lease Purchase Homeownership Initiative Program. (Page 25) *RECOMMEND RECEIVE AND FILE*

VI. COMMENTS FROM BOARD MEMBERS. (Page 25)

VII. MATTERS FROM STAFF. (Page 25)

VIII. ADJOURNMENT. (Page 25)

The public shall have an opportunity to comment on any item as each item is considered by the Board/Executive Committee and prior to action being taken. Agenda Reports are available at the Independent Cities Finance Authority office upon request by calling (877) 906-0941.

NOTICE: New items will not be considered after 2:00 p.m. unless the Board of Directors/ Executive Committee votes to extend the time limit. Any items on the agenda that are not completed will be forward to the next regular Board of Directors/Executive Committee meeting.

IN COMPLIANCE WITH THE AMERICAN DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE INDEPENDENT CITIES FINANCE AUTHORITY AT (877) 906-0941. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE INDEPENDENT CITIES FINANCE AUTHORITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

NOTE TO CITY CLERKS:

Please post this Meeting Notice in three separate locations, just as you would a City Council agenda.

INDEPENDENT CITIES FINANCE AUTHORITY
SPECIAL MEETING OF THE BOARD OF DIRECTORS
SPECIAL MEETING OF THE EXECUTIVE COMMITTEE

April 4, 2016 - 12:00 p.m.

AGENDA SUMMARY

I. CALL TO ORDER.

II. ROLL CALL.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

A roll call of the following member cities will be conducted:

City of Baldwin Park

City of San Fernando

City of Compton

City of South Gate

City of Huntington Park

City of Vernon

City of Lynwood

C. RECOMMENDATION:

None.

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

AGENDA SUMMARY

April 4, 2016

Page 2

IV. PUBLIC COMMENT.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Agency. Reasonable time limits are imposed on each topic and each speaker. In accordance with the provisions of the Ralph M. Brown Act (GC §54950 et seq.), no action or discussion may take place by the Board on any item not on the posted agenda. The Board may respond to statements made or questions asked, and may direct staff to report back on the topic at a future meeting.

C. RECOMMENDATION:

None.

V. NEW BUSINESS.

A. APPROVAL OF THE CALAVERAS COUNTY WATER DISTRICT AS AN ASSOCIATE MEMBER (NON-VOTING) OF THE INDEPENDENT CITIES FINANCE AUTHORITY.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

The Calaveras County Water District (CCWD) was formed in 1946 under the laws of the State as a county water district for the purpose of providing water and sewer service to the residents of Calaveras County. The District is a non-for-profit special district that serves 12,700 municipal and residential/commercial customers and currently provides sewer service to 4,700 customers, along with owning hydroelectric power facilities.

The District includes all of Calaveras County in the Central Sierra Nevada foothills in the northeastern portion of the State. The District boundaries encompass approximately 640,000 acres of land ranging from the San Joaquin Valley to the Sierra Nevada mountains.

AGENDA SUMMARY
April 4, 2016
Page 3

The Calaveras County Water District took action on March 21, 2016 to become an associate member (non-voting) of the Independent Cities Finance Authority.

C. RECOMMENDATION:

1. Approve the Calaveras County Water District as an associate member (non-voting) of ICFA; and
2. Authorize President McCormick and staff to execute any and all necessary documents relating thereto.

B. APPROVAL/ADOPTION OF RESOLUTION NO. 2016-1 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A JOINT EXERCISE OF POWERS AGREEMENT NECESSARY FOR THE CREATION OF A CCWD PUBLIC FINANCING AUTHORITY).

A. MATERIAL ENCLOSED: **(PAGES 9-24)**

1. Resolution No. 2016-1 (A Resolution Of The Board Of Directors/Executive Committee Of The Independent Cities Finance Authority Authorizing And Directing The Execution And Delivery Of A Joint Exercise Of Powers Agreement Necessary For The Creation Of A CCWD Public Financing Authority. (Pages 9-11)
2. Joint Exercise Of Powers Agreement By And Between Calaveras County Water District And Independent Cities Finance Authority Creating The CCWD Public Financing Authority. (Pages 12-24)

B. COMMENTS:

BACKGROUND/SUMMARY:

On April 22, 2015 the Calaveras County Water District (District) adopted Resolution No. 2015-12, Authorizing and Providing for the Incurrence of Indebtedness for the Purpose of Providing for a portion of the Cost of Acquiring, Construction, Enlarging, Improving and/or Extending its Ebbetts Pass Reach 3A Domestic Water Pipeline Replacement Project, CCWD #11078 (the "Project").

