

**BOARD MEETING AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
PUBLIC FINANCING AUTHORITY
September 22, 2026 beginning at 6:30 PM**



**DISTRICT ADMINISTRATIVE OFFICE
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

**PHONE CALL IN: 669-444-9171
PHONE MEETING ID: 814 3141 5720**

COMPUTER AUDIO/LIVE MEETING PRESENTATIONS: <https://chwd-org.zoom.us/j/81431415720>

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Members of the public may attend the meeting in person at the District headquarters or remotely through the phone number and link above.

Materials related to an agenda item for an open session of a regular meeting of the Citrus Heights Water District are posted on the Citrus Heights Water District website at www.chwd.org.

CALL TO ORDER:

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the Chief Board Clerk or Deputy Board Clerk.

ROLL CALL OF DIRECTORS:

VISITORS:

PUBLIC COMMENT:

The Public shall have the opportunity to directly address the Board on any item of interest to the public before or during the Board's consideration of that item pursuant to Government Code Section 54954.3. Public comment on items of interest within the jurisdiction of the Board is welcome. The Presiding Officer will limit comments to three (3) minutes per speaker.

(A) Action Item

(D) Discussion Item

(I) Information Item

CONSENT CALENDAR: (I/A)

All items under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff request a specific item be removed for separate discussion/action before the motion to approve the Consent Calendar.

CC-1. Consideration to Approve the Bylaws of the Citrus Heights Water District Public Financing Authority (A)

Recommendation:

Approve the Citrus Heights Water District Public Financing Authority Bylaws to establish the governance and operational framework for the Authority.

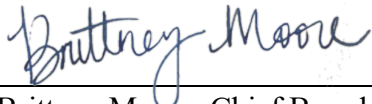
DIRECTOR'S AND REPRESENTATIVE'S REPORTS (I):

D-1. Other Reports

ADJOURNMENT:

CERTIFICATION:

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District Public Financing Authority was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610, at least 72 hours prior to the regular meeting in accordance with Government Code Section 54956.



Brittney Moore, Chief Board Clerk

Dated: September 19, 2026

CITRUS HEIGHTS WATER DISTRICT PUBLIC FINANCING AUTHORITY

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS
SEPTEMBER 22, 2026 REGULAR MEETING

Subject:	Consider Approval of Citrus Heights Water District Public Financing Authority Bylaws
Status:	Action Item
Report Date:	September 22, 2026
Prepared By:	Annie Liu, Director of Administrative Services

OBJECTIVE:

Consider approval of the Citrus Heights Water District Public Financing Authority Bylaws.

BACKGROUND AND ANALYSIS:

At its May 26, 2026 meeting, the Citrus Heights Water District (CHWD or District) Board of Directors authorized the creation of the Citrus Heights Water District Public Financing Authority (Authority), a joint powers authority (JPA) formed in partnership with the California Statewide Communities Development Authority (CSCDA). The Authority was established to provide a financing mechanism for public capital improvements that benefit the District and the community.

On June 4, 2026, the CSCDA Board of Directors authorized the formation of the JPA with the District and approved the form of the Joint Exercise of Powers Agreement (Agreement). The Agreement creating the Citrus Heights Water District Public Financing Authority was fully executed by CSCDA and CHWD, effective June 1, 2026.

Following formation of the Authority, the Authority Board of Directors must consider the adoption of bylaws governing its operations. The proposed Bylaws establish the governance framework for the Authority, including Board procedures, officer responsibilities, and regular meeting dates.

Approval of the Bylaws will establish the administrative and procedural framework necessary for the Authority to conduct its business.

RECOMMENDATION:

Approve Resolution No. 01-2026 of the Citrus Heights Water District Public Financing Authority approving the Bylaws to establish the governance and operational framework for the Authority.

ATTACHMENTS:

1. Resolution No.01-2026 of the Board of Directors of the Citrus Heights Water District Public Financing Authority Approving and Adopting Bylaws, Establishing Regular Meeting Dates and Authorizing Certain Other Actions in Connection Thereof
2. Fully Executed Joint Exercise of Powers Agreement Creating Citrus Heights Water District Public Financing Authority

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

ATTACHMENT 1

Resolution No. 01-2026 of the Citrus Heights Water
District Public Financing Authority approving the
Bylaws to establish the governance and operational
framework for the Authority

RESOLUTION NO. 01-2026

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITRUS HEIGHTS WATER DISTRICT PUBLIC FINANCING AUTHORITY APPROVING AND ADOPTING BYLAWS, ESTABLISHING REGULAR MEETING DATES AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Directors (the “Board”) of the Citrus Heights Water District Public Financing Authority (the “Authority”) plans to issue water revenue bonds (the “Obligations”) to fund the improvements to the Citrus Heights Water District’s (the “Water District”) water system (the “Project”); and

WHEREAS, the Authority was formed pursuant to the provisions of 6500 of the California Government Code (the “Act”); and

