Joint Exercise of Powers Agreement

California Fixed Income Trust ("CalFIT")

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Joint Exercise of Powers Agreement

California Fixed Income Trust ("CalFIT")

by and among

the parties that have entered into this Joint Powers Agreement

This **JOINT EXERCISE OF POWERS AGREEMENT** will become effective when two or more California public entities become signatories hereto. This Agreement ("**Agreement**") is entered into by each Public Agency (as defined below) that has executed this Agreement or that has or will execute counterparts of this Agreement pursuant to Section 2.1 hereof (the " **Members**").

RECITALS

WHEREAS, each Public Agency has the authority to invest funds in its treasury in statutorily permitted investments including but not limited to Section 53601 of the California Government Code, as amended; and

WHEREAS, Section 6509.7 of the Act (as defined below) provides:

> "Notwithstanding any other provision of law, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power. Funds invested pursuant to an agreement entered into under this section may be invested in securities and obligations as described by subdivision (p) of Section 53601. A joint powers authority formed pursuant to this section may issue shares of beneficial interest to participating public agencies. Each share shall represent an equal proportionate interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares of beneficial interest shall have retained an investment advisor…. A joint powers authority formed pursuant to this section is authorized to establish the terms and conditions pursuant to which agencies may participate and invest in pool shares…."; and

WHEREAS, the Act authorizes the Members to create a joint exercise of powers entity separate from the Members to exercise the common powers of the Members, as specified in this Agreement, and to act as administrator of this Agreement; and

WHEREAS, the purpose of this Agreement is to create and establish a separate joint exercise of powers entity known as the California Fixed Income Trust (collectively referred to herein, as "CalFIT") for the purposes set forth herein to exercise the powers provided herein and to act as administrator of this Agreement in order to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently; and

WHEREAS, the Act authorizes a joint exercise of powers entity, such as CalFIT, to issue shares of beneficial interest in authorized investments to participating Public Agencies (collectively referred to herein, as "**Participants**" and individually, as a "**Participant**"); and

WHEREAS, pursuant to the Applicable Law (as defined below), Public Agencies, such as the Participants, may purchase shares of beneficial interest issued by a joint powers entity organized pursuant to Section 6509.7 of the Act, such as CalFIT; and

WHEREAS, the Members desire to enter into this Agreement and this Agreement shall set forth the terms for the investment program known as the "**California Fixed Income Trust Investment Program**," including the establishment of one or more pools where Participants invest in shares of beneficial interest issued by the CalFIT in accounts containing authorized investments that are owned by CalFIT; and

WHEREAS, the joint exercise of such power to invest will be benefited and made more efficient because all investments acquired pursuant to this Agreement will be owned by one entity, CalFIT and held by one entity, the Custodian (as defined below); and

WHEREAS, the joint exercise of such power to invest will be benefited and made more efficient if the advisory, record-keeping, and other administrative functions, including the management and transmittal of investment instructions, are performed by one entity, the Administrator (as defined below); and

WHEREAS, the policy of this Agreement shall be to place the highest priority on the safety of principal and liquidity of funds, and the optimization of investment returns shall be secondary to the requirements for safety and liquidity; and

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants, and agreements contained herein, each party hereto agrees as follows:

1 ARTICLE – CREATION; PURPOSE; DEFINITIONS

1.1 CREATION OF THE CALIFORNIA FIXED INCOME TRUST

There is hereby created pursuant to the Act a public agency and entity to be known as the California Fixed Income Trust (collectively referred to herein, as "CalFIT". As provided in the Act, CalFIT shall be a public agency and entity separate and apart from the Members and is responsible for the administration of this Agreement. The debts, liabilities and obligations of CalFIT shall not constitute debts, liabilities or obligations of the Members (and except as it relates to the retirement liabilities of CalFIT if it contracts with a public retirement system within the meaning of Section 6508.1 of the Act). CalFIT shall not contract with a public retirement system within the meaning of Section 6508.1 of the Act.

1.2 PURPOSE

This Agreement is made pursuant to the Act to provide for the exercise by CalFIT of those powers referred to in the recitals hereof and for CalFIT to administer the exercise of those powers. The purpose of CalFIT is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently through CalFIT Investment Program.

1.3 DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the following meanings.

"**Account"** or "**Accounts**" means any account (including subaccounts or other special accounts that may be created to accommodate the desire of such Participant to segregate a portion of its Investment Funds) opened and maintained pursuant to Section 7.5(a) hereof by the Custodian for the benefit of a Participant and to which the Investment Property of such Participant is credited and opened.

"**Act**" means Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act, as it may be amended from time to time.

"**Administrator**" means any Person or Persons appointed, employed, or contracted by CalFIT pursuant to Article 5 hereof. The entity serving as Administrator to CalFIT may be the Investment Adviser or an affiliate thereof.

"**Affiliate**" means, with respect to any Person, another Person directly or indirectly in control of, controlled by, or under common control with such Person or any officer, director, partner, or employee of such Person.

"**Agreement**" means this Agreement herein constituting a joint exercise of powers agreement among the Members, as amended in accordance with its terms from time to time.

"**Applicable Law**" means Title 5, Division 2, Part 1, Chapter 4 of the California Government Code (commencing with Section 53600), as it may be amended from time to time, and other applicable provisions of California law.

"**Authorized Representative**" means the person authorized to invest the funds of a Participant pursuant to California law who has been appointed in accordance with Section 2.3 hereof.

"**Balance**" for each Participant means an amount initially equal to zero that is adjusted pursuant to Article 2 hereof to reflect, among other things, cash investments by such Participant, cash payments to such Participant, investment results, and expenses and fees incurred pursuant to this Agreement. The Balance shall reflect the number of Shares in each applicable Pool designated by such Participant for investment.

"**Board**" means the board of the Trustees, created by this Agreement, as the governing board of CalFIT, and established pursuant to Article 3 hereof.

"**Business Day**" means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in the State of California are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

"**Bylaws**" means those bylaws as described in Section 4.7 hereof.

"**CalFIT**" or "Trust" means the California Fixed Income Trust, a joint exercise of powers entity created by this Agreement.

"**CalFIT Investment Program**" means the investment program provided to the Participants by CalFIT whereby Participants invest in Shares including the establishment of one or more pools where Participants invest in shares of beneficial interest issued by CalFIT in Accounts containing authorized investments that are owned by CalFIT.

"**Conflicting Provisions**" shall have the meaning set forth in Section 15.2 hereof.

"**Custodian**" means any Person or Persons appointed, employed or contracted by CalFIT pursuant to Section 7.1 hereof.

"**Custody Agreement**" means the agreement between CalFIT and the Custodian as described in Article 7 hereof.

"**Effective Date**" means the later of (1) the date that execution copies of this Agreement have been executed by two or more Founding Members, and (2) the date this Agreement has been filed with the Secretary of the State of California pursuant to Section 6503.5 of the Act.

"**Founding Members**" means the first four (or fewer) Public Agencies to execute this Agreement within one year of the Effective Date as defined herein. By execution of this Agreement, each Founding Member shall make the representations and warranties contained in Section 12.1 hereof.

"**Information Statement**" means one or more information statements or other disclosure documents relating to CalFIT Investment Program or any Fund thereof as such Information Statements may be amended from time to time by the Administrator and the Investment Adviser with the consent of CalFIT as evidenced by resolution of the Board.

"**Investment Adviser**" means any Person or Persons appointed, employed, or contracted by CalFIT pursuant to Section 6509.7 of the Act and Section 6.1 hereof. The entity serving as Investment Adviser to CalFIT which may be the Administrator or an Affiliate thereof.

"**Investment Adviser Agreement**" means the agreement between the Investment Adviser and CalFIT described in Section 6.1(a) hereof.

"**Investment Funds**" means immediately available funds delivered by each Participant to the Custodian for investment in Shares pursuant to this Agreement but only if: (i) the Authorized Representative appointed by such Participant is authorized pursuant to the laws of the State of California to invest such funds and (ii) the Participant has taken all actions necessary pursuant to the laws of the State of California or other applicable local law to authorize the delivery and investment of such funds.

"**Investment Policy**" means the investment policy established by CalFIT with respect to the Investment Property in each Pool in accordance with this Agreement, as amended from time to time in accordance with Section 3.2(a) hereof.

"**Investment Procedures**" means the procedures for Participants to make investments set forth in the applicable Information Statement.

"**Investment Property**" means any and all securities and cash that are held in one of the Accounts and all proceeds, income, profits, and gains therefrom that have not been paid to a Participant pursuant to Section 2.4 hereof, used to discharge an Investment Property Liability or offset by losses, if any, and expenses. Investment Property shall not include securities purchased in anticipation of the delivery of funds by a Participant when such funds are not actually received by the Custodian by the anticipated delivery date and any such securities so purchased may be immediately sold and the proceeds used to pay any Person that did in fact provide monies to purchase such securities.

