

January 8, 2013

Kelly Aviles
Attorney at Law
1502 Foothill Blvd., Suite 103-140
La Verne, CA 91750

Re: San Diego County Water Authority: Request for Public Records

Dear Ms. Aviles:

Having considered the arguments set forth in your letter of January 7, 2013, enclosed please find a redacted version of the June 1, 2012, letter from California Strategies. As you can see, I have removed the redaction of language in the letter which concerns certain services to be performed by California Strategies. Your point regarding this language is well taken; a description of activities that are purely related to tasks concerning government and community relations are subject to disclosure.

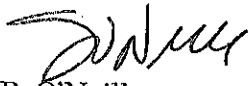
However, the language in paragraph 1 will remain redacted. You may know this office has been retained by Eastern Municipal Water District in the matter of *San Diego County Water Authority v. Metropolitan Water District, et al.*, San Francisco Superior Court Case No. CPF-12-512466. My client is a defendant in this case. The complaint in this matter alleges my client, along with several other member agencies of Metropolitan Water District, have acted to form a "shadow government" or "cabal" which has allegedly usurped the role of the Metropolitan Board in setting policy and setting water rates. California Strategies has been retained to work with my office to formulate litigation strategies addressing these allegations.

Paragraph 1 of the June 1st letter identifies strategic tasks to be performed by California Strategies in this litigation. Accordingly, I must assert exemption, attorney client, and work product privilege to this language. (See Code of Civil §2018.010, *et seq.*; Government Code §6254; and *Meza v. Muehlstein & Co.* 176 Cal.App.4th 969, 972 (2009).

Regarding the other documents requested in your December 21, 2012 request, all responsive non-privileged and non-exempt documents were sent in yesterday's mail. Please contact this office if you would like to discuss this matter further.

Very truly yours,

LEMIEUX & O'NEILL .



Steven P. O'Neill

SON/lms

cc: Paul Jones, General Manager,
Eastern Municipal Water District



CALIFORNIA STRATEGIES, LLC

June 01, 2012

Mr. Paul D. Jones, II, General Manager
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

ATTORNEY-CLIENT PRIVILEGE

Dear Mr. Jones:

This Letter of Agreement (the "Consulting Services Agreement" or, "Agreement") will serve to confirm the engagement of California Strategies, LLC ("Consultant") as a consultant to the Eastern Municipal Water District ("Client") to provide government and community relations strategy relative to local, regional, and statewide policy issues.

Firm Background:

California Strategies, LLC is a leading full-service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Inland Empire, and Silicon Valley. Our bipartisan firm has unrivaled experience across all three branches of government, at all three levels of government, in every state agency, and on both sides of the political aisle. We have unparalleled abilities to develop broad strategic visions and implement the targeted actions needed to achieve results and exceed expectations.

We provide superior legislative, administrative, and regulatory advocacy, constructive policy analysis, and innovative governmental strategies that achieve the objectives of our clients. Our clients include corporations, industry associations, real estate developers, government entities, and non-profit organizations. And our firm is dedicated to solving their problems and accomplishing real results.

Our partners and associates, all experienced policymakers and political strategists, have proven records of achievement in government, business, and not-for-profit sectors. Our expertise is in navigating the public policy and government decision-making processes. We have written, secured approval for, and implemented legislation and regulations.

Operationally, two or three principals are responsible for managing client contact and expediting communications between our clients and our firm. John Withers, Bob White, Gary Hunt, Ben Haddad, and Craig Benedetto will serve as your primary contacts in the office. Day-to-day strategic decisions are made on the basis of our staff members' expertise and well-established relationships with the County of Riverside elected officials, legislators, and key stakeholders. This structure allows for targeted involvement of all of the members of the California Strategies team.

California Strategies brings decades of public and private sector involvement and unparalleled relationships with key decision-makers at all levels of government. This experience translates into the trust and expertise to achieve results for our clients. We are confident our team has the

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unique expertise and relationships needed to best position the Eastern Municipal Water District in California policy discussions.

Scope of Services (Phase One)

Specifically, the following activities will be carried out for the client:

1. [REDACTED]
2. Design and conduct an ascertainment program to communicate with 15-20 key stakeholders in the San Diego area on behalf of MWD and its member agencies, to identify issues of concern and other relevant feedback including, but not limited to:
 - a. San Diego Regional Chamber of Commerce
 - b. San Diego Regional Economic Development Corporation
 - c. Building Industry Association
 - d. San Diego County Taxpayers Association
 - e. Other sub-regional business & economic development organizations
 - f. Key business and thought leaders
 - g. Other entities/individuals

Scope of Services (PHASE TWO)

Upon the completion of the services described in Phase One above, Client and Consultant will develop a scope of work for Phase Two services to address issues identified in Phase 1.