WHEREAS, pursuant to the Act the Authority may from time to time make Bylaws to carry into effect its powers and purposes; and

WHEREAS, the Authority must appoint officers to act on behalf of the Authority; and

WHEREAS, the Authority has reviewed the Bylaws, which provides for the appointment of officers, for the Authority, substantially in the form attached hereto as Exhibit A; and

WHEREAS, the Joint Powers Agreement provides that regular meetings of the Board of Directors of the Authority (the “Board of Directors”) shall be held at such time as the Board of Directors of the Water District which may be fixed by resolution from time to time and special meetings shall be held whenever called by the Chairperson of the Board of Directors, the Executive Director of the Authority, or by a majority of the members of the Board of Directors; and

WHEREAS, Government Code Section 6592.1 requires resolutions authorizing bonds or any issuance of bonds or accepting the benefit of any bonds or the proceeds of bonds be adopted by a joint powers authority at a regular meeting held pursuant to Government Code Section 54954.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Citrus Heights Water District Public Financing Authority as follows:

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.
2. Approval of Bylaws. The Authority hereby approves and adopts the Bylaws, substantially in the form attached hereto, marked “Exhibit A,” with such revisions, amendments and completions as shall be approved by the Executive Director or the Treasurer of the Authority (each a “Responsible Officer”) with the advice of counsel to the Authority.
3. Establishment of Regular Meeting Dates. Regular meetings of the Board shall be held twice a year on the fourth Tuesday of March and September at the same time and same

location as regular scheduled meetings of the Board of Directors of the Water District, and noticed in the same manner, provided, however, that if an agenda (containing a brief general description of each item of business to be transacted or discussed) for any such regular meeting of the Board of Directors is not posted at least 72 hours before any such regular meeting, such regular meeting shall be deemed cancelled. If any day so fixed for a regular meeting shall fall upon a legal holiday, then such regular meeting shall be held upon the next succeeding business day at the same hour.

4. Appointment of Officers. The officers of the Authority are hereby appointed as follows:

The Chairperson shall be the President of the Water District,

The Vice-Chairperson shall be the Vice-President of the Water District,

The Executive Director shall be the General Manager of the Water District,

The Treasurer shall be the Director of Administrative Services of the Water District, and

The Secretary shall be the Clerk of the Board for the Water District.

5. Other Acts. Each Responsible Officer of the Authority and each officer of the Authority is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

6. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED September 22, 2026 by the Board of Directors of the Citrus Heights Water District Public Financing Authority by the following vote:

AYES: Directors:
NOES: Directors:
ABSTAIN: Directors:
ABSENT: Directors:

SEAL

Caryl F. Sheehan, Chairperson
Board of Directors
Citrus Heights Water District Public
Financing Authority

ATTEST:

Brittney C. Moore, Secretary

EXHIBIT A
BYLAWS

**BYLAWS
OF
CITRUS HEIGHTS WATER DISTRICT PUBLIC FINANCING AUTHORITY**

ARTICLE I

Definitions

In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized, shall have the meanings specified:

(a) Agreement shall mean the Joint Exercise of Powers Agreement creating Citrus Heights Water District Public Financing Authority, dated as of June 1, 2026, by and among the Water District and CSCDA.

(b) Authority, Board, Member and Joint Powers Law shall have the respective meanings set forth in the Agreement.

(c) CSCDA shall mean the California Statewide Communities Development Authority.

(d) State shall mean the State of California.

(e) Water District shall mean the Citrus Heights Water District.

ARTICLE II

Offices

Section 1. Principal Office. The principal office of the Authority shall be located at 6230 Sylvan Road, Citrus Heights, California 95610.

ARTICLE III

Board

Section 1. Powers. Subject to the limitations of the Agreement, the terms of these Bylaws, and the laws of the State of California, the powers of this Authority shall be vested in and exercised by and its property controlled and its affairs conducted by the Board of the Authority.

Section 2. Number. The Board shall have three (3) Directors and shall be the members of the Board of Directors of the Water District. Each Director shall hold office for a term corresponding to the term of office on the Water District. Notwithstanding anything contained in this section to the contrary, no member of the Board shall hold membership on the Board after the expiration of his or her term as a member of the Water

District, or after he or she resigns, or for any other reason, no longer serves on the Water District.

Section 3. Compensation. Directors shall serve without compensation, but each Director may be reimbursed his or her necessary and actual expenses, including travel incidentals to his or her services as Director, pursuant to resolution of the Board. Any Director may elect, however, to decline said reimbursement.

Section 4. Regular Meetings. Regular meetings of the Board shall be held twice a year on the fourth Tuesday of March and September at the same time as regular scheduled times of the Board of Directors of the Water District, however, the Board may fix by resolution from time to time, and if any day so fixed shall fall upon a legal holiday, then, upon the next succeeding business day at the same hour.

Section 5. Special Meetings. Special meetings of the Board shall be held whenever called by the President, any Vice-President, or by a majority of the Board.