"**Investment Property Liability**" or "**Investment Property Liabilities**" means any liability (whether known, unknown, actual, contingent, or otherwise) incurred in connection with the Investment Property pursuant to this Agreement.

"**Investment Property Value**" means the value of the Investment Property as determined pursuant to the valuation procedures net of the amount of the Investment Property Liabilities.

"**Meeting of the Board**" means a duly called meeting of the Board.

"Members" means the Founding Members and each Public Agency that becomes a Member pursuant to the terms of Section 2.1.

"**Participants**" means any Public Agencies that have the authority to purchase Shares from CalFIT. Members may also be "**Participants**."

"**Payment Procedures**" means the procedures for Participants to request payments out of the Investment Property set forth in the applicable Information Statement.

"**Permitted Investments**" means those investments defined as such in the applicable Investment Policy for a Pool as established by CalFIT.

"**Person**" means any individual, corporation, limited liability company, firm, association, partnership, joint venture, trust or other legal entity or group of entities, including any Public Agency or department, board, commission, instrumentality, or agency thereof.

"**Pool**" means any of the pool established by the Investment Adviser pursuant to Section 6.4 hereof.

"**Public Agency**" shall be defined as it is in Section 6500 of the Act, to include "any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state" and Section 6509.7(b) of the Act, to include "a nonprofit corporation whose membership is confined to public agencies or public officials."

"**Ralph M. Brown Act**" means Title 5, Division 2, Part 1, Chapter 9 of the California Government Code, as it may be amended from time to time.

"**Shares**" means the unit used to denominate and measure the respective pro rata beneficial interests of the Participants in a Fund. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Pool.

"**Stable NAV Pool**" shall have the meaning given such term in Section 6.4 hereof.

"**Trustee**" means each of the persons selected pursuant to Article III and Article IV hereof to serve on the Board.

"**Valuation Procedures**" means the procedures for determining the value of the Investment Property set forth in Exhibit A attached hereto, as the same may be amended from time to time by the Administrator and the Investment Adviser, with the consent of the CalFIT as evidenced by resolution of the Board.

2 ARTICLE – MEMBERS AND PARTICIPANTS

2.1 ADDITIONAL MEMBERS AFTER INITIAL EXECUTION

Any Public Agency that wishes to become a Member after the Effective Date may apply for Member status by executing a counterpart to this Agreement and delivering the counterpart to the Administrator, together with evidence of such Member's authorization to execute this Agreement. Applications for Member status shall be subject to a 2/3 majority approval by the Board.

2.2 WITHDRAWAL OR TERMINATION OF MEMBER

Any Member may withdraw from this Agreement at any time upon written notice to the Administrator provided, however, that no Member may withdraw if, following such withdrawal, there will not be at least two Members remaining as a party to this Agreement. A withdrawal shall be noted to the Board in the Administrator's next report to the Board. Any such withdrawal shall be effective only upon receipt of the written notice of withdrawal by the Administrator who shall acknowledge receipt of such notice of withdrawal in writing to such withdrawing Member and shall file such notice as an amendment to this Agreement effective upon such filing.

Nothing in this Section 2.2 shall be construed to limit the Members' and CalFIT's rights to amend or terminate this Agreement pursuant to Article 14 of this Agreement.

2.3 AUTHORIZED REPRESENTATIVES; RESPONSIBILITY OF AUTHORIZED REPRESENTATIVES

a) Each Participant shall select an Authorized Representative to represent its interests and act on its behalf under this Agreement.
b) Each Participant shall be responsible for the actions or inactions of its Authorized Representative under this Agreement, and the Administrator and Custodian are authorized to rely on the directions of the Authorized Representative without further investigation or diligence.

2.4 INVESTMENTS

a) Each Participant shall have the right from time to time to invest Investment Funds for credit to such Participant's Balance in the CalFIT Investment Program. A Participant that wishes to make such an investment shall notify the Administrator and follow the Investment Procedures. All Investment Funds will be invested in an applicable Pool as designated by the Participant. Investment Funds so designated shall be invested pursuant to the Investment Policy established by CalFIT for such Pool. Upon such investment in accordance with the Investment Procedures, the Participant shall have Shares representing an equal proportionate interest in such Investment Property within such Pool.
b) The Balance of a Participant shall be increased upon the investment of Investment Funds by such Participant by an amount equal to the amount of such Investment Funds. The Balance shall reflect the number of Shares in each applicable Pool designated by such Participant for investment.
c) No later than the end of each Business Day, the Custodian shall deliver a confirmation with respect to the transaction activity for the Accounts for the prior Business Day to the Administrator. The Administrator shall retain the confirmation in its records.
d) Any funds that the Administrator is informed do not meet the conditions set forth in clauses (i) or (ii) of the definition of Investment Funds shall be returned to the Participant investing such funds by the Custodian at the request of the Administrator and such Participant shall bear all of the costs and liabilities associated with the return of such funds.

2.5 RECEIPT OF STATEMENTS AND REPORTS; REQUESTS

a) The Administrator shall provide, or make available to each Participant, a copy of the statements prepared pursuant to Section 5.5 hereof and of the reports prepared pursuant to Section 5.6 hereof applicable to such Participant.

b) In addition, each Participant, through its Authorized Representative, may direct the Administrator to provide, or make available, a statement of the value of the Participant's Balance as of the date of the request. The Administrator shall provide such statement, subject only to account activity as of such date.
c) On behalf of each Participant, the Administrator shall maintain or cause to be maintained, the records relating to such Participant in a manner that records (i) the portion of the Participant's Balance designated in the applicable Pool and (ii) the Participant's Balance in one or more Accounts. The Administrator shall maintain a separate record for each Participant and shall record the individual transactions involving each such Participant and the total value by Account of all investments belonging to each such Participant.

3 ARTICLE – POWERS

3.1 GENERAL POWERS

a) CalFIT shall have the power, in its own name, to exercise the common powers of the Members referred to in the recitals hereof and to exercise all additional powers given to a joint powers entity under the Act and any other applicable law for any purpose authorized under this Agreement. Pursuant to Section 6508 of the Act, CalFIT shall have the power, in its own name, to do any or all of the following: to make and enter into contracts, or to employ agents and employees, to acquire, construct, manage, maintain or operate any building, works or improvements, or to acquire, hold or dispose of property or to incur debts, liabilities or obligations and sue and be sued in its own name. Pursuant to Section 6509.7 of the Act, CalFIT shall have the power, in its own name, to issue shares of beneficial interest in the securities and obligations authorized by the Applicable Law. CalFIT is authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes. Such powers shall be exercised subject only to such restrictions upon the manner of exercising such powers as are imposed upon the County of Alameda in the exercise of similar powers, as provided in Sections 6503 and 6509 of the Act; and in the alternative, should the County of Alameda cease to be a member, the County of Lake, or in the alternative if both should cease to be members, the County of San Diego, or in the alternative, if all three should cease to be members, such other member as designated by the Board in the Bylaws.
b) All powers of the Administrator or Custodian that are described in this Agreement shall also be powers of CalFIT. The Board of Trustees may perform such acts as it determines in its sole discretion as proper for conducting the business of CalFIT. The enumeration of any specific powers shall not be construed as limiting the powers of the Board. Such powers may be exercised with or without the posting of a bond, an order, or other action by any court. In construing the provisions of this Agreement, the presumption shall be in favor of a grant of power to the Board, subject to the powers given to a joint powers entity under the Act and any other applicable law for any purpose authorized under this Agreement.

