
WATER ENTERPRISE MANAGEMENT AGREEMENT

Dated as of November 1, 2001

by and between the

SOUTH GATE UTILITY AUTHORITY

and

CITY OF SOUTH GATE

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WATER ENTERPRISE MANAGEMENT AGREEMENT

THIS WATER ENTERPRISE MANAGEMENT AGREEMENT, dated as of November 1, 2001, is by and between the SOUTH GATE UTILITY AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the CITY OF SOUTH GATE, a chartered city and municipal corporation duly organized and existing under the laws of the State of California (the "City"),

WITNESSETH:

WHEREAS, the City has leased its municipal water system (the "Water Enterprise") to the Authority pursuant to a Lease Agreement dated as of November 1, 2001 (the "Lease Agreement"); and

WHEREAS, under the Lease Agreement, the Authority indicated its intention to contract with the City to operate and manage the Water Enterprise, and the City has indicated its willingness to manage the Water Enterprise pursuant to the Lease Agreement; and

WHEREAS, the parties wish to set forth the terms of the management and operation of the Water Enterprise by the City on behalf of the Authority in this Management Agreement, including the terms of payment by the Authority to the City for such management and operation;

NOW THEREFORE, for and in good consideration of the premises and material covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement shall have the respective meanings specified in the Lease Agreement. In addition, the following terms defined in this Section 1.1 shall, for all purposes of this Agreement, have the respective meanings herein specified.

"Agreement" means this Water Enterprise Management Agreement, together with any duly authorized and executed amendments hereto.

"Annual Budget" means the annual budget for the Water Enterprise, covering the revenues and expenditures for the applicable Fiscal Year, prepared by the City and approved by the Authority in accordance with the provisions of Section 4.4 hereof.

"City Equipment" shall have the meaning set forth in Section 4.3 hereof.

"Event of Default" shall mean the occurrence of any of the events described in Article II of this Agreement, together with the expiration of any cure period applicable to such event.

"Legal Requirements" shall mean any and all laws, statutes, ordinances, codes, orders, rules, regulations, permits, licenses, authorizations, entitlements, official orders and requirements of, and conditions imposed by, all federal, state and local governmental regulatory agencies and authorities which are as of the date hereof or hereafter become applicable to the Water Enterprise or the operation thereof.

“Material Contracts” shall mean all contracts now or hereafter entered into for the management, maintenance and operation of the Water Enterprise, including, without limitation, all such contracts for improvements to be provided for the Water Enterprise and water supply contracts. As of the date of this Agreement, the Material Contracts, and the parties thereto, are listed in Exhibit A hereto.

“Term” means the term of this Agreement as set forth in Section 3.2 hereof.

“Termination Date” means the date on which the City shall no longer act as Agent of the Authority with respect to the management and operation of the Water Enterprise hereunder as provided in Section 3.2 of the Lease Agreement.

ARTICLE II

COVENANTS AND REPRESENTATIONS

Section 2.1. Covenants and Representations of the City. The City makes the following covenants and representations to the Authority that as of the date of this Agreement:

(a) The City is a municipal corporation duly organized and validly existing under the laws of the State, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action has duly authorized the execution and delivery of this Agreement.

(b) The representatives of the City executing this Agreement are fully authorized to execute the same.

(c) This Agreement has been duly authorized, executed and delivered by the City, and constitutes the legal, valid and binding agreement of the City, enforceable against the City in accordance with its terms.

(d) The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it is otherwise subject or bound, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions on the part of the City contemplated by this Agreement.

(e) No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or threatened against or affecting the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions on the part of the City contemplated by or the validity of this Agreement and the City is not in default with respect to any order or decree of any court or any order,

regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions on the part of the City contemplated by this Agreement.

Section 2.2. Covenants and Representations of the Authority. The Authority makes the following covenants and representations as the basis for its undertakings herein contained:

(a) The Authority is a joint powers authority, duly organized and existing under the laws of the State. The Authority has the full right, authority and power to enter into the transactions contemplated by this Agreement and to carry out and consummate all transactions contemplated hereunder. By proper action of its governing body, the Authority has been duly authorized to execute, deliver and duly perform this Agreement.

(b) The Authority is not in default under any of the provisions of the laws of the State, which default would affect its existence or its powers referred to in subsection (a) of this Section 2.2.