Section 6. Public Meetings; Notice of Meetings. All proceedings of the Board shall be subject to the provisions of the Ralph M. Brown Act, constituting Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code, and notice of the meetings of the Authority shall be given in accordance with such Act.

Section 7. Quorum. A quorum shall consist of a majority of the members of the Board unless a greater number is expressly required by statute, by the Agreement, or by these Bylaws. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present, shall be the act of the Board.

Section 8. Order of Business. The order of business at the regular meeting of the Board and, so far as possible, at all other meetings of the Board, shall be essentially as follows, except as otherwise determined by the Directors at such meeting:

- (a) Roll call of Officers Report on the number of Directors present in order to determine the existence of a quorum.
- (b) Approval of minutes of previous meetings of the Board and the taking of action with respect to approval thereof.
- (c) Public comment.
- (d) Presentation and consideration of reports of officers and committees.
- (e) Unfinished business.
- (f) New business.
- (g) Adjournment.

Section 9. Non-liability for Debts. The private property of the Directors shall be exempt from execution or other liability for any debts, liabilities or obligations of the Authority and no Director shall be liable or responsible for any debts, liabilities or obligations of the Authority.

Section 10. Indemnity by Authority for Litigation Expenses of Officer, Director or Employee. Should any Director, officer or employee of the Authority be sued, either alone or with others, because they are or were a director, officer or employee of the Authority, in any proceeding arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the Authority or by the Authority, indemnity for his reasonable expenses, including attorneys' fees incurred in the defense of the proceedings, may be assessed against the Authority or its receiver by the court in the same or a separate proceeding if the person sued acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The amount of such indemnity shall equal the amount of the expenses, including attorneys' fees, incurred in the defense of the proceeding.

ARTICLE IV

Officers

Section 1. Appointment of Officers. The appointment of officers shall be as set forth in Section 4.01 of the Agreement.

Section 2. Term of Office and Qualification. Each officer elected or appointed pursuant to Section 1 of this Article IV shall hold office until such time as such officer ceases (in the case of the Chairperson or Vice Chairperson) to be a member of the Board, resigns or is removed from such office in accordance with the provisions of Article V of these Bylaws or is unable to perform the duties of such office.

Section 3. Official Bond. The Authority Treasurer, to the extent such officer's duties and responsibilities pursuant to the Joint Powers Law may require, is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond as required by Section 6505.1 of the Joint Powers Law in the amount of \$25,000.

Section 4. Compensation. The compensation of all officers of the Authority shall be as set forth in Section 3.03 of the Agreement.

Section 5. Subordinate Officers. The Board may elect or authorize the appointment of such other officers than those hereinabove mentioned as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws, or as the Board from time to time may authorize or determine.

ARTICLE V

Resignations

Section 1. Voluntary Resignation; Notice of Effectiveness. Any member of the Board or officer of the Authority may, subject to contrary provision in any applicable contract, resign at any time by giving written notice to the Board or to the Chairperson or to the Secretary of the Authority. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

Section 2. Involuntary Resignation; Request. The Board, in the exercise of its discretion, may request the resignation of any officer elected or appointed pursuant to Article IV of these Bylaws. Pursuant to such request, subject to contrary provisions in any applicable contracts, such officer shall resign by giving written notice to the Board. Any such resignation shall take effect at the time specified in such request. If such resignation is not received within 30 days, the Board may call a meeting at which a quorum is present and may vote to remove such officer.

ARTICLE VI

Vacancies Among Officers

If the office of any officer elected or appointed pursuant to Article IV of these Bylaws becomes vacant at any time by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, such vacancy may be filled at any time by the Board.

ARTICLE VII

Official Seal

The Authority may have an official seal which shall be circular in form, containing thereon the name of the Authority, and the words "Established June 1, 2026, California." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced in any manner whatsoever.

ARTICLE VIII

Amendments

These Bylaws may be modified, amended or repealed or new Bylaws may be adopted by the affirmative vote of a majority of the members of the Board at any regular or special meeting of the Board at which a quorum is present.

ARTICLE IX

Severability

Any adjudication that these Bylaws or any part thereof is invalid shall not affect the validity of the remainder of these Bylaws.

SECRETARY'S CERTIFICATE

The undersigned hereby certifies that she is the Secretary of the Citrus Heights Water District Public Financing Authority, a joint exercise of powers authority; that attached hereto is a true, correct and complete copy of the Bylaws of Citrus Heights Water District Public Financing Authority; and that said Bylaws are in full force and effect as of the date hereof.