3.2 SPECIFIC POWERS

Consistent with, derived from and subject to the general powers of CalFIT granted in Section 3.1 hereof, the Board of Trustees possesses the following specific powers:

a) **Investments**. CalFIT shall have the power to subscribe for, invest in, reinvest in, purchase or otherwise acquire, own, hold, pledge for settlement purposes only, sell, assign, transfer, exchange, distribute, lend or otherwise deal in or dispose of Permitted Investments, provided such investment is, in the sole and absolute discretion of the CalFIT, consistent with the Applicable Law and the Investment Policy. An Investment Policy for each Pool shall be established by resolution of the Board and may be revised from time to time by resolution of the Board, provided, however, that no Investment Policy shall permit investments not authorized for legal investment under the Applicable Law. Upon the Board's approval of any amendment to an Investment Policy, the amended Investment Policy will be posted to the website of CalFIT.

b) **Issuance and Redemption of Shares**. CalFIT shall have the power to issue, sell, repurchase, redeem, retire, cancel, acquire, hold, resell, reissue, dispose of, transfer, and otherwise deal in Shares, or any Pool of Shares by means of the CalFIT Investment Program, and subject to the provisions hereof, to apply to any such repurchase, redemption, retirement, cancellation or acquisition of Shares, or any Pool of Shares, any funds or Investment Property with respect to such Shares, or Pool of Shares, whether capital or surplus or otherwise, to the full extent now or hereafter permitted by the Applicable Law.

c) **Title to Investments**. Legal title to all Investment Property shall be vested in CalFIT except that CalFIT shall have power to cause legal title to any Investment Property to be held in the name of any other person as nominee, on such terms as CalFIT may determine provided, however, that the interest of CalFIT therein is appropriately protected.

d) **Rights as Holders of Investment Property**. CalFIT shall have full and complete power to exercise all of the rights, powers, and privileges appertaining to the ownership of the Investment Property to the same extent that any individual might and, without limiting the generality of the foregoing, to vote or give any consent, request, or notice, or waive any notice either in person or by proxy or power of attorney, with or without the power of substitution, to one or more persons, which proxies and powers of attorney may be for meeting or actions generally, or for any particular meeting or action, and may include the exercise of discretionary powers.

e) **Creation of Pools**. CalFIT may authorize the creation of one or more different Pools provided, however, that each such Pool shall conform in all respects to the requirements of this Agreement.

f) **Branding**. CalFIT may authorize the use of the name "CalFIT" and its associated trademark(s), consistent with, derived from and subject to, Section 3.6 hereof, in conjunction with other products, portfolios, pools, and services that provide investment, financial, or other cash management services to Participants and for purposes of this Agreement, such name shall include any Pools established pursuant to this Agreement. The Administrator may identify a name for any additional Pools established pursuant to this Agreement, subject to approval by CalFIT.

g) **Power to Contract, Appoint, Retain and Employ**. CalFIT shall have full and complete power to, and shall at all times, appoint, employ, retain, or contract with any person of suitable qualifications (including any corporation, partnership, trust, or other entity of which one or more of them may be an Affiliate) for the transaction of the affairs of CalFIT.

h) **Payment of Expenses**. CalFIT shall have full and complete power:

   i. to incur and pay any charges or expenses that are necessary or incidental to or proper for carrying out any of the purposes of this Agreement;

   ii. to pay any taxes or assessments validly and lawfully imposed upon or against the Investment Property or in connection with the Investment Property or upon or against the Investment Property or income or any part thereof;

   iii. to reimburse others for payment of such expenses and taxes; and

iv. to pay appropriate compensation or fees from the Investment Property to a person with whom CalFIT has contracted or transacted business.

All payments or expenses incurred pursuant to this Section will be a liability payable solely from Investment Property. The Trustees shall not be paid compensation for their services as Trustees hereunder, except that they shall be allowed reimbursement for reasonable expenses incurred in the performance of their duties as Trustees.

i) **Litigation**. CalFIT shall have the power to engage in and to prosecute, defend, compromise, abandon, or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, and demands relating to CalFIT or property of CalFIT, and, out of property of CalFIT, to pay or to satisfy any debts, claims or expenses incurred in connection therewith, including those of litigation, and such power shall include without limitation the power of CalFIT, in the exercise of its good faith business judgment, consenting to dismiss any action, suit, proceeding, dispute, claim, or demand, derivative or otherwise, brought by any person, including a Member or Participant, whether or not CalFIT or any of the Trustees may be named individually therein or the subject matter arises by reason of business for or on behalf of CalFIT.

3.3 MISCELLANEOUS POWERS

Consistent with, derived from and subject to the general powers of CalFIT granted in Section 3.1 hereof, CalFIT also possesses the following miscellaneous powers:

a) **Insurance**. CalFIT shall have full and complete power to purchase or to cause to be purchased and pay for, entirely out of Investment Property, insurance policies insuring CalFIT, and/or officers, employees, and agents individually against all claims and liabilities of every nature arising by reason of holding or having held any such office or position or by reason of any action alleged to have been taken or omitted by CalFIT or any such officer, employee, and agent including any action taken or omitted that may be determined to constitute negligence, whether or not CalFIT would have the power to indemnify such person against such liability.

b) **Borrowing and Indebtedness**. CalFIT shall not borrow money or incur indebtedness, whether or not the proceeds thereof are intended to be used to purchase Permitted Investments or Investment Property, except as a temporary measure to facilitate the transfer of funds to the Participant that might otherwise require unscheduled dispositions of portfolio investments and except as an advance made by the Custodian under the Custody Agreement, but only to the extent permitted by law. No such indebtedness shall have a maturity later than that necessary to avoid the unscheduled disposition of portfolio investments.

c) **Remedies**. Notwithstanding any provision in this Agreement, when CalFIT deems that there is a significant risk that an obligor to CalFIT may default or is in default under the terms of any obligation of CalFIT, CalFIT shall have full and complete power to pursue any remedies permitted by law that, in its sole judgment, are in the interests of CalFIT, and shall have full and complete power to enter into any investment, commitment, or obligation resulting from the pursuit of such remedies as are necessary or desirable to dispose of property acquired in the pursuit of such remedies.

d) **Information Statement**. CalFIT shall have full and complete power to prepare, publish, and distribute one or more Information Statements regarding the CalFIT Investment Program or any Pool thereof and to amend or supplement the same from time to time.

e) **Contracting with Affiliates**. To the extent permitted by law, CalFIT may enter into transactions with any Affiliate of the Administrator, Investment Adviser or the Custodian if:
   i. each such transaction (or type of transaction) has, after disclosure of such affiliation, been approved or ratified by the affirmative vote of a majority of the Board, and
   ii. such transaction (or type of transactions) is, in the opinion of CalFIT, on terms fair and reasonable to CalFIT and the Participants and at least as favorable to them as similar arrangements for comparable transactions with organizations unaffiliated with the person who is a party to the transaction.

3.4 FURTHER POWERS

Consistent with, derived from and subject to the general powers of the CalFIT granted in Section 3.1 hereof, CalFIT shall have full and complete power to take all such actions, do all such matters and things, and execute all such instruments as it deems necessary, proper, or desirable in order to carry out, promote, or advance the interests and purposes of CalFIT although such actions, matters, or things are not herein specifically mentioned. Any determination as to what is in the best interest of CalFIT made by the Board in good faith shall be conclusive.

3.5 INTELLECTUAL PROPERTY

The parties acknowledge that pursuant to this Agreement and/or the business activities of CalFIT, various types of intellectual property (the "Intellectual Property") may be created or used by the parties, including but not limited to trademarks and copyrights. With regard to any and all Intellectual Property created by or for CalFIT or by or for the CalFIT Investment Program in relation to this Agreement, CalFIT shall own all right, title, and interest to such Intellectual Property. Except as expressly set forth in this Agreement, CalFIT shall have no obligation to account to the other parties to this Agreement for any revenues arising from the use, license, or assignment of any Intellectual Property.

3.6 TRADEMARKS

The parties acknowledge CalFIT's ownership and exclusive rights in all trademarks currently owned by CalFIT, including but not limited to Application for the CalFIT mark, and all trade names and trademarks that may be used and developed in connection with this Agreement, or through the parties' business activities (the "**Trademarks**"). The parties shall not, at any time during or after the term of the Agreement, directly or indirectly, oppose, challenge or contest CalFIT's exclusive right and title to the Trademarks or the validity thereof.

The parties agree that all use of the Trademarks inures to the benefit of CalFIT and that the parties shall not acquire any rights in the Trademarks or other marks or logos likely to be confused therewith. CalFIT has the sole and exclusive right to file applications to register and to register any and all Trademarks in the U.S. and in any country throughout the world, and the parties agree not to directly or indirectly, oppose, challenge or contest such applications or registrations. The parties will not, directly or indirectly, file applications to register or register, or acquire by transfer, any trade name or trademark which, in whole or in part, incorporates or is confusingly similar to the Trademarks in the U.S. or any country throughout the world unless such parties have express written permission to do so.

3.7 COPYRIGHTS

The parties agree that all works created in connection with this Agreement or through the parties' business activities with CalFIT (the "**Works**") are owned by CalFIT. To the extent any Works are deemed not owned by CalFIT, the parties hereby expressly assign to CalFIT all right, title and interest whatsoever, throughout the world, in perpetuity, in and to the copyrights and any and all registrations, applications to register, renewals and extensions thereof, for the Works, including, without limitation, the right to sue for and collect damages for infringement of the Works or other violations of the same, including for past infringements or other violations.

The parties hereby further agree to promptly execute any and all instruments and to promptly render any and all such assistance as CalFIT may request to confirm in CalFIT full legal title to the Works and/or to pursue claims that third parties have infringed CalFIT's intellectual property rights in and to the Works. In the event the parties are not available upon ten (10) calendar days' written request to execute such instruments, the parties hereby appoint CalFIT its attorney-in-fact to execute such instruments on the parties' behalf.