The financing for the Project will come from a combination grant and loan from the United States Department of Agriculture (USDA), including a not-to-exceed \$2,622,000 loan component and a \$1,378,000 grant component, with the balance (approx. \$1million) coming from the District.

AGENDA SUMMARY

April 4, 2016

Page 4

During the course of establishing a legal structure for the Project financing, it has been determined that the utilization of a joint exercise of powers agency (or "JPA") will provide enhanced savings over other legal structures available to the District, and will therefore be most economically beneficial to the District and its constituents, both now and in the future.

California public agencies commonly create third-party entities to facilitate financing transactions for those circumstances when they do not have the legal authority to issue revenue bonds themselves. The District must currently use a nonprofit corporation (the "Corporation") for this purpose. In these transactions, which typically involve the use of Certificates of Participation ("COPs"), the District enters into a lease or installment sale agreement with the Corporation, and the Corporation assigns its right to receive the lease or installment sale payments to a trustee for the COPs; the COPs are sold to investors.

Unfortunately, there is a general prevailing misperception that all COPs are backed by general funds, and, as a result, in the current economic environment in which local agencies' general funds are more and more challenged, investors charge an interest rate premium (of approximately one quarter of one percent) to purchase COPs, even when the COPs are secured by revenues of a water or wastewater enterprise rather than by an agency's general fund. Conversely, revenue bonds are perceived by investors as being a superior credit to COPs, even when all else is equal (i.e., the stigma of the COP name alone gives rise to the premium charged by investors).

California law (Government Code Section 6500 et seq.) allows two or more local agencies to create a JPA, which is a legal entity, separate from the parties to the agreement. JPA's have the statutory authority to issue revenue bonds, rather than COPs. District staff has researched various potential agencies that might be willing to create a District-controlled JPA, and has determined that the Independent Cities Finance Authority ("ICFA") provides the best available option at this time.

ICFA staff is recommending that the Board work with the District to create a new JPA that will be controlled solely by the Board of Directors of the District, which the new JPA will be called the "CCWD Public Financing Authority" (the "CCWDPFA").

In order for the ICFA to have the authority to enter into an agreement with the District for the formation of the CCWDPFA, it is first necessary for the District to become an associate member of the ICFA. As noted in Item A above, the District took action on March 6th to become an associate member of ICFA.

AGENDA SUMMARY

April 4, 2016

Page 5

The new CCWDPFA will be governed by a five-member Board which will consist of each of the Board of Directors of the District. The officers of the new CCWDPFA will be staff members of the District. Attached is the form of the proposed Joint Exercise of Powers Agreement (the "JPA Agreement") creating the new CCWDPFA. The JPA Agreement expressly provides that the CCWDPFA will be a public entity separate and apart from the parties to the JPA Agreement and that the debts, liabilities and obligations of the CCWDPFA will not be the debts, liabilities or obligations of either the District or ICFA.

Once the JPA and ICFA agreements are executed, the CCWD Public Financing Authority will hold its first meeting, tentatively scheduled for March 23, 2016. At this meeting the CCWD Public Financing Authority will establish its operational status, including appointment of officers, and in conjunction with the CCWD Board of Directors, adopt the bond documents for the USDA Ebbetts Pass Reach 3a Pipeline Replacement Project loan.

The District has agreed to pay ICFA a one-time transaction fee of \$12,500, which is inclusive of ICFA staff and legal costs. Any other costs would be related to staff time spent on administrative tasks associated with the formation process.

C. RECOMMENDATION:

1. Approve/adopt Resolution No. 2016-1 authorizing and directing the execution of a Joint Exercise Of Powers Agreement necessary for the creation of the CCWD Public Financing Authority; and
2. Authorize General Legal Counsel to work with respective parties to finalize necessary documents; and
3. Authorize President McCormick and staff to execute to execute any and all necessary documents relating thereto.

