

RESOLUTION NO. 1

FOUNDING RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO GROUNDWATER BASIN GROUNDWATER SUSTAINABILITY AGENCY INCLUDING THE ADOPTION OF GOVERNANCE BYLAWS

WHEREAS, in September 2014, California passed Senate Bills 1168 and 1319 and Assembly Bill 1739, known collectively as the Sustainable Groundwater Management Act (“SGMA”), enacting Water Code §§10720 – 10737.8; and

WHEREAS, SGMA went into effect on January 1, 2015; and

WHEREAS, the legislative intent of SGMA, among other goals, is to provide for the sustainable management of groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible while minimizing state intervention; and

WHEREAS, SGMA requires all high and medium priority non-adjudicated groundwater basins, as designated by Bulletin 118 issued by the California Department of Water Resources (“DWR”), to be managed by a Groundwater Sustainability Agency (“GSA”) and that such management be accomplished pursuant to a Groundwater Sustainability Plan (GSP) for the basin; and

WHEREAS, the Montecito Groundwater Basin, DWR Basin Number 3049 (“Basin”) was designated by DWR as a medium priority basin in its 2018 draft prioritization process, thereby requiring the implementation of SGMA for the Basin; and

WHEREAS, California Water Code §10721(j) defines a GSA as one or more local agencies that implement the provisions of SGMA; and

WHEREAS, any local public agency or combination of local agencies that have water supply, water management, or land use responsibilities within a groundwater basin may elect to become a GSA over that basin; and

WHEREAS, Montecito Water District (District) is a County Water District, organized pursuant to Water Code §30000 et seq, with water supply and water management responsibilities within its service area; and

WHEREAS, the District is a local agency, with water supply and water management responsibilities, overlying the majority of the Basin, and is therefore also a local agency as defined within Water Code §10721(n); and

WHEREAS, it is beneficial to the health, safety, and water supply reliability of the Basin for all stakeholders in the Basin to retain local jurisdiction and control over groundwater resources within the Basin; and

WHEREAS, the Basin is currently one of the only reliable water supplies for the District, supplying nearly 15% of its annual water supply needs throughout the recent historic drought

(2012-2018), and therefore ensuring this supply is managed sustainability into the future remains a top priority for the District; and

WHEREAS, the District gave notice, pursuant to Water Code §10723(b) and Government Code §6066 of its intent to become the GSA for the Basin, and a public hearing was held on July 24, 2018 in the County overlying the Basin; and

WHEREAS, after said notice, hearing, and consideration of groundwater conditions for the Basin, the Board of Directors of the Montecito Water District determined it to be in the best interest of the Montecito Water District, its service area, other stakeholders, and the public to act as the GSA for the Basin, and to thereby provide for the sustainable management of the Basin and passed Resolution No. 2169 declaring its intention to become the groundwater sustainability for the Basin; and

WHEREAS, the District's formation notice was posted on the DWR's SGMA Portal and on November 28, 2018 after a 90-day public review period, DWR declared the District the exclusive GSA for Basin; and

WHEREAS, the District will work cooperatively with other local users of groundwater to manage groundwater in compliance with SGMA; and

WHEREAS, adoption of this Resolution does not constitute a project under the California Environmental Quality Act because it does not result in any direct or indirect physical change in the environment;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Montecito Groundwater Basin Groundwater Sustainability Agency does hereby:

1. Affirm that the above recitals are true and correct, and are incorporated as terms of this resolution.
2. Create the Montecito Groundwater Basin Groundwater Sustainability Agency ("Agency") under the SGMA with the intent of developing and implementing a GSP to sustainably manage the entirety of the Montecito Groundwater Basin in compliance with SGMA, and which shall have all the powers granted to a GSA pursuant to SGMA;
3. Affirm that the Agency hereby created shall consider the interests of all beneficial uses and users of groundwater within the Montecito Groundwater Basin;
4. Affirm that the Agency will continue to maintain a list of persons interested in receiving notices regarding GSP preparation, meeting announcements, and relevant documents, as required by Water Code §10723.4;
5. Affirm the Appointment of the Board of Directors of the District as the Board of Directors of the Agency;
6. Approve the Appointment of the Board President of the Agency;
7. Approve the "Bylaws of the Montecito Groundwater Basin Groundwater Sustainability Agency" as set forth in **Exhibit A** to this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Montecito Groundwater Basin Groundwater Sustainability Agency this 29th day of April, 2019 by the following roll call vote:

AYES: Directors Coates, Goebel, Hayman, and Wicks

NOES: None

ABSENT: Director Plough

ABSTAIN: None

APPROVED:



Cori Hayman
President Board of Directors

ATTEST:



Nicholas Turner, P.E.
Secretary

Exhibit 'A' to Resolution No. 1

BYLAWS

of the

Montecito Groundwater Basin

Groundwater Sustainability Agency

Adopted April 29, 2019

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PREAMBLE

These Bylaws are adopted and effective as of April 29, 2019 pursuant to Water Code Sections 30000 et seq and Water Code Sections 10720 et seq. All references herein to Code Sections shall refer to the laws of the State of California unless otherwise specified.