4 ARTICLE – TRUSTEES; MEETINGS; OFFICERS

4.1 ESTABLISHMENT OF THE BOARD; NUMBER AND QUALIFICATION

a) The management of CalFIT shall be governed by the Board.
    i. The Board shall have five (5) initial seats for Trustees. Up to four (4) of the Trustees shall be designated by each of the Founding Member's Treasurer or person with delegated investment authority upon the execution of this Agreement. The fifth seat and any of the four not filled by a Founding Member shall be filled in accordance with the Bylaws.
    ii. A seat shall be added to the Board for each Public Agency that is added as a Member pursuant to Section 2.1 and is not a Founding Member. The Member's Treasurer or other person with delegated investment authority shall designate their Trustee upon their acceptance as a Member pursuant to Section 2.1.
b) Members shall each have a permanent seat of the Board, while remaining Members. Those Members' Treasurers or person with delegated investment authority shall each appoint one Board member (and alternate) who shall serve at the pleasure of the Member, with any replacement appointed by the Member's Treasurer or person with delegated investment authority.
c) The Board may create additional seats on the Board according to the Bylaws, as currently existing or as hereinafter amended, including seats by direct appointment or by elections, to serve for terms as determined by such Bylaws, with mid-term vacancies to be filled by appointment of the Board.

4.2 TERM OF OFFICE

a) Member Trustees shall serve at the pleasure of the Member making the individual appointments.
b) Trustees appointed by a majority vote of the Board shall serve a term determined by the Board, normally a term of one (1) year.
c) Any appointment to fill an unexpired term, however, shall be for such the remainder of the unexpired term.

4.3 Appointment of Trustees

Trustees may be appointed or reappointed by the Board, or Members' Treasurers or person with delegated investment authority, if applicable, as provided in Section 4.1, including an appointment to fill an unexpired term in the event of a vacancy.

4.4 Resignation of Trustees

Any Trustee may resign without need for prior or subsequent accounting by notice in writing signed by the Trustee and delivered to the Secretary of the Board, and such resignation shall be effective upon such delivery or at a later date specified in the written notice. Any vacancy created by such resignation shall be filled in accordance with Section 4.3 hereof.

4.5 Removal and Vacancies

a) The term of office of a Trustee shall terminate and a vacancy shall occur in the event the individual serving as the Trustee is no longer staff at their respective Public Agency, in the event the Trustee's Public Agency is no longer a Member, or in the event the individual serving as the Trustee is no longer an elected or appointed member of the governing body, or staff of, a Member.
b) The term of office of a Trustee shall terminate and a vacancy shall occur on the happening of any of the events in California Government Code Section 1770.
c) Each Trustee appointed by the Board may be removed and replaced by the Public Agency by which such Trustee was affiliated.
d) Any vacancy created pursuant to this Section 4.5 shall be filled in accordance with Section 4.3 hereof.

4.6 Meetings

a) The Annual Meeting of the Board shall be the last meeting of the calendar year and shall be for the purpose of the appointment of Trustees, election of officers, setting the calendar for regular meetings, and other organizational matters as provided in the Bylaws. The Board shall meet not less than semiannually.
b) Regular meetings of the Board shall be established in the method described in the Bylaws and may be held at the time and place so established.
c) Special meetings of the Board may be held from time to time in the manner described in the Bylaws.
d) All meetings of the Board are subject to and must comply with the provisions of the Ralph M. Brown Act.
e) A majority of the Trustees shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time. Any action of the Board requires the affirmative vote of a majority of the total number of authorized Trustees.

4.7 Bylaws

The Board shall adopt and may, from time to time, amend or repeal Bylaws for the conduct of the business of the Board consistent with this Agreement. The Bylaws may define the duties of the respective officers, agents, employees, and representatives of the Board and shall establish the rules of calling of meetings and determination of regular and special meetings.

4.8 OFFICERS

The Board shall annually elect a President and other officers having the responsibilities and powers described in the Bylaws and as required by the Act. The Bylaws shall designate the Treasurer of CalFIT as required by Section 6505.5 or Section 6505.6 of the Act and the public office or officers or person or persons who have charge of, handles, or have access to any property of CalFIT as required by Section 6501.1 of the Act, and such public officer or officers or person or persons shall file an official bond in the amount of $25,000; provided, that such bond shall not be required if CalFIT does not possess or own property or funds with an aggregate value of greater than $500 (excluding amounts held by any custodian or depository in connection with the CalFIT Investment Program). The Bylaws shall provide for designation of the public office or officers or person who conducts public meetings in accordance with the Brown Act and other applicable laws, and performs other administrative acts including responses to requests under the California Public Records Act. The Bylaws shall provide for designation of counsel of record for CalFIT.

4.9 ACCOUNTABILITY

Pursuant to Section 6505 of the Act, CalFIT shall establish and maintain such funds and accounts as may be required by good accounting practice, and there shall be strict accountability of all funds and reports of all receipts and disbursements.

4.10 FISCAL YEAR

The fiscal year of CalFIT shall end each June 30. CalFIT may from time to time change the fiscal year of CalFIT by resolution of the Board.

5 ARTICLE – ADMINISTRATOR

5.1 APPOINTMENT; GENERAL PROVISIONS

a) CalFIT may appoint one or more persons to serve as the Administrator for the CalFIT Investment Program. It is specifically intended that any and all provisions related to the Administrator set forth herein be memorialized in a contract between CalFIT and the Administrator (the "Administrator Agreement") and that this Agreement shall not be construed to create any third-party beneficiary rights in any party fulfilling the role of Administrator. In the event of conflict between the provisions of this Agreement and the provisions of the Administrator Agreement, this Agreement shall control.
b) As provided in Section 5.3 hereof, the Administrator shall at no time have custody of or physical control over any of the Investment Property.
c) The Administrator may also serve as Investment Adviser to the CalFIT Investment Program and in such case, the Administrator Agreement may also serve as the Investment Adviser Agreement.

5.2 SUCCESSORS

In the event that, at any time, the position of Administrator shall become vacant for any reason, CalFIT may appoint, employ, or contract with a successor.

5.3 DUTIES OF THE ADMINISTRATOR

a) The duties of the Administrator shall be those set forth in this Article 5 and the Administrator Agreement. This Article 5 outlines some but not all of such duties. Such duties may be modified by CalFIT from time to time. The role of the Administrator is intended to effect purchases, sales, or exchanges of Investment Property on behalf of CalFIT. The Administrator Agreement may authorize the Administrator to employ other persons to assist in the performance of the duties set forth therein.

b) The Administrator shall at no time have custody of or physical control over any of the Investment Property. If a Participant in error delivers Investment Funds for investment to the Administrator instead of to the Custodian, the Administrator shall immediately transfer such Investment Funds to the Custodian. The Administrator shall not be liable for any act or omission of the Custodian but shall be liable for the Administrator's acts and omissions as provided herein.

c) The Administrator understands that the monies delivered to the Custodian may only be invested pursuant to the investment parameters contained in the applicable Investment Policy.

5.4 ADMINISTRATOR ACTIVITIES AND POWERS

The Administrator shall perform the following services:

a) advise CalFIT on any material changes in investment strategies based upon current market conditions;

b) enter into securities transactions with respect to the Investment Property (to the extent permitted by the applicable Investment Policy and applicable laws) by entering into agreements and executing other documents relating to such transactions containing provisions common for such agreements and documents in the securities industry;

c) from time to time, review the Permitted Investments and the applicable Investment Policy and, if circumstances and applicable laws permit, recommend changes in such Permitted Investments and such Investment Policy;

d) provide such advice and information to CalFIT on matters related to investments as CalFIT may reasonably request including, without limitation, research and statistical data concerning the Investment Property, whether and in what manner all rights conferred by the Investment Property may be exercised, and other matters within the scope of the investment criteria set forth in the applicable Investment Policy;

e) prepare such information and material as may be required in the implementation of the Valuation Procedures or the computation of the Balances and the preparation of any and all records and reports required by this Agreement or applicable laws;

f) issue instructions to the Custodian as provided in this Agreement; and

g) employ, consult with, obtain advice from, and exercise any of the Administrator's rights or powers under this Agreement through the use of suitable agents including auditors, legal counsel (who may be counsel to the Administrator or CalFIT), investment advisers, brokers, dealers, and/or other advisers. Notwithstanding Section 15.8 hereof, the Administrator may transmit information concerning the Investment Property and the Participants to such agents.

5.5 MONTHLY STATEMENTS

a) Within fifteen (15) days after the end of each month-end, the Administrator shall prepare and submit, or make available, to each Participant who was a Participant during such month a

statement disclosing any activity and a closing balance, including the number of Shares, in each of its Accounts for such month.

b) The Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's Balance as of the date of such request, subject only to account activity on such date.