Dated: September 22, 2026

Brittney Moore, Secretary
of the Citrus Heights Water District
Public Financing Authority

ATTACHMENT 2

Joint Exercise of Powers Agreement Creating Citrus
Heights Water District Public Financing Authority

JOINT EXERCISE OF POWERS AGREEMENT

CREATING

CITRUS HEIGHTS WATER DISTRICT PUBLIC FINANCING AUTHORITY

Dated as of June 1, 2026

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**JOINT EXERCISE OF POWERS AGREEMENT
CREATING THE CITRUS HEIGHTS WATER DISTRICT PUBLIC
FINANCING AUTHORITY**

THIS JOINT EXERCISE OF POWERS AGREEMENT (the “Agreement”), is made and entered into this June 1, 2026 by and among the Members (as defined herein);

W I T N E S S E T H:

WHEREAS, agencies formed under Article 1 (commencing with Section 6500) of the Joint Powers Law (as defined herein) are permitted to provide financing for any of their members or other local public agencies in the State of California in connection with the lease, acquisition, construction and improvement of public capital improvements, working capital requirements or insurance programs of such members or other local agencies; and

WHEREAS, the Members wish to form an agency under the Joint Powers Law, known as the Citrus Heights Water District Public Financing Authority, for the purpose of providing an entity to assist in providing financing, for purposes which are authorized by law and which could finance, lease, own, operate and maintain public capital improvements for any of its Members, or to be owned by any of its Members (as defined herein).

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Members do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized shall have the meanings specified.

“Agreement” means this Joint Exercise of Powers Agreement, as originally entered into or as amended from time to time in accordance with Section 8.05 hereof.

“Authority” means the Citrus Heights Water District Public Financing Authority established pursuant to Section 2.02 hereof.

“Board” means the Board referred to in Section 3.01 hereof, which shall be the governing body of the Authority.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of the Joint Powers Law (commencing with Section 6584), as amended from time to time, Article 2 of the Joint Powers Law (commencing with Section 6540), as amended from time to time, or any other law available for use by the Authority in the authorization and issuance of Indebtedness or to provide for the financing of Indebtedness and/or Public Capital Improvements, as amended from time to time.

“Bond Purchase Agreement” means an agreement between the Authority and a Member or a Local Agency, pursuant to which the Authority agrees to purchase Indebtedness from a Member or a Local Agency, as the case may be.

“CSCDA” means the California Statewide Communities Development Authority.

“District” means the Citrus Heights Water District.

“Fiscal Year” means the fiscal year of the Authority as established from time to time by the Board, being at the date of this Agreement the period from July 1 in any calendar year to and including June 30 in the succeeding calendar year.

“Indebtedness” means bonds, notes or other evidences of indebtedness, and all other obligations, instruments and agreements constituting “Bonds” under the Joint Powers Law, which are issued or incurred by or on behalf of the Authority, a Member or a Local Agency pursuant to the Bond Law or pursuant to any other provision of law to finance the lease, acquisition, construction or improvement of Public Capital Improvements, Working Capital Requirements, or liability or other insurance needs of any Local Agency (the “Local Obligations”).

“Joint Powers Law” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time.

“Liability Share” means, with respect to any Member, the amount of a judgment for damages divided by the number of Members at the time the act or omission occurred, unless any portion of the judgment arises from an act or omission directly related to the studying, planning, financing, developing, acquiring, purchasing, construction, reconstructing, implementing, improving, enlarging, enhancing, operating, maintaining, selling, disposing of, or decommissioning of any project undertaken by the Authority under this Agreement, in which case, with respect to such portion, the term “Liability Share” shall mean, with respect to any Member, the amount of such portion multiplied by a fraction equal to (i) such Member’s entitlement or right, if any, to participate in such project at the time the act or omission occurred, divided by (ii) the aggregate amount of all Members’ entitlements or rights to participate in such project at the time the act or omission occurred.

“Local Agency” means each of the Members, any agency or subdivision of a Member, and any other city, county, authority, district or public corporation of the State of California.

“Members” means, collectively, all of the Members that are parties to this Agreement, which Members shall initially consist of the CSCDA and the District and which shall include all additional Members that become parties hereto pursuant to the provisions of Section 7.02 hereof; provided, however, that the term “Member” shall not include any entity which shall have withdrawn or been excluded from the Authority pursuant to Section 7.03 hereof.

“Public Agency” has the meaning given to the term “public agency” in Article 1 of the Joint Powers Law, as may be amended from time to time.

“Public Capital Improvements” has the meaning given such term in Section 6585(n) of the Bond Law, as such provision may be amended from time to time.

“Working Capital Requirements” means the requirements of any Local Agency for funds to be used by, or on behalf of, such Local Agency for any purpose for which such Local Agency may borrow money pursuant to Section 53852 of the California Government Code, as amended from time to time.

ARTICLE II

GENERAL PROVISIONS

Section 2.01. Purpose. This Agreement is made pursuant to the Joint Powers Law providing for the joint exercise of powers common to two or more Members, and for other purposes as permitted under the Joint Powers Law and the Bond Law. The purpose of this Agreement is to provide for the financing or refinancing of Public Capital Improvements for and Working Capital Requirements and insurance programs of, the Members and any Local Agency, including without limitation, the purchase by the Authority of Indebtedness of any of the Members or a Local Agency pursuant to Bond Purchase Agreements, the lending of funds by the Authority to a Member or a Local Agency or the entering into of contractual arrangements by the Authority with a Member or a Local Agency and any other transaction authorized by the Joint Powers Law and other laws; engaging in financings relating to the encouragement of economic development and the stimulation of public revenues through the acquisition and financing by the Authority of such Public Capital Improvements; and to engage in any other transactions authorized by the Joint Powers Law and other laws.