ARTICLE 1. THE AGENCY

1.1.NAME OF THE AGENCY. The name of the agency is the **Montecito Groundwater Basin Groundwater Sustainability Agency** (“Agency”).

1.2.GROUNDWATER SUSTAINABILITY AGENCY

1.2.1. The purpose of a Groundwater Sustainability Agency (“GSA”) is to implement and fulfill the requirements of the California Sustainable Groundwater Management Act (“SGMA”) as set forth in Water Code §§10720-10737.8.

1.2.2. SGMA requires all groundwater basins designated as medium and high priority, per Bulletin 118 issued by the DWR, to be sustainably managed by a GSA by 2040. In February 2019, DWR finalized its groundwater basin reprioritization process re-designating the Montecito Groundwater Basin from a “very low” priority to a “medium” priority thereby mandating compliance with the SGMA.

1.2.3. The Montecito Water District adopted Resolution 2169 on July 24, 2018 thereby giving notice to the California Department of Water Resources (DWR) of its intention to become the GSA pursuant to the SGMA for the Montecito Groundwater Basin, designated as DWR Basin Number 3049 (“Basin”). In November 2018, the DWR declared Montecito Water District as the exclusive GSA for the Basin.

1.3. GENERAL AGENCY POWERS. The Agency shall reasonably and equitably manage the Basin, to protect and enhance the health of the Basin. The powers of the Agency are as set forth in the SGMA and advisory and decision-making responsibilities are vested in the Board of Directors (“Board”). The term “Director(s)” shall mean the elected and/or appointed representatives of Montecito Water District, who also serve as the Directors of the Agency. The Agency’s Board generally reserves unto itself the right to delegate by ordinance and resolution such powers as are appropriate and permissible by law.

1.4. SPECIFIC AGENCY POWERS.

1.4.1. The Agency shall oversee the development of a Groundwater Sustainability Plan pursuant to SGMA, any amendments thereto, and any implementing rules and regulations of the Agency. The Agency shall make a written recommendation to the Board on the adoption or amendment of a Groundwater Sustainability Plan or any implementing rule or regulation of the Agency. The following general principles will guide the preparation of a Groundwater Sustainability Plan for the Basin:

- 1.4.1.1 Develop and adopt a GSP that defines the basin setting and establishes criteria that will maintain or achieve sustainable groundwater management.
- 1.4.1.2 Monitor and report groundwater conditions to demonstrate that the GSP is achieving the sustainability goal(s) for the basin.
- 1.4.1.3 Document the effect of the implementation of the GSP on adjacent basins.
- 1.4.1.4 Modify the GSP as needed and report on substantial compliance to the California Department of Water Resources.
- 1.4.1.5 Establish and report sustainable management criteria, projects, and management actions.
- 1.4.1.6 Demonstrate that the GSP provides a sustainably managed basin for 20 years following the GSP implementation without adversely affecting the ability of an adjacent basin to achieve and maintain its sustainability goals.
- 1.4.1.7 The Agency shall conduct investigations to determine the need for groundwater management, monitor compliance and enforcement, or propose or update fees or other revenue measures, and make recommendations to the Board.
- 1.4.1.8 In the event the Agency establishes any discretionary permitting or similar regulations relating to sustainable groundwater management, it is the intent of the Board to provide for such permits to be issued by the Agency, subject to appeal to the Board.
- 1.4.1.9 In the event the agency establishes an administrative enforcement hearing process pursuant to Water Code Section 10732(b)(2), it is the intent of the Board to provide for such enforcement hearings to be conducted, and decisions rendered by the Agency, subject to appeal to the Board.

- 1.5 SEAL. The Agency may authorize and adopt a seal for use by the Agency. Any seal authorized and adopted by the Board shall bear the name of the Agency and shall only be modified upon a vote of the Board.
- 1.6. PRINCIPAL OFFICE OF THE AGENCY. The principal office of the Agency shall be located at Montecito Water District, 583 San Ysidro Road, Montecito, CA 93108 or at such other location as the Board may designate.

ARTICLE 2. MEETINGS

- 2.1 OPEN MEETINGS. Meetings of the Agency Board and any advisory body shall be open to the public and shall be conducted in compliance with the Ralph M. Brown Act, Government Code Section 54950 et seq. (“Brown Act”).
- 2.2 Meetings of the Board and of advisory bodies shall be held within the jurisdictional limits of the Basin, except: to comply with State or Federal law or court order; to inspect real property or personal property which cannot be moved; to meet with another public

agency at the other agency on multi-agency matters; to discuss legislative or regulatory matters with state or federal officials; to discuss matters relating to an Agency facility in the facility; and to consult with legal counsel at counsel's office.