ARTICLE III

APPOINTMENT OF MANAGER

Section 3.1. Agreement to Manage and Operate Water Enterprise. The Authority hereby appoints and retains the City, and the City hereby accepts such appointment and retention as the manager and operator of the Water Enterprise during the Term with full power and authority to carry out all responsibilities of manager and operator upon the terms and subject to the conditions hereinafter set forth. The City is entering into this Agreement as an agent of the Authority to provide the services set forth in this Agreement.

Section 3.2. Term. The initial term of the appointment of the City as manager and operator hereunder (the "Initial Term") shall be for the period beginning on the 1st day of November, 2001 and ending on the 1st day of November, 2002. On November 1, 2002 and on each anniversary of November 1, 2002, this Agreement will be automatically extended for an additional term (each such term, a "Subsequent Term") consisting of the next 12 consecutive months, unless (a) an Event of Default exists under this Agreement or (b) the City or the Authority gives written notice to each other party hereto that it does not intend to extend the term of this Agreement. Anything herein to the contrary notwithstanding, this Agreement shall terminate on the Termination Date.

Section 3.3. Standards of Performance; Relationship Between Authority and City. The City accepts the relationship of trust and confidence established between the City and Authority by the terms of this Agreement. The City shall manage, operate and maintain the Water Enterprise on behalf of the Authority as a public utility. The City shall perform its duties and obligations under this Agreement in an efficient, expeditious, prudent and economical manner, consistent with the best interests of the Authority, in accordance with standard industry practices with respect to the management and operation of similarly situated public utilities.

ARTICLE IV

OPERATION OF WATER ENTERPRISE; ANNUAL BUDGET

Section 4.1. Employees of City. The City shall employ, on its behalf and not as employees of the Authority, at all times a sufficient number of capable employees (which may be current employees of the City) to enable it to fulfill the City's obligations hereunder, properly, adequately, safely and

economically and in accordance with the standards set forth in this Agreement. All matters pertaining to the employment, training, supervision, compensation, promotion and discharge of such employees shall be the sole responsibility of the City, provided, however, that if the Authority determines that the continued employment of any employee of the City at the Water Enterprise is not in the best interest of the Authority or the Water Enterprise, the Authority shall so notify the City in writing. Upon receipt of such notice, the City shall take appropriate steps, consistent with applicable law, to cause such employee to cease his or her affiliation with the Water Enterprise.

Section 4.2. Material Contracts. As of the date of this Agreement, the City is a party to existing Material Contracts relating to the supply of water for use and distribution by the Water Enterprise, which existing Material Contracts are described in Exhibit A hereto. The City shall, to the extent directed by the Authority, execute all Material Contracts necessary or appropriate for the maintenance, management and operation of the Water Enterprise in accordance with this Agreement. All such Material Contracts shall be executed in the name of the City on behalf of the Authority. The City promptly shall notify the Authority in writing of the City's execution of any Material Contract on behalf of the Authority, and, promptly shall deliver to the Authority, a true, correct and complete copy thereof. The City's execution of any Material Contract shall be subject to any and all restrictions set forth in Article IV hereof. All Material Contracts shall be subject to the Authority's prior written approval as to form and content and shall provide that the party thereto shall, at the Authority's request, continue its performance thereunder, subject to the terms and conditions of such Material Contract, notwithstanding any termination of this Agreement by the Authority and subsequent management of the Water Enterprise by the Authority or a third party.

Section 4.3. Maintenance of Water Enterprise; City to Provide Vehicles and Equipment; Acquisition of Additional Equipment and Supplies; Capital Improvements. The City agrees that it shall provide, or contract for the provision of, such vehicles, including trucks, heavy equipment and cars, and such tools and equipment, as shall be required in connection with its services as manager and operator of the Water Enterprise pursuant to this Agreement. The City and the Authority agree that as of the date of this Agreement it has on hand sufficient vehicles and equipment (the "City Equipment") for such purpose. Throughout the term of this Agreement, all improvement, repair and maintenance of the Water Enterprise shall be the responsibility of the City at the expense of the Authority, and the Authority shall pay for or otherwise arrange for the payment of all utility services supplied to the Water Enterprise, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Water Enterprise resulting from ordinary wear and tear. The City shall, at the Authority's expense and in accordance with the Authority's annual budget for the Water Enterprise, lease and keep the Water Enterprise adequately furnished with all necessary vehicles, equipment and supplies that may be required in addition to the City Equipment. The cost of such vehicles, equipment and supplies shall be charged to the Authority and the upkeep and maintenance of the City Equipment shall also be charged to the Authority. The City shall also undertake such capital improvements to the Water Enterprise as directed by the Authority, such improvements to be made at the expense of the Authority.