Section 2.02. Creation of Authority. Pursuant to the Joint Powers Law, there is hereby created a public entity to be known as the “Citrus Heights Water District Public Financing Authority.” The Authority shall be a public entity separate and apart from the Members, and shall administer this Agreement.

ARTICLE III

BOARD

Section 3.01. Board. The Authority shall be governed by a Board, which shall be comprised of members determined as provided in this Section 3.01. The Board shall be called the “Board of the Citrus Heights Water District Public Financing Authority.” Notwithstanding anything contained in this Section 3.01 to the contrary, no member of the Board shall hold membership on the Board after the expiration of his or her term as a member of the governing body of a Member, or after he or she resigns, is removed or for any other reason no longer serves as a member of the governing body of a Member. The Board members shall be the members of the Board of Directors of the Water District.

Section 3.02. Powers. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by and its property controlled and its affairs conducted by the Board. The Board shall have the responsibility for the general management of the affairs, property and business of the Authority and may, from time to time, adopt and modify such Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper.

Section 3.03. Compensation. Members of the Board shall serve without compensation. Each such member may be reimbursed for necessary and actual expenses, including travel incident to his or her services as member of the Board, pursuant to resolution of the Board. Any member of the Board may elect, however, to decline said reimbursement.

Section 3.04. Meetings of the Board; Voting.

(a) *Call, Notice and Conduct of Meetings.* All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the Ralph M. Brown Act, being Sections 54950 et seq. of the California Government Code, as amended from time to time.

(b) *Regular Meetings.* The Board shall hold a regular meeting not less than once each calendar year. Regular meetings of the Board shall be held at such time as the Board may fix by resolution from time to time, and if any day so fixed shall fall upon a Saturday, Sunday or legal holiday, then, upon the next succeeding business day at the same hour.

(c) *Special Meetings.* Special meetings of the Board shall be held whenever called by the Chairperson of the Authority or by a majority of the members of the Board, in accordance with the provisions of the California Government Code, as amended from time to time.

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

(e) *Voting.* Each member of the Board shall have one vote. The affirmative votes of at least a majority of the members of the Board present at any meeting at which a quorum is present shall be required for the Board to take any action. Every act or decision done or made by a majority of the members of the Board present at any meeting at which a quorum is present shall be the act of the Board.

ARTICLE IV

OFFICERS AND EMPLOYEES

Section 4.01. Officers. The officers of the Authority shall be a Chairperson, a Vice Chairperson, an Executive Director, a Secretary, a Treasurer and such other officers as the Board may appoint. The Chairperson shall be the President of the Water District. The Vice Chairperson shall be the Vice President of the Water District. The Treasurer shall be the Director of Administrative Services of the Water District. The General Manager of the Water District shall serve as the Executive Director of the Authority. The Clerk of the Water District shall serve as the Secretary of the Authority.

Section 4.02. Subordinate Officers. The Board may elect or authorize the appointment of such other officers than those herein above mentioned as the business of the Authority may require,

each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Section 4.03. Removal of Officers. Any officer may be removed, either with or without cause, by a majority of the members of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any members of the Board until such time as a successor for said office has been appointed.

Section 4.04. Executive Director. The Executive Director shall be the chief executive officer of the Authority and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Authority. He or she shall be ex officio member of all standing committees, and shall have the general powers and duties of management of the Authority and shall have such other powers and duties as may be prescribed by the Board or this Agreement.

Section 4.05. Chairperson. The Chair shall sign all contracts on behalf of the Authority, or the Board may appoint in writing a designee to sign contracts on behalf of the Authority, and shall perform such other duties as may be imposed by the Board.

Section 4.06. Vice Chairperson. In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties of the Chairperson and when so acting shall have all the powers of and be subject to all of the restrictions upon the Chairperson. The Vice Chairperson shall have such other powers and perform such other duties as may, from time to time, be prescribed for him or her by the Board or this Agreement.

Section 4.07. Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Board may order, of all meetings of the Board, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board meetings and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Board. The Secretary shall keep the Authority records in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or this Agreement.

Section 4.08. Treasurer. Subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depositary of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law.

The Treasurer is hereby designated as controller of the Authority and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law. The controller of the Authority shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

Section 4.09. Officers in Charge of Records, Funds and Accounts. The Treasurer to the extent such officer's duties and responsibilities require, is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall

file an official bond as required by Section 6505.1 of the Joint Powers Law in the amount of \$25,000.