RESOLUTION NO. 2016 - 1

A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A JOINT EXERCISE OF POWERS AGREEMENT NECESSARY FOR THE CREATION OF THE CCWD PUBLIC FINANCING AUTHORITY

WHEREAS, the Independent Cities Finance Authority (ICFA) is a joint powers authority duly organized and validly existing under the Constitution and the laws of the State of California; and

WHEREAS, the ICFA, upon authorization of the Board of Directors (the "Board"), may, pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law"), enter into joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them or conferred to them by the JPA Law; and

WHEREAS, the ICFA and the Calaveras County Water District (the "District") intend to enter into a joint exercise of powers agreement pursuant to the JPA Law (the "JPA Agreement") pursuant to which the CCWD Public Financing Authority (the "Authority") will be created to, among other things, make loans and purchase and sell bonds of local agencies, at public or private sale as authorized by the Marks-Roos Local Bond Pooling Act of 1985 constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Pooling Act"); and

WHEREAS, under California law and the JPA Agreement, the Authority will be a public entity separate and apart from the parties to the JPA Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the District or the ICFA or any representative of either the District or the ICFA serving on the governing body of the Authority; and

WHEREAS, this Board proposes to authorize the execution of the above-referenced JPA Agreement, in substantially the form presented to this Board; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY THAT:

SECTION 1. Declaration of Board. This Board hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the ICFA, and that

the statements, findings and determinations of the ICFA set forth in the preambles above and of the documents approved herein are true and correct.

SECTION 2. JPA Agreement. The form of JPA Agreement, presented to this meeting and on file with the Clerk to the Board (the “Board Clerk”) is hereby approved. The President, Vice-President, Executive Director (each, an “Authorized Officer”) are each hereby authorized and directed, on behalf of the ICFA, to execute the final JPA Agreement, substantially in the approved form, with such changes as the Authorized Officer executing such document may, with the concurrence of the General Counsel of the ICFA, require or approve, with such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Purpose of the JPA Agreement. The purpose of the JPA Agreement and the creation of the Authority is for the District and the ICFA, through the Authority, to jointly exercise the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain obligations issued by members of the Authority, or (ii) make loans, secured or unsecured, to local agencies, or (iii) sell, at public or negotiated sale, obligations, or (iv) issue and sell, at public or negotiated sale, bonds secured in whole or in part by such obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers in order to fulfill the purposes of the JPA Agreement.

SECTION 4. Governing Board and Management. Pursuant to the JPA Agreement, the members of the governing board of the JPA will be the same as the members of the District’s Board of Directors. Further, the executive officers of the JPA will be appointed by the District and the District’s Director of Administrative Services will act as the Treasurer of the JPA and shall have the duties and obligations set forth in section 6505 and 6505.5 of the Act.

SECTION 5. Determination of Significant Public Benefits. The ICFA has determined and hereby declares that the creation of the Authority for the express purpose of providing a pool of funds from which the District may draw to finance and/or refinance local public capital improvements offers significant public benefits in that there will be both (i) demonstrable savings in effective interest rates, bond preparation costs, bond underwriting, and other bond issuance costs by having the Authority purchase the District’s obligations rather than selling them to the public by some other means, and (ii) more efficient delivery of services to residential and commercial development within the District.

SECTION 6. Attestation and Seal. The Board Clerk is hereby authorized and directed to attest the signature of the authorized signatory, and to affix and attest the seal of the ICFA, as may be required or appropriate in connection with the execution and delivery of the JPA Agreement.

SECTION 7. Further Actions. The President, Vice-President, Executive Director, Board Clerk and any other ICFA officer or official is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this resolution and the JPA Agreement. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

SECTION 8. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED this ____ day of April, 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

INDEPENDENT CITIES FINANCE AUTHORITY

W. Michael McCormick, President
Board of Directors

ATTEST:

Deborah J. Smith
Secretary/Executive Director

JOINT EXERCISE OF POWERS AGREEMENT

by and between

CALAVERAS COUNTY WATER DISTRICT

and

INDEPENDENT CITIES FINANCE AUTHORITY

creating the

CCWD PUBLIC FINANCING AUTHORITY

March 9, 2016

TABLE OF CONTENTS

Section 1. Definitions 1
Section 2. Purpose..... 2
Section 3. Term..... 2
Section 4. The Authority..... 2
Section 5. Powers 6
Section 6. Termination of Powers 7
Section 7. Fiscal Year 7
Section 8. Disposition of Assets..... 7
Section 9. Contributions and Advances 7
Section 10. Bonds 7
Section 11. Agreement not Exclusive 8
Section 12. Accounts and Reports..... 8
Section 14. Conflict of Interest Code 9
Section 15. Breach..... 9
Section 16. Notices 9
Section 17. Withdrawal 9
Section 18. Effectiveness..... 9
Section 19. Severability..... 9
Section 20. Successors; Assignment..... 9
Section 21. Amendment of Agreement..... 9
Section 22. Form of Approvals..... 9
Section 23. Waiver of Personal Liability 10
Section 24. Notices 10
Section 25. Section Headings 10
Section 26. Miscellaneous 10

JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT, dated March , 2016, by and between the CALAVERAS COUNTY WATER DISTRICT, a county water district duly organized and existing under and pursuant to the laws of the State of California (the "District"), and the INDEPENDENT CITIES FINANCE AUTHORITY, a joint exercise of powers authority duly organized and existing under and pursuant to the laws of the State of California ("ICFA").

DECLARATION OF PURPOSE

A. Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act") authorizes the District and ICFA to create a joint exercise of powers entity which has the power to exercise any powers common to the District and ICFA and to exercise additional powers granted to it under the Act. This Agreement creates such an agency, which shall be known as the CCWD Public Financing Authority (the "Authority") for the purposes and to exercise the powers described herein.

B. The District is authorized to buy, sell, lease and use property and to incur indebtedness for public purposes pursuant to the California Government Code and other laws of the State of California.

C. ICFA is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to the Act and a Joint Exercise of Powers Agreement Relating to the Independent Cities Finance Authority, dated as of January 1, 2004, as amended, by and among the cities, counties, districts and other political subdivisions that are parties to that agreement.

D. Article 4 of the Act (known as the "Marks-Roos Local Bond Pooling Act of 1985") authorizes and empowers the Authority to issue bonds and to purchase bonds issued by, or to make loans to, the District or ICFA for financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the District or ICFA. The Marks-Roos Local Bond Pooling Act of 1985 further authorizes and empowers the Authority to sell bonds so issued or purchased to public or private purchasers at public or negotiated sale.

TERMS OF AGREEMENT

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

"*Act*" shall mean Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended.

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

"*Authority*" shall mean the CCWD Public Financing Authority created by this Agreement.

"*Board*" or "Board of Directors" shall mean the governing board of the Authority.

“*Bonds*” shall mean bonds and any other evidence of indebtedness of the Authority authorized and issued pursuant to the Act.

“*Brown Act*” shall mean the Ralph M. Brown Act, being Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code, as amended from time to time.

“*ICFA*” shall mean Independent Cities Finance Authority, a joint exercise of powers authority, duly organized and existing under and by virtue of the laws of the State.

“*District*” shall mean the Calaveras County Water District, a county water district duly organized and existing under and pursuant to the laws of the State.

“*Indenture*” shall mean each indenture, trust agreement or other such instrument pursuant to which Bonds are issued.

“*Member*” or “*Members*” shall mean the District and/or ICFA, as appropriate.

“*State*” shall mean 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 District and to finance working capital for the District by exercising the powers referred to in this agreement.

Section 3. Term. This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated by a supplemental agreement of ICFA and the District or upon one hundred eighty (180) days written notice by ICFA or the District; *provided, however*, that in no event shall the termination of this Agreement become effective while any Bonds or other obligations of the Authority that were entered into prior to the date of the notice of termination remain outstanding under the terms of any indenture, trust agreement, contract, agreement, lease, sublease or other instrument pursuant to which such Bonds are issued or other obligations are incurred.

Section 4. The Authority.

(a) *Creation of the Authority*. There is hereby created pursuant to the Act an authority and public entity to be known as the “CCWD Public Financing Authority.” As provided in the Act, the Authority shall be a public entity separate from the District and ICFA. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of either the District or ICFA.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement or amendment to be prepared and filed with the office of the Secretary of State of the State in the manner set forth in sections 6503.5 of the Act. Such notice shall also be filed with the office of the Finance Director of the State.

(b) *Governing Board*. The Authority shall be administered by the Board which shall consist of the five members of the Board of Directors of the District. 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 District; and the successor to such officer or director of the District shall become a member of the Board, upon assuming such office.