Section 4.4. Annual Budget for Water Enterprise. The City agrees to prepare and submit to the Authority for its review and approval, an annual budget (the "Annual Budget") for the Water Enterprise for each Fiscal Year during the term of this Agreement. The City shall submit a draft of the Annual Budget to the Authority at least 30 days before the commencement of each Fiscal Year and the Authority agrees to review, revise if necessary, and adopt the final Annual Budget no later than the first day of each Fiscal Year. The Annual Budget shall include a detailed statement of expected revenues and a detailed statement of expected expenses, including Direct Costs and Allocated Costs (which shall be paid to the City as manager of the Water Enterprise hereunder), Lease Payments due to the City under the Lease Agreement, annual debt service on any other debt of the Water Enterprise.

The Annual Budget may be amended from time to time with the consent of the Authority and the Trustee. A copy of each Annual Budget and any amendments thereto, as adopted by the Authority, shall be promptly sent by the City, on behalf of the Authority, to the Trustee.

ARTICLE V

TAXES, INSURANCE AND OTHER MATTERS

Section 5.1. Taxes, Assessments and Insurance. The Authority shall pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority affecting the Water Enterprise or its interest or estate therein; and shall maintain insurance of such types and in such amounts as set forth in the Lease Agreement.

ARTICLE VI

RESTRICTED ACTIVITIES OF THE CITY

Section 6.1. Restricted Activities. Without the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole discretion, the City shall not do, or cause or permit to be done, any of the following throughout the Term of this Agreement.

- (a) Borrow or lend money, or enter into any other agreement, in the name of the Authority.
- (b) Except for the Material Contracts (which shall be governed by paragraph 4.2), enter into any agreement relating, directly or indirectly, to the Water Enterprise without the prior consent of the Authority.
- (c) Make, execute or deliver in the name of the Authority, or with respect to any of the assets of the Authority, any assignment for the benefit of creditors or any bond, confession of judgement, chattel mortgage, security instrument, deed, guarantee, indemnity bond or surety bond.
- (d) Lease, sell, transfer, assign, convey, pledge, encumber, mortgage, hypothecate or otherwise dispose of the Water Enterprise.
- (e) In the name of or on behalf of the Authority, endorse any note, or become a surety, guarantor, or accommodation party to any obligation.
- (f) Violate any Legal Requirement.
- (g) Make any major deletion, addition, modification, improvement or other alteration to the improvements other than as expressly authorized hereunder or otherwise authorized by the Authority.
- (h) Hire, employ or retain an entity to manage the day to day operation of the Water Enterprise.

ARTICLE VII

COMPENSATION TO CITY

Section 7.1. Reimbursement of Actual Costs and Overhead. The City shall be paid, a management fee equal to the actual costs and direct overhead of the City incurred in connection with the management and operation of the Water Enterprise hereunder, including, but not limited to, salaries, insurance and retirement benefits of employees of the City providing services to the Water Enterprise hereunder. The allocation of direct and indirect employee costs, overhead and other costs shall be in accordance with governmental accounting standards. Such management fee shall be paid on behalf of the Authority from Gross Revenues as a portion of Direct Costs and Allocated Costs.

ARTICLE VIII

FINANCIAL AND REPORTING MATTERS

Section 8.1. Compliance with Annual Budget. During each Fiscal Year, City, in the performance of its duties under this Agreement, shall comply with the approved Annual Budget of the Authority relating to the Water Enterprise for such Fiscal Year and shall not incur any material additional expense or change materially the manner of operation of the Water Enterprise, without the written approval of the Authority.

Section 8.2. Gross Revenues. The City agrees to collect Gross Revenues and deposit them under the terms of the 1996 Installment Sale Agreement and the Lease Agreement. The Authority and the City acknowledge and agree that the Gross Revenues may only be expended as provided in this Agreement, the 1996 Installment Sale Agreement and the Lease Agreement.

Section 8.3. Books and Reports.

(a) Books and Records. Throughout the Term, the City shall maintain in accordance with generally accepted accounting principles, consistently applied, full and separate books and records for the Water Enterprise with entries supported by documentation sufficient to allow the Authority to ascertain the accuracy of such books and records. The City shall maintain and safeguard such books and records at the City's offices. The City shall ensure such control over accounting and financial transactions as is necessary to protect the Authority's assets from theft, error or fraudulent activity by the City's employees.