Section 4.10. Other Employees. The Board shall have the power to appoint and employ such other officers, employees, consultants and independent contractors as it may deem necessary for the purposes of this Agreement, any of whom may be employees of a Member, and who shall have such powers, duties and responsibilities as are determined by the Board.

All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of a public agency when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement.

None of the officers, agents, or employees directly employed by the Authority shall be deemed, by reason of their employment by the Authority to be employed by any of the Members or, by reason of their employment by the Authority, to be subject to any of the requirements of any of the Members.

Section 4.11. Conflict of Interest Code. The Conflict of Interest Code of the Water District shall serve as the Conflict of Interest Code for the Authority as required by the Political Reform Act of 1974, commencing with section 81000 of the Government Code of the State of California.

ARTICLE V

POWERS

Section 5.01. General Powers. The Authority shall exercise in the manner herein provided powers common to Members, or as otherwise permitted under the Joint Powers Law, and necessary or convenient to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 5.03 hereof.

As provided in the Joint Powers Law, the Authority shall be a public entity separate from the Members. The Authority shall have all of the powers provided in the Joint Powers Law, including but not limited to Article 4 of the Joint Powers Law (commencing with Section 6584), and including the power to issue or incur Indebtedness under the Bond Law.

Section 5.02. Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers, including but not limited to, any or all of the following:

- (a) to make and enter into contracts;
- (b) to employ agents or employees;

(c) to plan, develop, acquire, construct, manage, maintain, repair, replace or operate any Public Capital Improvement, including the common power of the Members to acquire any Public Capital Improvement by the power of eminent domain;

(d) to acquire (by the exercise of the power of eminent domain or otherwise), hold, lease, sell or otherwise dispose of any real or personal property, tangible or intangible, and any interests therein, wherever located;

(e) to issue or incur Indebtedness and otherwise to incur debts, liabilities or obligations, provided that no such Indebtedness, debt, liability or obligation shall constitute a debt, liability or obligation of any of the Members;

(f) to sue and be sued in its own name;

(g) to establish a budget and authorize expenditures therefrom;

(h) to apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States or of the State of California or from any private sources;

(i) to enter into agreements for the creation of separate public entities and agencies pursuant to the Joint Powers Law;

(j) to invest any money in the treasury as determined by the Authority, in accordance with applicable provisions of the Joint Powers Law and Section 53601 of the California Government Code, as amended from time to time;

(k) to apply for letters of credit or other forms of financial guarantees in order to secure the repayment of Indebtedness and enter into agreements in connection therewith;

(l) to carry out and enforce all the provisions of this Agreement;

(m) to make and enter into Bond Purchase Agreements;

(n) to purchase Indebtedness of a Member or any Local Agency;

(o) to establish non-profit corporations or for-profit corporations to assist in accomplishing any of its objectives; and

(p) to exercise any and all other powers as may be permitted by State law and/or the Joint Powers Law (including Section 6588 of the Joint Powers Law).

Section 5.03. Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Joint Powers Law and in the Bond Law subject only to the restrictions upon the manner of exercising such powers as are imposed upon the Members in the exercise of similar powers.

Section 5.04. Liability; Contribution. Pursuant to the Joint Powers Law, the debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of any

of the Members, except as provided by Section 895.2 of the California Government Code, as amended from time to time, in the case of injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement. In the event any Member is held liable upon any judgment for damages caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, and pays in excess of its Liability Share of such judgment, such Member shall be entitled to contribution from each other Member and may require each other Member to pay an amount towards the judgment for damages, but in no event shall any such other Member be required to pay in excess of its Liability Share of such judgment. No Board member, Member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Authority or be subject to any personal liability or accountability by reason of any obligations of the Authority; but nothing herein contained shall relieve any such Board member, Member, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Authority. Nothing contained in this Agreement shall in any way diminish the liability of any Member or other party with respect to any contract between such Member or other party and the Authority.

Section 5.05. Indemnity by Authority for Litigation Expenses of Officer, Board Member or Employee. In the event any Board member, officer or employee of the Authority be sued, either alone or with others, because he or she is or was a Board member, officer or employee of the Authority, in any proceeding arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the Authority or by the Authority, indemnity to such person for reasonable expenses, including attorneys' fees incurred in the defense of the proceedings, may be assessed against the Authority or its receiver by the court in the same or a separate proceeding if the person sued acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The amount of such indemnity shall equal the amount of the expenses, including attorneys' fees, and the amount of any judgment, incurred in the defense of the proceeding.

Section 5.06. Execution of Contracts. The Board, except as otherwise provided in this Agreement, may authorize any officer or officers, agent or agents, to enter into any contract or execute any contract or execute any instrument in the name of and on behalf of the Authority and such authorization may be in general or confined to specific instances and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 5.07. No Contribution from CSCDA; Obligation to Indemnify CSCDA. Notwithstanding anything in this Agreement to the contrary, it is mutually understood and agreed that CSCDA has no obligation to make any payments, advances or contributions of any kind in connection with this Agreement for any reason whatsoever. Further, notwithstanding Section 5.04 of this Agreement and the Act, the District and the Authority shall indemnify, defend and hold harmless CSCDA and each of CSCDA's officers, directors, employees, attorneys, Commission members 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. CSCDA 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 CSCDA or any other indemnified party under this paragraph. Notwithstanding the provisions of section 895.6 of the California Government Code, the District shall not have any right to contribution from CSCDA. This paragraph shall survive the termination of this Agreement.

