

JOINT EXERCISE OF POWERS AGREEMENT

This JOINT EXERCISE OF POWERS AGREEMENT (this "Agreement") dated as of June 28, 2011, is between the COUNTY OF LAKE, a county duly organized and existing under the Constitution and laws of the State of California (the "County"), and the LAKE COUNTY SANITATION DISTRICT, a public body corporate and politic organized and existing under the laws of the State of California (the "District");

WITNESSETH:

WHEREAS, agencies formed under Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Joint Powers Law") are permitted to provide financing for any of their members in connection with the acquisition, construction and improvement of public capital improvements and other programs of such members; and

WHEREAS, the County and the District wish to form an agency under the Joint Powers Law, to be known as the Lake County Public Financing Authority (the "Financing Authority"), for the purpose of providing an entity which can provide assistance to the District and the County in their respective financing undertakings;

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

ARTICLE I

GENERAL PROVISIONS

Section 1.01. Purpose. This Agreement is entered into pursuant to the Joint Powers Law. The purpose of this Agreement is to provide assistance to the County and the District (collectively, the "Members") from time to time in connection with their financing programs, or for any other financing purposes authorized under Article 4 of the Joint Powers Law (commencing with Section 6584) (the "Bond Act").

Section 1.02. Creation of Authority. Pursuant to the Joint Powers Law, there is hereby created a joint powers agency to be known as the Lake County Public Financing Authority (the "Financing Authority"). The Financing Authority is a public entity separate and apart from the Members, and shall administer this Agreement. The Financing Authority shall be deemed to be created and to exist as an entity which is authorized to transact business and exercise its powers, upon the adoption of a resolution approving the execution and delivery of this Agreement by the District and the Board of Supervisors of the County.

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Section 1.03. Board.

(a) Composition of Board; Chair. The Financing Authority shall be governed by a Board of Directors (the "Board") consisting of 5 directors. Each member of the Board of Supervisors of the County shall be a member of the Board by virtue of being a member of the Board of Supervisors of the County. All voting power of the Financing Authority shall reside in the Board.

The Chair of the Board of Supervisors of the County shall act as the Chair of the Board. The Chair shall perform the duties normal to said office. The Chair shall perform such duties as may be imposed by the Board.

(b) 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 provisions of the Ralph M. Brown Act of the State of California (constituting Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California).

(c) 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 from time to time. The affirmative votes of at least a majority of the Board members present at any meeting at which a quorum is present are required to take any action by the Board.

(d) Time and Place of Regular Meetings. The Board shall conduct a regular meeting on July 19, 2011, in the Board of Supervisors Chambers, 255 North Forbes Street, Lakeport, California. Thereafter, the Board shall provide for its regular meetings. The date, hour and place of the holding of regular meetings shall be fixed by resolution of the Board and a copy of such resolution shall be filed with each of the Members. Unless otherwise provided, regular meetings shall be held on the same date and time as regular meetings of the Board of Supervisors of the County. If the Secretary does not post an agenda for a regular meeting pursuant to Government Code Section 54954.21, 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 should be cancelled, except as otherwise provided in Section 54954.2.

(e) Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director and to the Members.

(f) Bylaws. The Board may adopt, from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

Section 1.04. Treasurer. Pursuant to Section 6505.5 of the Joint Powers Law, the person performing the functions of the Treasurer-Tax Collector of the County is hereby designated as the initial Treasurer of the Financing Authority and, as such, shall perform the functions of the treasurer of the Financing Authority, as such functions are set forth in Section 6505.5 of the Joint Powers Law. Pursuant to Section 6505.1 of the

Joint Powers Law, the Treasurer shall have charge of, handle and have access to all accounts, funds and money of the Financing Authority and all records of the Financing Authority relating thereto. As treasurer of the Financing Authority, the Treasurer has custody of all of the accounts, funds and money of the Financing Authority from whatever source.

If, but only if, the Treasurer holds moneys for the account of the Financing Authority or the Members, the Treasurer shall verify and report in writing at least quarterly to the Board and the Members the amount of money so held, the amount of receipts since the last such report, and the amount paid out since the last such report.

Section 1.05. Auditor. Pursuant to Section 6505.5 of the Joint Powers Law, the person performing the functions of the Auditor-Controller of the County is hereby designated as the initial Auditor of the Financing Authority and, as such, shall perform the functions of the auditor of the Financing Authority, as such functions are set forth in Section 6505.5 of the Joint Powers Law.

As auditor of the Financing Authority, the Auditor shall draw warrants to pay demands against the Financing Authority when the demands have been approved by the Board and shall assure that there is strict accountability of all funds and reporting of all receipts and disbursements of the Financing Authority.

Section 1.06. Other Officers and Employees of the Financing Authority.

(a) Other Officers. In addition to the Chair, the Treasurer and the Auditor, the officers of the Financing Authority shall consist of an Executive Director, a Secretary and a General Counsel, who shall consist of the County Administrative Officer, the Clerk of the Board of Supervisors of the County and the County Counsel, respectively. The Board may appoint such assistants to act in the place of the officers of the Authority (other than any Director) as the Board shall from time to time deem appropriate.

(b) Duties of Executive Director. 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 Financing Authority and shall execute the directives of the Board.

(c) Duties of Secretary. The Secretary shall perform such functions as are customary in the exercise of such positions, and as may be more specifically provided by the Board from time to time. The Secretary shall have charge of the records of the Financing Authority and is responsible for recording the minutes of all meetings of the Board.

(d) Duties of General Counsel. The General Counsel shall perform such functions as are customary in the exercise of such positions, and as may be more specifically provided by the Board from time to time.