5.6 REPORTS

The Administrator shall prepare or cause to be prepared at least annually (i) a report of operations containing a statement of the Investment Property and the Investment Property Liabilities and statements of operations and of net changes in net assets prepared in conformity with generally accepted accounting principles consistently applied and (ii) an opinion of an independent certified public accountant on such financial statements based on an examination of the books and records of the Participants' Accounts, maintained by the Administrator with respect to the Investment Property, performed in accordance with generally accepted auditing standards. An annual audit of the accounts and records of CalFIT shall be made, and the report thereon filed and kept, in accordance with the provisions of Section 6505 of the Act.

5.7 DAILY CALCULATION OF PROGRAM VALUE AND RATE OF RETURN

The Administrator shall calculate the Investment Property Value for each Account once on each Business Day at the time and in the manner provided in the Investment Program's Information Statement for such Pool as well as the Valuation Procedures.

5.8 ADMINISTRATION OF THE CALIFORNIA FIXED INCOME TRUST

The Administrator shall perform the following administrative functions on behalf of CalFIT in connection with the implementation of this Agreement:

a) collect and maintain for such period as may be required under any applicable Federal or California law written records of all transactions affecting the Investment Property or the Balances, including but not limited to (i) investments by and payments to or on behalf of each Participant; (ii) acquisitions and dispositions of Investment Property; (iii) pledges and releases of collateral securing the Investment Property; (iv) determinations of the Investment Property Value; (v) adjustments to the Participants' Balances; and (vi) the current Balance and the Balances at the end of each month for each Participant. There shall be a rebuttable presumption that any such records are complete and accurate. The Administrator shall maintain the records relating to each Participant in a manner that subdivides the Participant's balance into Accounts;

b) assist in the organization of meetings of the Board including preparation and distribution of the notices and agendas therefore;

c) respond to all inquiries and other communications of Participants, if any, that are directed to the Administrator or, if any such inquiry or communication is more properly addressed by the Custodian, referring such inquiry or communication to the Custodian and coordinating the Custodian's response thereto;

d) pay all Investment Property Liabilities in accordance with this Agreement from any income, profits, and gains from the Investment Property (but not from the principal amount thereof); and

e) engage in marketing activities to encourage eligible California public sector entities to become Participants.

6 ARTICLE – INVESTMENT ADVISER

6.1 APPOINTMENT AND QUALIFICATIONS

a) CalFIT may appoint one or more persons that meet the qualifications described in Section 6.1(b) hereof to serve as the Investment Adviser of CalFIT. It is specifically intended that any and all provisions related to the Investment Adviser set forth herein be memorialized in a contract between CalFIT and the Investment Adviser (the "**Investment Adviser Agreement**") and that this Agreement shall not be construed to create any third-party beneficiary rights in any party fulfilling the role of Investment Adviser. In the event of conflict between the provisions of this Agreement and the provisions of the Investment Adviser Agreement, this Agreement shall control.

b) The Investment Adviser shall meet the requirements of Section 6509.7 of the Act and Section 53601(p) of the California Government Code, as such sections may be amended from time to time, which, as of the Effective Date, require that:

   i. the investment adviser is registered or exempt from registration with the Securities and Exchange Commission;

   ii. the investment adviser has not less than five (5) years of experience investing in the securities and obligations authorized by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code; and

   iii. the investment adviser has assets under management in excess of five hundred million dollars ($500,000,000).

6.2 SUCCESSORS

In the event that, at any time, the position of Investment Adviser shall become vacant for any reason, CalFIT shall appoint, employ, or contract with a successor that meets the qualifications described in Section 6.1(b) hereof.

6.3 DUTIES OF THE INVESTMENT ADVISER

The duties of the Investment Adviser shall be those set forth in the Investment Adviser Agreement. Such duties may be modified by CalFIT from time to time. CalFIT may authorize the Investment Adviser in the Investment Adviser Agreement to effect purchases, sales, or exchanges of Investment Property on behalf of CalFIT or may authorize any officer, employee, agent, or member of CalFIT to effect such purchases, sales, or exchanges pursuant to recommendations of the Investment Adviser, all without further action by CalFIT. Any and all of such purchases, sales, and exchanges shall be deemed to be authorized by CalFIT. The Investment Adviser Agreement may authorize the Investment Adviser to employ other persons to assist in the performance of the duties set forth in the agreement. The Investment Adviser Agreement shall also provide that it may be terminated without cause and without the payment of any penalty on forty-five (45) days written notice.

The Investment Adviser shall serve as a fiduciary to CalFIT and act in the best interests of CalFIT in the performance of services, in satisfaction of the duties of loyalty and care.

6.4 POOLS

The Investment Adviser shall cause the Custodian to establish a single initial pool (the "**Stable NAV Portfolio**") for the investment of surplus funds of the Participants. The Stable NAV Portfolio shall have a constant net asset value and be invested in Permitted Investments pursuant to the criteria and policies contained in the Investment Policy for the Stable NAV Portfolio. Notwithstanding anything in this Agreement to the contrary, the Investment Adviser may, upon the direction of CalFIT, cause the Custodian to establish specially designated funds, in addition to the Stable NAV Portfolio, with specified investment characteristics so long as the fund adheres to the Permitted Investments. Such characteristics may include, without limitation, certain restrictions on amounts to be invested, holding periods prior to payments, or certain other conditions to be met for payments, such as possible payment penalties, special investment criteria, investment management tailored to a particular Participant, or additional fees for administering such specially designated Pools. The Investment Adviser may cause the Custodian to establish such Pools with the consent of CalFIT as evidenced by resolution of the Board and approval by the Board of the related Investment Policy for such Pool. The establishment of such Pools shall not be deemed an amendment of this Agreement. A Participant may direct the Investment Adviser to invest its surplus funds in any of the established Pool. The Investment Adviser shall cause each such Pool to maintain accounts and reports separate from any other Pool. All provisions of this Agreement shall apply to any such Pool.

6.5 RETAINED RESERVES

The Investment Adviser may retain from earnings and profits such amounts as it may deem necessary to pay the debts and expenses of CalFIT and to meet other obligations of CalFIT, and the Investment Adviser shall also have the power to establish from earnings and profits such reasonable reserves as they believe may be necessary or desirable. At least quarterly, the Investment Adviser shall provide a detailed accounting to the Board of any debts, expenses, and obligations deemed necessary for CalFIT Investment Program, and at the same time shall provide a detailed accounting to the Board of reserves deemed necessary or desirable by the Investment Adviser. Realized capital gains or losses shall be distributed in a timely and equitable manner as determined by the Investment Adviser.

7 ARTICLE – THE CUSTODIAN

7.1 APPOINTMENT AND QUALIFICATIONS

CalFIT shall appoint and employ a bank or trust company organized under the laws of the United States of America to serve as custodian ("**Custodian**") for the CalFIT Investment Program subject to the requirements of the Applicable Law. The Custodian shall follow directions relating to the investment of all Investment Property in accordance with the instructions of the Administrator. The Custodian shall have authority to act as CalFIT's directed custodian, subject to such restrictions, limitations, and other requirements, if any, as may be established by CalFIT. It is specifically intended that all provisions related to the Custodian set forth herein be memorialized in a contract to be entered into between CalFIT and the Custodian (the "**Custody Agreement**") and that this Agreement shall not be construed to create any third-party beneficiary rights under this Agreement in any party fulfilling the role of the Custodian. As such, the terms of this Agreement are not binding on the Custodian and the Custodian's rights, duties and obligations are solely as defined in the Custody Agreement.

7.2 SUCCESSORS

If, at any time, the Custodian shall resign or shall be terminated pursuant to the provisions of the Custody Agreement, CalFIT shall appoint a successor thereto.

7.3 PROHIBITED TRANSACTIONS

With respect to transactions involving Investment Property, the Custodian shall act strictly as directed custodian for CalFIT. CalFIT shall not purchase Permitted Investments from the Custodian or sell Permitted Investments to the Custodian.

7.4 APPOINTMENT; SUB-CUSTODIANS

a) The Custodian may employ sub-custodians, including, without limitation, Affiliates of the Custodian for any obligations set forth in the Custody Agreement. The appointment of a sub-custodian under this Section shall not relieve the Custodian of any of its obligations set forth in the Custody Agreement. The Custodian shall use its best efforts to ensure that the interests of CalFIT in the Investment Property is clearly indicated on the records of any sub-custodian and the Custodian shall use its best efforts to ensure that the interests of CalFIT in the Investment Property is not diminished or adversely affected because of the Custodian's use of a sub-custodian.

b) No Investment Funds or Investment Property, other than cash, received or held by the Custodian pursuant to the Custody Agreement shall be accounted for in any manner that might cause such Investment Funds or Investment Property to become assets or liabilities of the Custodian.