Compensation:

The Client agrees to provide to the Consultant the following compensation in return for the services as detailed in the Scope of Services above:

A fixed monthly retainer fee of US \$15,000.00 per month. The Consultant will submit an invoice to the Client each month for the total amount due, including any expenses incurred during the billing period. The invoice should be addressed to:

Mr. Paul D. Jones, II
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

All invoices will be paid within 30 days of receipt.

Other Expenses:

The Consultant shall be reimbursed by the Client for reasonable expenses incurred in the normal course of business in support of Consultant's efforts on behalf of Client. "Expenses" may also include costs incurred to retain subcontracted consulting or professional services, should such retention be necessary. Prior approval from Client shall be obtained for items costing in excess of \$1,000. Any expenses incurred on behalf of Client shall be documented and billed as they occur. Should subcontracted consulting or professional services become necessary, a management and administration fee not to exceed 10% of subcontractor fee(s) will apply in addition to the actual fees charged by any subcontractor(s).

Duration:

The services to be rendered by the Consultant under this Agreement, for which a fee shall be paid, will commence June 01, 2012 and conclude December 01, 2012, with the opportunity to continue the relationship if mutually agreeable. Either party may terminate this Agreement, without liability, with 30 days advance written notice.

Assignment:

The Client may assign this Agreement to any of its affiliates without the prior consent of the Consultant. Except as provided by the preceding sentence, this Agreement may not be assigned by either party except upon the express written consent of the other party.

Legal Expenses:

Client to pay for all legal expenses incurred by the Consultant on behalf of the Client in the event of any litigation which may arise as a result of Consultant's efforts.

Confidentiality:

The Consultant agrees to protect confidential information against unauthorized disclosure. The Consultant will protect such information using a reasonable degree of care as is used to protect its own confidential information of a like nature. The Consultant agrees to protect confidential information disclosed under this agreement in both a) a tangible form, clearly labeled confidential at time of disclosure, and b) in non-tangible form, pertaining to matters disclosed in writing or orally which protect or enhance the competitive position of the Client. This Agreement covers confidential information the Consultant has obtained to date and will obtain in the future. The Consultant's obligations regarding confidential information received under this Agreement shall survive for two years following any termination hereof.

Code of Ethics:

In respect to the performance of its Scope of Services, the Consultant specifically represents, warrants and agrees that, in respect of its involvement in the Client, no payment or offer of payment has been made or shall be approved or made by the Consultant with the intention or understanding that any part of such payment is to be used to influence or attempt to influence, corruptly or unlawfully, any decision or judgment of any official of any government or of any subdivision, agency, or instrument thereof or any political party in connection with the Client. The obligations in this paragraph shall survive the termination of this Agreement.

Independent Contractor Status:

By execution of this agreement, the Consultant acknowledges that it is an independent contractor and neither it nor its employees are employees of the Client for any purpose whatsoever. The Consultant has no right or authority to assume or create any obligation or responsibility, express or implied, on behalf of the Client, except as expressly authorized in writing by the Client.

Other Conditions:

This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California.

The scope of consulting services contemplated under this agreement does not include "lobbying" as that term is defined under the Political Reform Act (Gov. Code §§ 81000 et. seq.) or local law. Consequently, the Client hereby agrees that no payments to Consultant will be classified as payments made to lobbyists or lobbying firms on any lobby disclosure reports filed by the Client, if any. Should at any time a question arise regarding lobbying activities, the Client and Consultant agree to discuss immediately and take the appropriate action. If the scope of services needs to be amended to include lobbying activities the Client and Consultant agree to make such amendments immediately and file the appropriate paperwork with the Secretary of State.

This Agreement may be amended only by a written and signed agreement of both the Consultant and the Client.

Please review this Agreement and indicate your acceptance by signing below and returning to Sue Kappas in our Irvine Office (fax 949-252-8911).

We look forward to working with you.

Best regards,

ACCEPTED & AGREED:

Eastern Municipal Water District

California Strategies, LLC

By: _____
Paul D. Jones, II General Manager

By: _____
Bob White, Managing Member

By: _____