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

(c) Meetings of Board.

(1) Time and Place. The Board shall conduct regular meetings on the same date, at the same time and at the same location as the regular meetings of the Board of Directors of the District. Such regular meetings may occur either during or after the regular meetings of the Board of Directors of the District, but may not commence earlier than the starting time for the regular meetings of the Board of Directors of the District. If the Secretary does not post an agenda for a regular meeting pursuant to the Brown Act, then such failure to post shall be deemed to be a determination by the Chair that no items required discussion and, therefore, that the regular meeting for the Authority has been cancelled, except as otherwise provided in the Brown Act. At all times, each regular meeting of the Authority shall take place pursuant to a 72 hour notice and agenda requirement or as otherwise provided by the Brown Act.

The Board may hold special meetings at any time and from time to time in accordance with the Brown Act. A special meeting may be called at any time by the Secretary of the Authority or the Executive Director of the Authority by delivering written notice to each Board 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 Authority a written waiver of notice. Such waiver may be given by electronic mail or telecopy. Such written notice may also be dispensed with as to any member who is actually present at the meeting.

Nothing contained in this Agreement 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.

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

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 Authority 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 recontinued 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.

The Chair, Executive Director 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.

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.

(2) Legal Notice. All regular and special meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Brown Act.

(3) Minutes. The Secretary of the Authority 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 District and ICFA.

(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 Authority shall be the Chair, the Vice Chair, the Executive Director, the Treasurer, and the Secretary. Such officers may be directors or officers of the District serving ex officio.

(A) Chair. The Chair of the Authority shall be the Board member who is the President of the Board of Directors of the District. The term of office shall be the same as the term of the President of the Board of Directors of the District. The Chair shall preside at all meetings of the Authority, 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 Authority. The Vice President of the Board of Directors of the District shall perform the duties of the Chair of the Authority in the absence or incapacity of the Chair of the Authority.

(B) Vice Chair. The Vice Chair shall be the Board member who is the Vice President of the Board of Directors of the District. The term of office shall be the same as the term of the Vice President of the Board of Directors of the District. The Vice Chair shall perform the duties of the Chair in the absence or incapacity of the Chair. In case of the resignation or death of the Chair, the Vice Chair shall perform such duties as are imposed on the Chair, until such time as a new Chair is selected or appointed.

(C) Executive Director. The General Manager of the District is hereby designated as the Executive Director of the Authority. The Executive Director shall perform such functions as are customary in the exercise of such a position, and as may be more specifically provided by the Board from time to time. The Executive Director shall have charge of the day-to-day administration of the Authority and shall execute the directives of the Board. The Executive Director shall sign all contracts on behalf of the Authority, except as may otherwise be provided by resolution of the Board.

(D) Treasurer. The Director of Administrative Services of the District is hereby designated as the Treasurer of the Authority. The Treasurer shall be the depository of the Authority, and, as such, shall have the duties and obligations set forth in section 6505 and 6505.5 of the Act and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. Pursuant to section 6505.1 of the Act, the Treasurer shall have charge of, handle and have access to all accounts, funds, and money of the Authority and all records of the Authority relating thereto. So long as required by section 6505 and section 6505.5 of the Act, the Treasurer of the Authority 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 District and ICFA which report shall describe the amount of money held by the Treasurer of the Authority 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).

(E) Secretary. The Clerk to the Board of Directors of the District is hereby designated as the Secretary of the Authority. The Secretary shall keep the records of the Authority, shall act as Secretary at the meetings of the Authority and record all votes, and shall keep a record of the proceedings of the Authority in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to the office.

(F) General Counsel. The Board shall appoint an attorney who may also represent the District, the Authority, or both, to act as the legal advisor of the Authority; such attorney shall perform such duties as may be prescribed by the Board. In the absence of any such appointment, the general counsel of the District shall act as general counsel to the Authority. The Board may retain other legal counsel from time to time in its discretion.

(2) The services of the officers shall be without compensation by the Authority. The District will provide such other administrative services as required by the Authority, and shall not receive economic remuneration from the Authority for the provision of such services; provided, however, that should ICFA be requested or required to provide assistance, information, or services relating to matters emanating from this Agreement, ICFA shall have the right to reasonable reimbursement for such time and/or services.