7.5 POWERS

The Custodian shall perform the following services:

a) open and maintain such custody accounts as CalFIT directs through the Administrator and accept for safekeeping and for credit to the applicable Account, in accordance with the terms of the Custody Agreement, all securities representing the investment of Investment Funds pursuant to Section 2.4 hereof, and the income or earnings derived therefrom.

b) hold the Investment Property:

   i. in its account at Depository Trust Company or other depository or clearing corporation; or

   ii. in a book entry account with the Federal Reserve Bank in which case a separate accounting of the Investment Property shall be maintained by the Custodian at all times.

   The Investment Property held by any such depository or clearing corporation or Federal Reserve Bank may be held in the name of their respective nominees provided, however, that the custodial relationship and the interests of CalFIT regarding such Investment Property shall be noted on the records of the Administrator and the custodial relationship on behalf of CalFIT shall be noted on the records of the Custodian.

c) notify the Administrator, in writing or verbally with written, email, or facsimile confirmation, in advance of the Custodian taking any elective action involving the Investment Property.

d) upon instruction of the Administrator, the Custodian is authorized to:

i. receive and distribute Investment Funds and all other Investment Property as directed by the Administrator;
ii. exchange securities in temporary or bearer form for securities in definitive or registered form; and surrender securities at maturity or earlier when advised of a call for redemption;
iii. make, execute, acknowledge, and deliver as Custodian all documents or instruments (including but not limited to all declarations, affidavits, and certificates of ownership) that may be necessary or appropriate to carry out the powers granted herein; and
iv. take any other action required by the Custody Agreement.

7.6 Custodial Relationship; Custodian Records

a) The Custodian shall hold the Investment Property in its capacity as Custodian on behalf of CalFIT. Such Investment Property shall be custodial property of the Custodian (other than cash) and shall not be, or be deemed to be, an asset of the Custodian.
b) Within fifteen (15) days after the end of each month, the Custodian shall send statements providing the closing balance in the Account at the end of such month and the transactions performed in the Account during such month to the Administrator and CalFIT.

8 Article – Interests of Participants

8.1 General

CalFIT, in its discretion, may authorize the division of the Investment Property into one or more Pools as provided in Section 6.4 hereof. The beneficial interests of the Participants hereunder in a Pool and the earnings thereon shall be divided into Shares. Shares shall be used as units to measure the proportionate allocation to the respective Participants of the beneficial interests of a Pool. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Pool. The number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants in a Pool is unlimited. All Shares in a Pool shall be of one class representing equal distribution, liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to CalFIT Investment Program or the Investment Property held in the applicable Pool. Title to the Investment Property held in the applicable Pool of every description is vested in CalFIT. The Participants shall have no interest in the Investment Property held in the applicable Pool other than the beneficial interests conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights, or interests of CalFIT.

8.2 Allocation of Shares

a) In its discretion, CalFIT may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Investment Property held in the applicable Pool) at such time(s) (including without limitation each Business Day in accordance with the maintenance of a constant net asset value per Shares as set forth in this Agreement for constant net asset value Pools), and on such terms as CalFIT may deem in accordance with the Participant's pro rata beneficial interests. In connection with any allocation of Shares, CalFIT may allocate fractional

Shares. From time to time, CalFIT may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Pool. Reductions or increases in the number of allocated Shares may be made in order to maintain a constant net asset value per Share as set forth in Section 10.1 hereof for constant net asset value Pools. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

b) Shares may be allocated only to a Participant in accordance with this Agreement. Any Participant may establish more than one Account within the CalFIT Investment Program or any Pool thereof for such Participant's convenience.

8.3 Evidence of Share Allocation

Evidence of Shares allocation shall be reflected in the records of CalFIT, and CalFIT shall not be required to issue certificates as evidence of Shares allocation.

8.4 Redemption to Maintain Constant Net Asset Value for Constant Net Asset Value Pools

The Shares shall be subject to redemption pursuant to the procedure for reduction of outstanding Shares in order to maintain the constant net asset value per Shares for constant net asset value Pools unless provided otherwise in the Information Statement for the applicable Pool.

8.5 Redemptions

Payments by CalFIT to Participants, and the reduction of Shares resulting therefrom, are referred to in this Agreement as redemptions for convenience. Any and all allocated Shares may be redeemed at the option of the Participant upon and subject to the terms and conditions provided in this Agreement and any applicable Investment Policy and Information Statement for such Pool. The procedures for effecting redemption shall be prescribed by CalFIT provided, however, that such procedures shall not be structured so as to substantially and materially restrict the ability of the Participants to withdraw funds from the CalFIT Investment Program.

8.6 Suspension of Redemption; Postponement of Payment

a) Each Participant, by its investment in any Pool, agrees that CalFIT may temporarily suspend the right of redemption or postpone the date of payment for redeemed Shares for the whole or any part of any period:
   i. During which trading in securities generally on the New York Stock Exchange or the American Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily charges shall have been established on such exchange or market;
   ii. If a general banking moratorium shall have been declared by Federal, state, or the State of New York or State of California authorities or during a suspension of payments by banks in the State of California;
   iii. During which there shall have occurred any state of war or national emergency; or
   iv. During which any financial emergency or other crisis the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the

Investment Property because of the substantial losses that might be incurred or to determine the Investment Property Value in accordance with the Valuation Procedures.

b) The Administrator shall determine, on behalf of CalFIT, when an event occurs that, under this Section entitles the Custodian to temporarily suspend or postpone a Participant's right to redemption, and shall immediately notify the Custodian and each Participant by facsimile, email, mail, or telephone of such determination. Such a suspension or postponement shall not itself directly alter or affect a Participant's Balance.
c) Such a suspension or postponement shall take effect at such time as is determined by the Administrator, and thereafter there shall be no right to request a redemption of Shares until the first to occur of: (a) in the case of (i), (ii) or (iv) above, the time at which the Administrator declares the suspension or postponement at an end, such declaration shall occur on the first day on which the period specified in the clause (i), (ii) or (iv) above shall have expired; and (b) in the case of (iii) above, the first day on which the period specified in clause (iii) above is no longer continuing to the extent that redemption is made impractical.
d) Any Participant that requested a payment prior to any suspension or postponement of payment may withdraw its request at any time prior to the termination of the suspension or postponement.

8.7 Defective Redemption Requests

In the event that a Participant shall submit a request for the redemption of a greater number of Shares than are then allocated to such Participant, such request shall not be honored.

9 Article – Record of Shares

9.1 Share Records

CalFIT shall maintain records that shall contain:

a) The names and addresses of the Participants;
b) The number of Shares representing their respective beneficial interests in any Account in any Pool hereunder; and
c) A record of all allocations and redemptions. Such records shall be conclusive as to the identity of the Participants to which Shares are allocated. Only Participants whose allocation of Shares is recorded in CalFIT records shall be entitled to receive distributions with respect to Shares or otherwise to exercise or enjoy the rights and benefits related to the beneficial interests represented by the Shares. No Participant shall be entitled to receive any distribution nor to have notices given to it until it has given its appropriate address to CalFIT.

9.2 Maintenance of Records

The Administrator, or such other person appointed by the Administrator or CalFIT, shall record the allocations of Shares in each Account in any Pool in the records of CalFIT.

9.3 Owner of Record

No person becoming entitled to any Shares in consequence of the bankruptcy or insolvency of any Participant or otherwise by operation of law shall be recorded as the Participant to which such Shares are allocated unless such person is otherwise qualified to become a Participant. If not qualified, such person

shall present proof of entitlement to CalFIT and if CalFIT, in its sole discretion, deems appropriate then be entitled to the redemption value of the Shares.

9.4 Transfer of Shares

The beneficial interests measured by the Shares shall not be transferable, in whole or in part, other than to CalFIT itself or another Participant for purposes of redemption. Shares also may be redeemed from one Participant's Account and the proceeds deposited directly into another Participant's Account upon instructions from the Authorized Representative of the respective Participants.

9.5 Limitation of Responsibility

CalFITshall not, nor shall the Participants or any officer, employee or agent of CalFIT, be bound to determine the existence of any trust, express, implied or constructive, or of any charge, pledge, or equity to which any of the Shares or any interest therein are subject or to ascertain or inquire whether any redemption of any such Shares by any Participant or its Authorized Representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein except the Participant recorded as the Participant to which such Shares are allocated. The receipt of moneys by the Participant in whose name any Shares is recorded or by the Authorized Representative or duly authorized agent of such Participant shall be a sufficient discharge for all moneys payable or deliverable in respect of such Shares and from all responsibility to see the proper application thereof.

9.6 Notices

Any and all notices to which Participants hereunder may be entitled and any and all communications shall be deemed duly served or given if electronically or mailed, postage prepaid, addressed to Participants of record at the electronic or physical mailing addresses recorded in the records of CalFIT.