(b) Reports.

(i) The City shall prepare and submit to the Authority or cause to be prepared and submitted to the Authority, on or before the twentieth (20th) of each calendar month during the Term and the twentieth (20th) day of the calendar month immediately following any month in which this Agreement is terminated, a monthly operating report (the "Monthly Financial Statements"), which monthly operating report shall be in such form and contain such information as the Authority may require and shall include a report of all transactions occurring during the preceding month, all aging accounts receivable; a statement of income and expenses for the Water Enterprise for the preceding month and a balance sheet for the Water Enterprise; and, if requested by the Authority, an analysis of variances from the approved annual budget.

(ii) City shall prepare and submit to the Authority no later than one hundred eighty (180) days after the end of each Fiscal Year (or any portion of any such Fiscal Year in the case of a partial Fiscal Year at the beginning or end of the Term) an annual operating report for the

immediately preceding Fiscal Year, which annual operating report shall be in such form and contain such information as the Authority may require, including, without limitation, the information described in paragraph (i) above (collectively, the “Year End Financials”).

(c) Supporting Documentation. As additional supporting documentation for the Monthly Financial Statements and Year End Financials required under paragraph (b)(ii) above, unless otherwise directed by the Authority, the City shall make available, the following:

- (i) all bank statements and bank deposit slips;
- (ii) detailed cash receipts and disbursements records;
- (iii) detailed trial balances for receivables and payables and billed and unbilled revenue items;
- (iv) paid invoices;
- (v) supporting documentation for payroll, payroll taxes and employee benefits;
- (vi) appropriate details of accrued expenses and property records;
- (vii) daily or weekly reports maintained by the City in connection with its ongoing operation and management of the Water Enterprise; and
- (viii) information necessary for preparation of the Authority’s audited financial statements, including a description of and a statement of accounts expended in connection with repairs, capital improvements, taxes and professional fees.

Section 8.4. Authority’s Right to Audit. All books, records and supporting documentation maintained by the City pursuant to this Article VIII shall be the sole and exclusive property of the Authority, and shall be made available to the Authority at the Authority’s request at reasonable times during normal business hours, and, in addition, in connection with independent financial audits of the Authority, or persons appointed by the Authority, may, during ordinary business hours, examine all books, records and files maintained for the Authority by the City. The Authority may perform any audit or investigation relating to the City’s activities at any office of the City if such audit or investigation relates to the City’s activities for the Authority. Should the Authority or the Authority’s employees or representatives discover any errors in record keeping, the City shall correct such discrepancies promptly upon discovery and make necessary adjustments. The City shall inform the Authority in writing of the action taken to correct any audit discrepancies.

ARTICLE IX

INDEMNITY

Section 9.1. Indemnification by Authority. The Authority shall indemnify, defend, protect and hold the City and the City’s officers, directors, employees, agents, and legal representatives harmless from all liability, loss, damage, cost, or expense (including, without limitation reasonable attorneys’ fees and expenses, whether incurred at the trial, pretrial, or appellate level) arising from or relating to the use, maintenance, condition or management of the Water Enterprise from and after the Term of this Agreement (collectively “liabilities”), except those liabilities arising from the City’s or the City’s employees’ willful or criminal misconduct, negligence or fraud. The City will notify the Authority of

such action, suit, or proceeding, and the Authority may, and upon the City's request shall, at the Authority's expense, defend such action, suit, or proceeding, or cause the same to be defended by counsel designated by the City.

Section 9.2. Indemnification by City. The City shall indemnify, defend, protect and hold the Authority and the Authority's employees, agents and legal representatives harmless from all liability, loss, damage, cost, or expense (including, without limitation, reasonable attorneys' fees, whether incurred at the trial, pretrial, or appellate level) arising from or related to the City's or the City's employees' willful or criminal misconduct, negligence or fraud. The Authority will notify the City of such action, suit, or proceeding, and the City may, and upon the Authority's request shall, at the City's expense, defend such action, suit or proceeding, or cause the same to be defended by counsel designated by the Authority.

Section 9.3. Accident Reporting. The City shall promptly investigate, and make a full, timely written report to the Authority regarding all accidents, claims or damage relating to the ownership, operation, management and maintenance of the Water Enterprise; any damage or destruction to the Water Enterprise and the estimated cost of repair thereof, and shall prepare any and all reports required by the Authority and any insurance companies in connection therewith. All such reports shall be filed timely with the Authority's insurance companies as required under the terms of the applicable insurance policy which provides coverage for such accident, damage or claim. The City shall not settle, compromise, or otherwise dispose of any claims, demands or liabilities whether or not covered by insurance proceeds, without the prior written consent of the Authority.