(3) The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

(4) All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, worker's compensation and other benefits which apply to the activities of officers, agents or employees of the Members when performing their respective functions within the territorial limits of their respective Member, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of this Agreement.

(5) None of the officers, agents or employees, if any, directly employed by the Authority shall be deemed, by reason of their employment by the Authority, to be employed by any Member or, by reason of their employment by the Authority, to be subject to any of the requirements of any Member.

(6) The Members hereby confirm their intent and agree that, as provided in Section 4(A) hereof and in the Act, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the District or ICFA, and they do not intend by the following sentence to impair this provision. Notwithstanding Section 4(A) hereof and the Act, the District and the Authority shall indemnify, defend and hold harmless ICFA and each of ICFA's officers, directors, employees, attorneys and agents from and against any and all costs, expenses, losses, claims, damages and liabilities directly or indirectly arising out of or in connection with the activities of the Authority, including but not limited to any transaction or series of transactions undertaken by or for the benefit of the District. ICFA may elect to defend itself in any such action with counsel of its choice, the reasonable fees of such counsel to be paid by the District. The Authority and the District shall be jointly and severally liable for any indemnity obligation owed to ICFA or any other indemnified party under this paragraph. Notwithstanding the provisions of section 895.6 of the Government Code of the State, the District shall not have any right to contribution from ICFA.

(7) In any event, the Authority or the District shall cause all records regarding the Authority's formation, existence, operations, any Bonds issued by the Authority, obligations incurred by it and proceedings pertaining to its termination to be retained for at least six (6) years following termination of the Authority or final payment of any Bonds issued by the Authority, whichever is later.

Section 5. Powers. The Authority shall have any and all powers which are common powers of the District and ICFA, and the powers separately conferred by law upon the Authority. All such powers, whether common to the parties hereto or separately conferred by law upon the Authority, are specified as powers of the Authority except any such powers which are specifically prohibited to the Authority by applicable law. The Authority's exercise of its powers is subject to the restrictions upon the manner of exercising the powers of the District.

The Authority 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 Authority 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 Authority 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 Authority 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, 2016.

Section 8. Disposition of Assets. Upon termination of this Agreement pursuant to Section 3 hereof, any surplus money in possession of the Authority or on deposit in any fund or account of the Authority 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 Authority for the purpose of concluding and dissolving the business affairs of the Authority. After rescission or termination of this Agreement pursuant to Section 3 hereof, all property of the Authority, both real and personal, shall be distributed to the District, 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 Authority by the District and ICFA 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 District or ICFA, as the case may be, and the Authority at the time of making such advance as provided by section 6512.1 of the Act. It is mutually understood and agreed that neither the District nor ICFA has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either may do so. The District or ICFA may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Authority.

Section 10. Bonds.

(a) *Authority to Issue Bonds.* When authorized by the Act or other applicable provisions of law and by resolution of the Board, the Authority may issue Bonds for the purpose of raising funds for the exercise of any of its powers or to otherwise carry out its purposes under this Agreement. Said Bonds shall have such terms and conditions as are authorized by the Board. Notwithstanding the foregoing, the Authority shall not incur any form of indebtedness for the repayment of money borrowed, including (but not limited to) bonds, debentures, notes, loans, leases, installment purchase agreements or other securities, without the prior written approval of the ICFA, which approval shall not be unreasonably withheld or delayed.

(b) *Bonds Limited Obligations.* The Bonds, including the principal and any purchase price thereof, and the interest and premium, if any, thereon, shall be special obligations of the Authority payable solely from, and secured solely by, the revenues, funds and other assets pledged therefor under the applicable Indenture(s) and shall not constitute a charge against the general credit of the Authority. The Bonds shall not be secured by a legal or equitable pledge of, or lien or charge upon or security interest in, any property of the Authority or any of its income or receipts except the property, income and receipts pledged therefor under the applicable Indenture(s). The Bonds shall not constitute a debt, liability or obligation of the State or any public agency thereof, including

ICFA and the District, other than the special obligation of the Authority as described above. Neither the faith and credit nor the taxing power of the State or any public agency thereof, including ICFA and the District, shall be pledged to the payment of the principal or purchase price of, or the premium, if any, or interest on the Bonds nor shall the State or any public agency or instrumentality thereof, including ICFA and the District, in any manner be obligated to make any appropriation for such payment. The Authority shall have no taxing power.