ARTICLE VI

CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS

Section 6.01. Contributions. In accordance with the California Government Code, the Members may in the appropriate circumstances when required hereunder: (a) make contributions from their treasuries as approved from time to time by the Board, for the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use their personnel, equipment or property in lieu of other contributions or advances. The provisions of Section 6513 of the Joint Powers Law are hereby incorporated into this Agreement. The Authority may make such arrangements relative to the repayment or return to the Members of such contributions, payments and advances as are approved from time to time by the Board.

Any Member which fails to make or pay when due any required contribution, payment or advance to the Authority, may have its rights under this Agreement terminated and may be excluded from participation in the Authority as provided in Section 7.03(c) hereof. Any such Member shall continue to be liable for its obligations under any contract with the Authority and for any unpaid contribution, payment or advance approved by the Board prior to such Member's exclusion and not objected to by such Member by written notice to the Authority within thirty (30) days after such approval.

Section 6.02. Accounts and Reports. There shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any resolution, indenture or other instrument of the Authority securing its Indebtedness, except insofar as such powers, duties and responsibilities are assigned to a trustee appointed pursuant to such resolution, indenture or instrument. The books and records of the Authority shall be open to inspection at all reasonable times by the Members and their representatives. The Authority shall give an audited written report of all financial activities for each Fiscal Year to the Members within 210 days after the close of each Fiscal Year.

The Treasurer, as controller of the Authority, shall contract with a certified public accountant or public accountant to make an independent annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code, as amended from time to time, and shall conform to generally accepted auditing standards. When such an audit of an account and record is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each of the Members and with the

City of Citrus Heights. Such report shall be filed within 12 months of the end of the Fiscal Year under examination.

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 Authority and shall be a charge against any unencumbered funds of the Authority available for the purpose.

Section 6.03. Funds. Subject to the applicable provisions of any instrument or agreement which the Authority may enter into, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds as nearly as possible in accordance with generally accepted accounting practices, and shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

Section 6.04. Annual Budget and Administrative Expenses. The Board may adopt a budget for administrative expenses, which shall include all expenses not included in any financing issue of the Authority, annually prior to July 1st of each year. The estimated annual administrative expenses of the Authority shall be allocated by the Authority to the Members equally.

ARTICLE VII

TERM; ADDITION OF MEMBERS; DISSOLUTION

Section 7.01. Term. This Agreement shall become effective as of the date first set forth above, and the Authority shall come into existence, on the date of execution and delivery hereof, and this Agreement shall thereafter continue in full force and effect until the later of December 31, 2090, or the date on which all Indebtedness and other obligations of the Authority and the interest thereon shall have been paid in full or until adequate provision for such payment shall have been made in accordance with the instruments governing such Indebtedness, and no contracts to which the Authority is a party remain in effect, unless earlier dissolved pursuant to Section 7.04 hereof.

Section 7.02. Addition of Members. (a) Public Agencies possessing one or more of the powers specified in the first paragraph of the recitals to this Agreement may be added as parties to this Agreement, and become Members, upon the filing by such Public Agency with the Board of an instrument in form and substance satisfactory to the Board together with a certified copy of a resolution of its governing body, whereby the Public Agency (i) agrees to the provisions of this Agreement and (ii) requests to become a Member. In reviewing an application for membership, the Board may reject said application based on the creditworthiness of the applicant or on any other matter which has affected or may affect the creditworthiness of the applicant and which may thereby affect the creditworthiness of the Authority. The Board also reserves the right to reject an applicant if the Board determines that the membership of such applicant would be detrimental to the effectiveness of the Authority or would interfere with the realization of the Authority's goals and purposes.

(b) Notwithstanding Section 7.02(a) hereof, no such Public Agency shall become a Member until (i) its admission is approved by a vote of a majority of the Board

voting on the matter and (ii) such Public Agency deposits or agrees to deposit with the Authority an amount equal to such share of the costs and expenses incurred by the Authority prior to the date of admission of such Public Agency as a Member as shall be determined by the Board.

(c) Upon satisfaction of the provisions of Section 7.02(a) and 7.02(b) hereof, such Public Agency shall be a Member for all purposes of this Agreement, and the instrument provided pursuant to Section 7.02(a) hereof shall become a part of the official records of the Authority. Neither the effectiveness of such membership nor such instrument shall constitute an amendment or modification of this Agreement for purposes of Section 8.05 hereof.