- 2.2.1 The term "meeting" shall be defined consistent with the requirements of Government Code Section 54952.2 and includes any congregation of a quorum of the Board at the same time and place to hear, discuss or deliberate on any issue within the jurisdiction of the Agency; and any use of direct communications, personal intermediaries or technological devices by a quorum of the Board or an advisory body to develop a collective concurrence to action by the Board or advisory body.
- 2.2.2 The term "meeting" does not include: individual contacts between Directors and other persons; attendance at a conference or similar gathering open to the public involving discussions of issues of interest to the public generally by public agencies specifically, if a quorum does not discuss Agency business; attendance at open and publicized meetings addressing topics of community concern by someone not associated with the Agency, if a quorum does not discuss Agency business; or attendance at social or ceremonial events, if a quorum does not discuss Agency business; or such other interpretations of what constitutes a meeting as may exist now, or in the future, pursuant to applicable law
- 2.3 REGULAR MEETINGS. The regular meetings of the Agency shall be held at a location within the jurisdictional limits of the Basin on a day and time which the Agency's Board may designate and/or change from time to time. In the event a regular meeting date falls on a legal holiday, said meeting may be rescheduled to another date and time as determined by the Agency's Board. A regular meeting may be adjourned by the Board or by less than a quorum to another time pursuant to Government Code 54995. An adjourned regular meeting is a regular meeting for all purposes if held within five days of the regular meeting. If the adjourned meeting is held more than five days after the regular meeting, a new agenda shall be posted.
- 2.4 SPECIAL MEETINGS. Special meetings of the Board shall be conducted pursuant to Government Code Section 54956.
- 2.5 EMERGENCY MEETINGS. Emergency meetings of the Board shall be conducted pursuant to Government Code Section 54956.5.
- 2.6 AGENDA. The Agency shall prepare an agenda for its meetings as required under the Government Code. At least seventy-two hours before a regular meeting, or at least twenty-four hours prior to a special meeting, the Board Secretary shall post an agenda containing a brief, general description of each item of business to be transacted or discussed at the meeting, including the items to be discussed in closed session. The posting shall be freely accessible to the public. The agenda shall include the opportunity for the public to address the Board prior to taking action on any matter. The agenda for regular and adjourned regular meetings shall include the opportunity for the public to address the Board on matters within the jurisdiction of the Agency but not on the agenda. During public

comment, a Director may request a matter be included on the agenda for a future meeting. The Board Secretary shall arrange for the matter to be placed on a future agenda as promptly as feasible. No action shall be taken on matters not shown on the posted agenda, except that Directors may briefly respond to statements made or questions posed during public comment; respond to a request for clarification; provide a reference to staff or other resources for factual information; request staff to report back to the Board at a subsequent meeting or direct staff to place a matter of business on a future agenda. The Board may add matters to the agenda upon a majority finding that an emergency exists or upon at least a three-fourths vote finding there is a need to take immediate action and the need for action came to the attention of the Agency subsequent to the posting of the agenda.

- 2.7 QUORUM. A quorum of the Board shall consist of a majority of the Directors. In the absence of a quorum, no business may be transacted beyond the adjournment of a meeting by the remaining Directors. A Director shall be deemed present for the determination of a quorum if the Director is present at the meeting in person or if they participate in the meeting telephonically as provided for in the Brown Act.
- 2.8 OFFICIAL ACT. Except as otherwise provided by statute, the Agency shall adopt every official act by a vote of the Board. The Board may act by motion, resolution, or ordinance.
- 2.9 VOTING. Voting shall be accomplished in a manner that readily signifies the vote of the individual Directors which shall be entered upon the minutes of such meeting. The affirmative vote of at least three Directors is necessary for the Board to take action.
- 2.10 MINUTES. The Secretary appointed by the Board shall prepare written action minutes of meetings, which shall be available for public inspection when approved by the Board. The record shall contain the votes and abstentions on each matter for which a vote is taken.
- 2.11 PUBLIC PARTICIPATION. If a meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the Board may order the meeting room cleared and continue in closed session. The Board may establish a procedure for readmitting individuals not responsible for willfully disturbing the orderly conduct of the meeting. The Board shall not prohibit public criticism of the policies, procedures, programs or services of the Agency or of the acts or decisions of the Board. However, no privilege or protection is hereby conferred for expression beyond that otherwise provided by law.