No covenant or agreement contained in any Bond or Indenture shall be deemed to be a covenant or agreement of any director, officer, agent or employee of the Authority, the District or ICFA, in his or her individual capacity and no director or officer of the Authority executing a Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance of such Bond.

Section 11. Agreement not Exclusive. This Agreement shall not be exclusive and shall not be deemed to amend or alter the terms of other agreements between the District and ICFA, except as the terms of this Agreement shall conflict therewith, in which case the terms of this Agreement shall prevail.

Section 12. Accounts and Reports. All funds of the Authority shall be strictly accounted for in books of account and financial records maintained by the Authority, including a report of all receipts and disbursements. The Authority shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles and by each Indenture for outstanding Bonds (to the extent such duties are not assigned to a trustee for owners of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by the District and ICFA and their representatives.

The Authority 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 12.

(a) *Audits*. The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority 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 12, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

(b) *Audit Reports*. The Treasurer of the Authority, 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 A of this Section 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 Authority 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 Authority hereby adopts the conflict of interest code of the District as the conflict of interest code governing the Authority.

Section 15. Breach. If default shall be made by the District or ICFA in any covenant contained in this Agreement, such default shall not excuse either the District or ICFA from fulfilling its obligations under this Agreement and the District and ICFA shall continue to be liable for the performance of all conditions herein contained. The District and ICFA hereby declare that this Agreement is entered into for the benefit of the Authority created hereby and the District and ICFA hereby grant to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

Section 16. Notices. Notices and other communications hereunder to the parties shall be sufficient if delivered to the clerk or secretary of the governing body of each party.

Section 17. Withdrawal. Neither ICFA nor the District may withdraw from this Agreement prior to the end of the term of this Agreement determined in accordance with Section 3.

Section 18. Effectiveness. This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of ICFA and the District when each party has executed a counterpart of this Agreement.

Section 19. Severability. Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

Section 20. Successors; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither party may assign any right or obligation hereunder without the consent of the other.

Section 21. Amendment of Agreement. This Agreement may be amended by supplemental agreement executed by the Members at any time; provided, however, that this Agreement may be terminated only in accordance with Section 3 hereof and, provided further, that such supplemental agreement shall be subject to any restrictions contained in any Bonds or documents related to any Bonds to which the Authority is a party.

Section 22. Form of Approvals. Whenever an approval is required in this Agreement, unless the context specifies otherwise, it shall be given, in the case of ICFA, by resolution duly adopted by the board of directors of ICFA, and, in the case of the District, by resolution duly adopted by the governing board of the District, and, in the case of the Authority, by resolution duly adopted by the Board. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 23. Waiver of Personal Liability. No member, officer or employee of the Authority, the District or ICFA 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 Authority or the actions undertaken pursuant to this Agreement, and the District 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 Authority 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 Authority of any person who is or was a member of the Board, or an officer, employee or other agent of the Authority, 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 Authority, 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 Authority to the extent permitted by law.

Section 24. Notices. Notices to the District hereunder shall be sufficient if delivered to the General Manager of the District, and notices to ICFA hereunder shall be sufficient if delivered to the financial advisor of ICFA at PO Box 6740, Lancaster, CA 93539-6740; Attention: Executive Director.

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 Authority 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 ICFA or the District, such action may be exercised through the officers, staff or employees of ICFA or the District, as the case may be, in the manner provided by law.

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

This Agreement is the complete and exclusive statement of the agreement among the parties with respect to the subject matter hereof, which supersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between the parties relating to the subject matter of this Agreement.

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

CALAVERAS COUNTY WATER DISTRICT

By _____
General Manager

Attest:

Clerk to the Board

INDEPENDENT CITIES FINANCE AUTHORITY

By: _____
Executive Director

C. STATUS REPORT/UPDATE ON THE ICFA MARKET RATE LEASE PURCHASE HOMEOWNERSHIP INITIATIVE PROGRAM.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

A verbal report will be provided at the meeting.

C. RECOMMENDATION:

Receive and file.

VI. COMMENTS FROM BOARD MEMBERS.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

VII. MATTERS FROM STAFF.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

VIII. ADJOURNMENT.