(e) Other Consultants and Contractors. The Board shall have the power to appoint and employ such other consultants and independent contractors as may be necessary for the purposes of this Agreement.

(f) Miscellaneous. All of the privileges and immunities from liability, exemption 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 Board shall be deemed, by reason of their employment by the Board to be employed by any of the Members or, by reason of their employment by the Board, to be subject to any of the requirements of any of the Members.

Section 1.07. Bonding of Officers. From time to time, the Board may designate officers of the Financing Authority having charge of, handling or having access to any records, funds or accounts or other assets of the Financing Authority, and the respective amounts of the official bonds of such officers and such other persons pursuant to Section 6505.1 of the Joint Powers Law. In the event that any officer of the Financing Authority is required to be bonded pursuant to this Section 1.07, such bond may be maintained as a part of or in conjunction with any other bond maintained on such person by any Member, it being the intent of this Section 1.07 not to require duplicate or over-lapping bonding requirements from those bonding requirements which are otherwise applicable to the Members.

ARTICLE II

POWERS

Section 2.01. General Powers. The Financing Authority shall exercise the powers granted to it under the Joint Powers Law, including but not limited to the powers set forth in the Bond Act and the powers common to each of the Members, as may be necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 2.02. As provided in the Joint Powers Law, the Financing Authority is a public entity separate and apart from the Members.

Section 2.02. Restrictions on Exercise of Powers. The powers of the Financing Authority shall be exercised in the manner provided in the Joint Powers Law and in the Bond Act, and, except for the exercise of those powers set forth in the Bond Act, shall be subject (in accordance with Section 6509 of the Joint Powers Law) to the restrictions upon the manner of exercising such powers that are imposed upon the County.

Section 2.03. Non-Liability of Members and Directors For Obligations of Authority. The debts, liabilities and obligations of the Financing Authority shall not be the debts, liabilities and obligations of any of the Members. No member, officer, agent or

employee of the Financing Authority is individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Financing Authority or be subject to any personal liability or accountability by reason of any obligations of the Financing Authority. Nothing herein contained relieves any such 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 Financing Authority.

In addition, no Member shall assume any liability or responsibility for any debts, liabilities or obligations which may be incurred by the other Member in connection with the issuance of bonds or other obligations of the Financing Authority for the benefit of such other Member.

ARTICLE III

CONTRIBUTION; ACCOUNTS AND REPORTS; FUNDS

Section 3.01. Contributions. The Members may, but are not required to: (a) make contributions from their treasuries for any of 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.

Section 3.02. Accounts and Reports. To the extent not covered by the duties assigned to a trustee chosen by the Financing Authority, the Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust instrument entered into with respect to the proceeds of any bonds issued by the Financing Authority. The books and records of the Financing Authority in the hands of a trustee or the Treasurer shall be open to inspection at all reasonable times by representatives of any of the Members. The trustee appointed under any trust agreement shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said trust agreement. Said trustee may be given such duties in said trust instrument as may be desirable to carry out this Agreement.

Section 3.03. Funds. Subject to the applicable provisions of any instrument or agreement which the Financing Authority may enter into, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer shall receive, have the custody of and disburse Authority funds as nearly as possible in accordance with generally accepted accounting practices, shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

Section 3.04. Annual Budget and Administrative Expenses. The Board shall adopt a budget for administrative expenses, which shall include all expenses not included in any financing issue of the Authority, annually prior to March 1st of each year. The estimated annual administrative expenses of the Authority shall be allocated by the Authority to the Members equally.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Term. This Agreement shall become effective, and the Financing Authority shall come into existence, on the date of execution and delivery hereof, and this Agreement and the Financing Authority shall thereafter continue in full force and effect so long as either (a) any bonds or other obligations of the Authority remain outstanding or any material contracts to which the Financing Authority is a party remain in effect, or (b) the Financing Authority shall own any interest in any real or personal property.

Section 4.02. Disposition of Assets. Upon the termination of this Agreement, all property of the Financing Authority, both real and personal, shall be divided between the Members in such manner as agreed upon by the Members.

Section 4.03. Notices. Notices hereunder must in writing and will be sufficient if delivered to:

Lake County Sanitation District
230A North Main Street
Lakeport, CA 95453
Attention: Special Districts Administrator

County of Lake
255 North Forbes Street
Lakeport, CA 95453
Attention: County Administrative Officer

Section 4.04. 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 4.05. Law Governing. 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.

Section 4.06. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of any bonds issued by the Financing Authority or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all of the parties to this Agreement either as required in order to carry out any of the provisions of this Agreement or for any other purpose, including without limitation addition of new parties (including any legal entities or taxing areas heretofore or hereafter created) in pursuance of the purposes of this Agreement.

Section 4.07. Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

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Professional Law Corporation, as bond counsel to the County, is hereby authorized and directed to cause to be prepared, executed and filed any and all reports, statements and other documents as may be required in order to implement the establishment of the Financing Authority.

Section 3. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

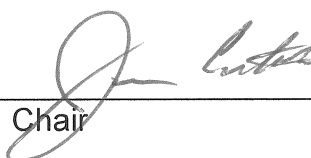
PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Lake held on this 28th day of June, 2011, by the following vote:

AYES: Supervisors Smith, Rushing, Farrington, Brown and Comstock

NOES: None

ABSTAIN: None

ABSENT:


Chair

ATTEST: Clerk of the Board

APPROVED AS TO FORM

ANITA L. GRANT
County Counsel

By: 
Deputy