10 Article – Determination of Net Asset Value, Net Income, Distributions and Allocations

10.1 Determination of Net Asset Value, Net Income, Distributions and Allocations

The Information Statement for each Pool within the CalFIT Investment Program shall set forth the basis and times for determining the per Share net asset value of the Shares, the net income, and the declaration and payment of distributions, as CalFIT, in its absolute discretion, may determine.

11 Article – CalFIT Investment Program Costs

11.1 Expenses

In consideration of the performance of its obligations hereunder, the Administrator shall receive a fee as set forth in the Administrator Agreement described in Section 5.1 hereof, which fee shall be paid from the earnings on the Accounts. The Administrator's fee shall be an Investment Property Liability. From its fee, the Administrator shall pay the following costs and expenses: the Investment Adviser's fee set forth in the

Investment Adviser Agreement, the Custodian's fee set forth in the Custody Agreement, the costs of third parties retained by the Administrator to render investment advice pursuant to the Administrator Agreement, marketing expenses, all custodial and securities clearance transaction charges, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by the Administrator and CalFIT, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Administrator Agreement (but only if the Administrator selects such auditors), the fees of the counsel to the Administrator and/or the counsel to CalFIT, the cost of Meetings of the Board, the cost of employee and administrative expenses, the cost of reimbursement for reasonable expenses incurred by Trustees in the course of their duties, insurance costs and the costs of Participant surveys and mailings. At least quarterly, the Administrator shall provide a detailed accounting of such expenses to the Trustees.

12 ARTICLE – REPRESENTATIONS AND WARRANTIES OF EACH MEMBER

12.1 REPRESENTATIONS AND WARRANTIES OF EACH MEMBER

a) the Member is a Public Agency and political subdivision of a state, or an agency, authority, or instrumentality of the United States, a state or any political subdivision of a state; and
b) each of the recitals to this Agreement is true as it relates to such Member; and
c) the Member has taken all necessary actions and has received all necessary approvals and consents and adopted all necessary resolutions in order to execute and deliver this Agreement and to perform its obligations hereunder; and
d) the execution, delivery, and performance of this Agreement by the Member are within the power and authority of the Member and do not violate the laws, rules, or regulations of the State of California applicable to the Member or its organizational statute, instrument, or documents or any other applicable Federal, state, or local law.

13 ARTICLE – LIMITATIONS OF MEMBERS, PARTICIPANTS, TRUSTEES AND OTHERS

13.1 NO PERSONAL LIABILITY OF MEMBERS, PARTICIPANTS, TRUSTEES AND OTHERS

Except in the case of fraud or willful misconduct, no Member, Participant and, subject to Section 13.3 hereof, no Trustee, officer, employee or agent of CalFIT, acting in its capacity as a , Member, Participant, Trustee, officer, employee or agent of CalFIT, as applicable, shall be subject to any personal liability whatsoever to any person in connection with property or the acts, obligations or affairs of CalFIT, and all such persons shall look solely to the Investment Property for satisfaction of claims of any nature arising in connection with the affairs of CalFIT. Except in the case of fraud or willful misconduct, no Member, Participant, Trustee, officer, employee, or agent, as such, of CalFIT who is made a party to any suit or proceeding to enforce any such liability, shall be held to any personal liability. The debts, liabilities and obligations of CalFIT shall not be the debts, liabilities and obligations of any Member, Participant, Trustee, officer, employee or agent of CalFIT, unless otherwise provided in this Agreement provided,

however, that in such case, such debts, liabilities and obligations shall be limited to the value of the Investment Property.

13.2 Indemnification of Participants

CalFIT shall indemnify and hold each Participant harmless from and against all claims and liabilities to which such Participant may become subject by reason of its being or having been a Participant in the CalFIT Investment Program and shall reimburse such Participant for all legal and other expenses reasonably incurred by it in connection with any such claim or liability provided, however, that: (a) such Participant was acting in accordance with all legal and policy requirements and investment objectives applicable to such Participant, including any limitations that the Participant has adopted or is subject to which are more restrictive than state law, (b) such indemnity or reimbursement shall be made from the Investment Property in the applicable Pool in respect of which such claim or liability arose and not from any other Investment Property, and (c) no indemnification shall be made for any Participant's negligence or willful misconduct. The rights accruing to a Participant under this Section 13.2 shall not exclude any other right to which such Participant may be lawfully entitled, nor shall anything herein contained restrict the right of CalFIT to indemnify or reimburse a Participant in any appropriate situation even though not specifically provided herein.

13.3 Bad Faith of Trustees and Others

No Trustee, officer, employee or agent of CalFIT shall be liable to CalFIT, or to any Member, Participant, Trustee, officer, employee or agent thereof for any action or failure to act, except for his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of duty (collectively, "**Bad Faith**").

13.4 Indemnification of Trustees and Others from Third-Party Actions

Any person who serves as a Trustee or Officer, for acts or omissions while acting for or on behalf of the Trust, will be entitled to defense and indemnity from the Trust to the extent provided in California Government Code sections 825, *et seq*., and 995, *et seq*.

13.5 Indemnification of Trustees and Others for Successful Defense

To the extent that a Trustee, officer or employee of CalFIT has been successful on the merits in defense of any proceeding referred to in Section 13.4 hereof or in defense of any claim, issue or matter therein, before the court or other body before which the proceeding was brought, such person shall be indemnified against expenses actually and reasonably incurred in connection therewith.

13.6 Advance Expenses

Expenses incurred in defending any proceeding may be advanced by CalFIT before the final disposition of the proceeding upon a written undertaking by or on behalf of the Trustee, officer or employee of CalFIT, to repay the amount of the advance if it is ultimately determined that he or she is not entitled to indemnification, together with at least one of the following as a condition to the advance: (i) security for the undertaking; or (ii) the existence of insurance protecting CalFIT against losses arising by reason of any lawful advances; or (iii) a determination by a majority of the Trustees who are not parties to the proceeding ("**Non-Interested Trustees**"), or by independent legal counsel in a written opinion, based on

a review of readily available facts, that there is reason to believe that such person ultimately will be found entitled to indemnification.

13.7 Exclusion and Limitations of Indemnification of Trustees and Others

Notwithstanding the foregoing, no indemnification or advance shall be made under Sections 13.4 to 13.6 hereof:

a) **Bad Faith**. For any liability arising by reason of Bad Faith of a Trustee, officer or employee of CalFIT.
b) **Improper Personal Benefit**. In respect of any claim, issue, or matter as to which a Trustee, officer or employee of CalFIT shall have been adjudged to be liable on the basis that personal benefit was improperly received by him or her, whether or not the benefit resulted from an action taken in such person's official capacity.
c) **Otherwise Prohibited**. In any circumstances where it appears that it would be inconsistent with any condition expressly imposed by a court, any provision of this Agreement, or any agreement in effect at the time of accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid which prohibits or otherwise limits indemnification or advance.
d) **Limited to CalFIT Assets**. In any amount, individually or in the aggregate, that exceeds the value of the Investment Property. If there are concurrent indemnifications of multiple Participants under this Article XIII, such indemnifications shall be made on a pro rata basis up to the value of the Investment Property.

13.8 Obligations under Law

Notwithstanding anything herein or in the Investment Management Agreement to the contrary, nothing herein or therein is intended to relieve any Member or Participant of any obligation it has under state or Federal law to monitor, review, evaluate or provide oversight with respect to the Shares, the Investment Adviser, or its participation in CalFIT.

13.9 Required Approval

No indemnification or advance shall be made under Sections 13.4 to 13.6 hereof unless and until it is determined, by a majority of the Non-Interested Trustees, or by independent legal counsel in a written opinion, based on a review of readily available facts, that indemnification of a Trustee, officer, employee or agent of CalFIT is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 13.4 to 13.6 hereof, as applicable, and such indemnification is not excluded by reason of Section 13.7 hereof.

13.10 Fiduciaries of Employee Benefit Plan

This Article XIII does not provide indemnification or release from liability with respect to any proceeding against any trustee, Investment Adviser or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be a Trustee, officer, employee or agent of CalFIT. Nothing contained in this Article 13 shall limit any right to indemnification to which such a trustee, Investment Adviser, or other fiduciary may be entitled by contract or otherwise which shall be enforceable to the extent permitted by applicable laws other than this Article 13.