ARTICLE X

DEFAULTS AND TERMINATION

Section 10.1. Default by City. If there is any failure by the City to perform any of the terms, conditions or covenants of this Agreement to be observed or performed by the City within thirty (30) days after written notice from the Authority (or such additional time as is reasonably required to correct any such default), or if the City shall become insolvent or file any debtor proceedings, or file a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the City's property, and if any of the foregoing proceedings are not discharged within sixty (60) days thereafter, or if the City makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement of its debts, or if the City shall permit or suffer this Agreement to be taken under any writ of attachment or execution, and the same is not discharged within thirty (30) days thereafter, or, if the City assigns this Agreement, then an Event of Default with respect to the City shall be deemed to have occurred under this Agreement.

Section 10.2. Default by Authority. If the Authority fails to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by the Authority, and such default shall continue for a period of thirty (30) days after written notice thereof by the City to the Authority (or such additional time as is reasonably required to correct any such default), then an Event of Default with respect to the Authority shall be deemed to have occurred under this Agreement.

Section 10.3. Remedies; Termination Upon Default. Upon the occurrence of an Event of Default, the nondefaulting party may, at its option, and in addition to any and all other rights to which it may be entitled under this Agreement or applicable law, elect to terminate this Agreement; provided, however, that any termination of this Agreement by the Authority shall not be effective without the prior written consent of the Bond Insurer. Any such termination shall be effective as of the date therefor

specified in such election; provided, however, that in no event shall such date be later than thirty (30) days following the date such election is made.

Section 10.4. Actions Following Termination. No remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under existing law or in equity. No delay or failure to exercise any right or power accruing under this Agreement upon the occurrence of any Event of Default or otherwise shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XI

NO TRANSFER AND ASSIGNMENTS

Section 11.1. Further Restrictions on City. The City shall not sell, convey, assign, transfer, hypothecate, pledge, or otherwise dispose of (or agree to do any of the foregoing) all or any part of its interest, if any, in this Agreement, or any contractual rights or obligations related hereto (including any rights to receive payments) (“Transfer”), without the prior written consent of the Bond Insurer and the Authority, which consent may be granted or withheld in Authority’s sole judgment. Any assignment by the City without the Authority’s and the Bond Insurer’s consent shall be considered an event of default and the assignment shall be of no force or effect.

ARTICLE XII

LEGAL REQUIREMENTS

Section 12.1. Legal Requirements. Throughout the Term, the City shall comply with and observe, without exception, all Legal Requirements applicable to the Water Enterprise or any of the rights, duties, or obligations of the City under this Agreement. All sums required to be paid to ensure compliance with this paragraph 12.1 under Legal Requirements shall be the responsibility of the Authority.

ARTICLE XIII

MISCELLANEOUS

Section 13.1. Further Assurances. The City agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or by any bond trustee, if any, to carry out the intention or to facilitate the performance of this Agreement.

Section 13.2. Amendments. The Authority and the City may, with the prior written consent of the Bond Insurer, amend this Agreement upon the written consent of each party hereto.

Section 13.3. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy, telex or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon confirmed transmission by telecopy, telex or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority or the City may, by

written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: South Gate Utility Authority
8650 California Avenue
South Gate, California 90280
Attention: Executive Director

If to the City: City of South Gate
8650 California Avenue
South Gate, California 90280
Attention: City Manager

Section 13.4. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

Section 13.5. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority and the City, and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 13.6. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the City each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 13.7. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 13.8. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 13.9. Waiver of Personal Liability. No member of the Authority, nor any member of the governing board of the Authority or its members, nor any officer, agent or employee of the Authority or its members shall be individually or personally liable for the payment of amounts due hereunder or be subject to any personal liability or accountability by reason of this Agreement; but nothing herein contained shall relieve any such member or person from the performance of any official duty provided by law or by this Agreement.

IN WITNESS WHEREOF, the Authority and the City have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CITY OF SOUTH GATE, as Manager and Lessor

By: _____
Mayor

SOUTH GATE UTILITY AUTHORITY, as Lessee

By: _____
Executive Director

EXHIBIT A
MATERIAL CONTRACTS