Section 7.03. Withdrawal or Exclusion of a Member. (a) Any Member may withdraw from the Authority upon the following conditions: (i) the Member shall have filed with the Board a certified copy of a resolution of its governing body expressing its desire to so withdraw and (ii) if the Authority, prior to the filing of such resolution, shall have incurred any obligation payable from contributions, payments or advances in accordance with Section 6.01 hereof, which obligation matures after the date of such filing, the withdrawing Member shall have paid, or made arrangements satisfactory to the Board to pay to the Authority its pro rata portion of such obligation.

(b) Upon compliance with the conditions specified in Section 7.03(a) hereof, the withdrawing Member shall no longer be considered a Member for any reason or purpose under this Agreement and its rights and obligations under this Agreement shall terminate. The withdrawal of a Member shall not affect any obligations of such Member under any contract between the withdrawing Member and the Authority.

(c) Any Member which has (i) defaulted under a contract with the Authority, or (ii) failed to pay any required contributions, payments or advances in accordance with Section 6.01 hereof, may have its rights under this Agreement terminated and may be excluded from participating in the Authority by a vote of a majority of the members of the Board voting on the matter (excluding from voting the member(s) of the Board, if any, representing the defaulting Member). Any excluded Member shall continue to be liable for its obligations under any contract with the Authority and for any unpaid contribution, payment or advance approved by the Board prior to such Member's exclusion and not objected to by such Member by written notice to the Authority within thirty (30) days after such approval.

No withdrawal from membership pursuant to Sections 7.03(a) and 7.03(b) hereof or exclusion from participation pursuant to Section 7.03(c) hereof shall constitute an amendment or modification of this Agreement for purposes of Section 8.05 hereof.

Section 7.04. Dissolution. With the approval of the Board, the Authority may be dissolved, if at the time of such dissolution the Authority has no Indebtedness outstanding and is not a party to any contract remaining in effect (unless adequate provision shall have been made for the discharge of such contract). Upon the dissolution or termination of the Authority, and after

payment or provision for payment, all debts and liabilities, the assets of the Authority shall be distributed to the Members in such manner as shall be determined by the Board.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Notices. (a) Any notice, demand or request to any Member provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to the person designated by such Member upon the commencement of its membership in the Authority.

(b) A Member may, at any time, by written notice to each other Member and the Authority, designate different persons or different addresses for the giving of notices, demands or requests to it hereunder.

(c) Any notice, demand or request to the Authority provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to Citrus Heights Water District Public Financing Authority, 6230 Sylvan Road, Citrus Heights, California 95610, Attn: Executive Director or at the notice address most recently provided by said Member pursuant to this Section 8.01.

(d) Any notice, demand or request to the District provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to Citrus Heights Water District, 6230 Sylvan Road, Citrus Heights, California 95610, Attn: General Manager or at the notice address most recently provided by said Member pursuant to this Section 8.01.

(e) Any notice, demand or request to the Authority provided for in this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to California Statewide Communities Development Authority, 3201 Danville Boulevard, Suite 267, Alamo, California 94507, Attn: Managing Director or at the notice address most recently provided by said Member pursuant to this Section 8.01.

(d) The Authority may, at any time, by written notice to each Member, designate a different or additional person or a different address for giving notices, demands or requests to it hereunder.

Section 8.02. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.03. Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 8.04. Law Governing and Venue. This Agreement is made in the State of California under the constitution and laws of the State of California, and is to be so construed. Venue shall be held exclusively in Orange County.

Section 8.05. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of Indebtedness issued or incurred by the Authority, a Member or a Local Agency or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all then current Members either as required in order to carry out any of the provisions of this Agreement or for any other purpose.

Section 8.06. Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 8.07. Severability. In the event that any term, covenant or condition of this Agreement or the application of such term, covenant or condition shall be held invalid as to any person or circumstance by any court having jurisdiction in the premises, all other terms, covenants and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless a court holds that the provisions are not separable from all other provisions of this Agreement.

Section 8.08. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Members. No Member may assign any right or obligation hereunder without the written consent of the other Members. The immediately preceding sentence shall not affect, in any respect, any right of assignment under any contract between any Member and the Authority.

Section 8.09. Execution of Counterparts. This Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute but one and the same instrument.

(Signature pages follow)

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

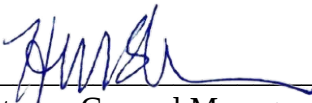
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



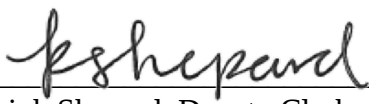
By: _____
Authorized Signatory

*-Signature Page-
Joint Exercise of Powers Agreement
Creating Citrus Heights Water District Public Financing Authority*

CITRUS HEIGHTS WATER DISTRICT

By: 
Hilary Straus, General Manager

ATTEST:


Kayleigh Shepard, Deputy Clerk of the Board

*-Signature Page-
Joint Exercise of Powers Agreement
Creating Citrus Heights Water District Public Financing Authority*