13.11 No Duty of Investigation and Notice in CalFIT Instruments

No purchaser, lender, transfer agent, record keeper or other person dealing with any Trustee, officer, employee or agent of CalFIT shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by such Trustee, officer, employee or agent or be liable for the application of money or property paid, loaned, or delivered to or on the order of such Trustee, officer, employee or agent. Every obligation, contract, instrument, certificate, Share or other security of CalFIT and undertaking, and every other document executed in connection with CalFIT, shall be conclusively presumed to have been executed or done by the executors thereof only in their capacity as Trustees under this Agreement or in their capacity as officers, employees or agents of CalFIT. Every written obligation, contract, instrument, certificate, Share or other security of CalFIT or undertaking made or issued by any Trustee shall recite that it is executed by such Trustee not individually, but in the capacity as Trustee under this Agreement, and that the obligations of any such instruments are not binding upon any of the Trustees, Founding Members or Participants individually, but bind only CalFIT property, but the omission of such recital shall not operate to bind the Trustees, Founding Members or Participants individually.

13.12 Reliance on Experts

Each Trustee, officer, employee and agent of CalFIT shall, in the performance of his or her duties, be fully protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of CalFIT, upon an opinion of counsel, or upon reports made to CalFIT by any of its officers or employees or by the investment adviser, administrator, transfer agent, record keeper, custodian, distributor accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees, officers, employees or agents of CalFIT.

13.13 Immunity from Liability

All of the privileges and immunities from liability, all exemptions from laws, ordinances and rules, and all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of the trustees, officers, employees or agents of the Members when performing their functions within the territorial limits of their respective Public Agencies, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties associated with CalFIT.

13.14 Further Restriction of Duties and Liabilities

Without limiting the foregoing provisions of this Article 13, the Trustees, officers, employees and Members of CalFIT shall in no event have any greater duties or liabilities than those imposed by applicable laws as shall be in effect from time to time.

14 Article – Amendment and Termination

14.1 Amendment

Unless explicitly set forth otherwise herein, this Agreement may be amended only by a majority vote of the Board. Nothing in this Agreement shall permit its amendment to violate the Act or the Applicable Law or impair the exemption from personal liability of the Members, Participants, Trustees, officers, employees and agents of CalFIT or to permit assessments upon Participants. Notice of any amendment to

this Agreement shall be filed with the office of the Secretary of State of California pursuant to Section 6503.5. Participants shall also be notified of any amendment to this Agreement through electronic communications.

14.2 TERMINATION

a) This Agreement shall continue in full force and effect unless terminated as set forth in this Section 14.2. This Agreement may be terminated at any time pursuant to a duly adopted amendment hereto approved by the unanimous vote of the Board provided, however, that in no event shall this Agreement terminate so long as CalFIT has any unpaid debts or obligations.
b) Upon the termination of this Agreement pursuant to this Section 14.2:
    i. the Custodian, CalFIT, and the Administrator shall carry on no business in connection with the CalFIT Investment Program except for the purpose of satisfying the Investment Property Liabilities and winding up their affairs in connection with the Investment Property;
    ii. the Custodian, CalFIT, and the Administrator shall proceed to wind up their affairs in connection with the CalFIT Investment Program, and all of the powers of CalFIT, the Administrator, and the Custodian under this Agreement, the Administrator Agreement, and the Custody Agreement, respectively, shall continue until the affairs of CalFIT, the Administrator, and the Custodian in connection with the CalFIT Investment Program shall have been wound up, including but not limited to the power to collect amounts owed, sell, convey, assign, exchange, transfer, or otherwise dispose of all or any part of the remaining Investment Property to one or more persons at public or private sale for consideration that may consist in whole or in part of cash, securities, or other property of any kind, discharge or pay Investment Property Liabilities, and do all other acts appropriate to liquidate their affairs in connection with the CalFIT Investment Program; and
    iii. after paying or adequately providing for the payment of all Investment Property Liabilities and upon receipt of such releases, indemnities, and refunding agreements as each of CalFIT, Administrator, and Custodian deem necessary for their protection, CalFIT shall take all necessary actions to cause the distribution of the remaining Investment Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate Balances.
c) Upon termination of this Agreement and distribution to the Participants as herein provided, CalFIT shall direct the Administrator to execute and lodge among the records maintained in connection with this Agreement an instrument in writing setting forth the fact of such termination, and CalFIT and Members shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and benefits of all Participants hereunder shall cease and be canceled and discharged.

15 ARTICLE – MISCELLANEOUS

15.1 GOVERNING LAW

This Agreement is executed by the Founding Members and delivered in the State of California and with reference to the laws thereof, and the rights of all parties and the validity, construction, and effect of every provision hereof shall be subject to and construed according to the laws of the State of California.

15.2 Severability

The provisions of this Agreement are severable, and if any one or more of such provisions (the "**Conflicting Provisions**") are in conflict with applicable laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Agreement, and this Agreement may be amended pursuant to Section 14.1 hereof to remove the Conflicting Provisions provided, however, that such conflict or amendment shall not affect or impair any of the remaining provisions of this Agreement or render invalid or improper any action taken or omitted prior to the discovery or removal of the Conflicting Provisions.

15.3 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument that shall be sufficiently evidenced by any such original counterpart.

15.4 No Assignment

No assignment of this Agreement may be made by any party without consent of the non-assigning party

15.5 Gender; Section Headings and Table of Contents

a) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.
b) Any headings preceding the texts of the several Articles and Sections of this Agreement and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction, or effect.

15.6 No Partnership

Other than the creation by the Founding Members of a joint exercise of powers entity pursuant to the Act, this Agreement does not create or constitute an association of two or more persons to carry on as co-owners a business for profit, and none of the parties intends this Agreement to constitute a partnership or any other joint venture or association.

15.7 Notice

Unless oral notice is otherwise allowed in this Agreement and except as otherwise provided herein, all notices required to be sent under this Agreement:

a) shall be in writing;
b) shall be deemed to be sufficient if given by (i) depositing the same in the United States mail properly addressed, postage prepaid, or (ii) electronically transmitting such notice by any means such as by facsimile transmission, email, or other electronic means, or (iii) by depositing the same with a courier delivery service, addressed to the person entitled thereto at his address or phone number as it appears on the records maintained by the Administrator;
c) shall be deemed to have been given on the day of such transmission if delivered pursuant to subsection (b)(ii) or on the third day after deposit if delivered pursuant to subsection (b)(i) or (b)(iii); and

d) any of the methods specified in Section 15.7(b) hereof shall be sufficient to deliver any notice required hereunder notwithstanding that one or more of such methods may not be specifically listed in the Sections hereunder requiring such notice.

15.8 Confidentiality

All information and recommendations furnished by the Administrator to any Participants or CalFIT that is marked confidential and all information and directions furnished by the Administrator to the Custodian shall be regarded as confidential by each such person to the extent permitted by law. Nothing in this Section shall prevent any party from divulging information as required by law or from divulging information to civil, criminal, bank, or securities regulatory authorities where such party may be exposed to civil or criminal proceedings or penalties for failure to comply, or from divulging information in accordance with State of California laws or to prevent the Administrator from distributing copies of this Agreement, the names of the Participants, or the Investment Property Value to third parties.

15.9 Entire Agreement

This Agreement shall constitute the entire agreement of the parties with respect to the subject matter and shall supersede all prior oral or written agreements in regard thereto.

15.10 Disputes

In the event of any dispute between the parties, the parties agree to attempt to resolve the dispute through negotiation. To the extent permitted by law, no litigation shall be commenced without a certification by an authorized officer, employee, or agent of any party that the dispute cannot be resolved by negotiation provided in writing at least 10 days before commencing legal action.

15.11 Writings

Whenever this Agreement requires a notice, instruction, or confirmation to be in writing or a written report to be made or a written record to be maintained, it shall be sufficient if such writing is produced or maintained by electronic means or maintained by any other photostatic, photographic, or micrographic data storage method such as digital discs as well as on paper.

15.12 Effective Date

This Agreement shall become effective on the Effective Date.

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SIGNATURE PAGE FOR JOINT EXERCISE OF POWERS AGREEMENT

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their names and on their behalf as of the date first written above.

ALAMEDA COUNTY

By: _____
Name: Hank Levy
Title: Treasurer-Tax Collector

SAN DIEGO COUNTY WATER AUTHORITY

By: _____
Name: Lisa Marie Harris
Title: Director of Finance/Treasurer

LAKE COUNTY

By: _____
Name: Patrick Sullivan
Title: Treasurer-Tax Collector

SAN DIEGO COUNTY

By: _____
Name: Chris Herrera
Title: Chief Investment Officer

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EXHIBIT A – VALUATION PROCEDURES

EXHIBIT A

Valuation Procedures

1. Portfolio Valuation

CalFIT follows Financial Accounting Standards Board Accounting Standards Codification (ASC) 820 Fair Value Measurement and Disclosure for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement.

At least daily, the Investment Property Value shall be determined on a mark to market basis as follows: (a) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities or a third-party pricing source; (b) all other securities and assets are valued at fair market value in good faith.

2. Amendment

These Valuation Procedures may be amended from time to time as provided in the Agreement.