ARTICLE 3. OFFICERS

- 3.1 OFFICERS OF THE BOARD. Officers of the Agency's Board shall consist of a President and Vice-President and such other positions as may be created by the Board, in its discretion. The President shall preside at all meetings of the Board, while the Vice-President shall perform the duties of the President in the absence or disability of the

President. The President and Vice-President shall exercise and perform such other powers and duties as may be assigned by the Board.

- 32 APPOINTMENT OF OFFICERS OF THE BOARD. The Board shall annually elect the Officers of the Board from the Directors. Officers of the Board shall hold office for a term of one year commencing on the first Board meeting following January 1st of each and every calendar year and they may serve for multiple consecutive terms. Officers of the Board may be removed and replaced at any time, with or without cause, by a Board vote. In the event that an Officer of the Board loses his or her position as a Director, that Officer of the Board position shall become vacant and the Board shall appoint a new individual as Officer to serve the remaining term.
- 33 GENERAL MANAGER The General Manager shall have general supervision over the administration of Agency business and affairs, subject to the direction of the Board. The General Manager, or his/her designee may execute contracts, deeds and other documents and instruments as specifically authorized by the Board and/or generally in accordance with any signatory policy as may be adopted by the Board
- 34 BOARD SECRETARY. The Secretary shall be selected by, and serve at the discretion of the Board. The same person may serve as General Manager and Secretary. The Secretary shall keep the administrative records of the Agency, act as secretary at meetings of the Agency, record all votes and keep a record of the proceedings of the Agency to be kept for such purpose, and perform all duties incident to the Secretary's office. The Secretary shall maintain a record of all official proceedings of the Board.

The Secretary shall establish and maintain a list of persons interested in receiving notices regarding Groundwater Sustainability Plan ("GSP") preparation, meeting announcements, and availability of draft plans, maps, and other relevant documents pursuant to Water Code Section 10723.4. The Secretary shall also maintain a record of all registered groundwater extraction facilities within the Basin pursuant to Water Code Section 10725.6.

- 35 GENERAL COUNSEL. The Agency's General Counsel(s) shall be the attorney(s) appointed by the Board and shall be directly responsible to the Board. The General Counsel(s) shall give advice or written opinions to the President, or other Agency Officers, and shall prepare proposed resolutions, laws, rules, contracts and other legal documents for the Agency when requested to do so by the Agency. The General Counsel(s) shall attend to all lawsuits and other matters to which the Agency is a party, or in which the Agency may be legally interested, and do such other things pertaining to the General Counsel's office as the Agency may request. The Board shall execute a retainer agreement with the Agency's General(s) Counsel and any Special Counsel retained by the Agency for a specific purpose and/or task.

- 36 FISCAL AGENT AND TREASURER. The Board shall appoint the Treasurer of the Agency. The Treasurer shall be the depository for, and shall have responsibility for, all money of the Agency from whatever source. All funds of the Agency shall be strictly and separately accounted for and regular reports shall be rendered of all receipts and disbursements during the fiscal year as designated by the Board. The books and records of the Agency shall be open to inspection as required by applicable law, and the Treasurer shall provide strict accountability of said funds in accordance with applicable provisions of law.
- 37 PRIMARY AGENCY ACTIVITIES. The General Manager shall either directly conduct, or oversee an engineer, private consultant, or other qualified person or entity in conducting the activities required by SGMA and other applicable legal requirements. This includes those activities and requirements related to developing the GSP, monitoring of groundwater basin conditions, producing required reports, and interacting with the California Department of Water Resources, the State Water Resources Control Board and other regulatory bodies.

ARTICLE 4. DIRECTOR COMPENSATION AND EXPENSES

- 4.1 COMPENSATION. The Agency may compensate Directors for each day of service at an Agency Board meeting or other Agency activity for which the Agency Board has authorized one or more Directors to attend. The amount of such compensation shall be as established by the Board, in accordance with applicable law.
- 4.2 EXPENSES. The Agency may reimburse Directors for travel, meals, lodging registration and similar expenses related to previously approved Agency business. The amount of such reimbursements shall be as established by the Board, in accordance with applicable law

ARTICLE 5. COMMITTEES, WORKING GROUPS, AND ADVISORY COMMITTEES

- 5.1 STANDING COMMITTEES AND AD HOC COMMITTEES. The Agency may create standing committees and ad hoc committees. A standing committee has either “continuing subject matter jurisdiction” or a regular meeting time, and is comprised solely of less than a quorum of members of the body. All standing committees will comply with the Brown Act. An ad hoc committee has a specific task or assignment, does not survive completion of the task, and is comprised solely of less than a quorum of the members of the body. Ad hoc committees are not subject to the Brown Act. Staff shall serve in an advisory capacity to any such committees. The President shall appoint committee members with the concurrence of the individual(s) appointed.
- 5.2 ADVISORY COMMITTEES
- 5.2.1 ESTABLISHMENT OF ADVISORY COMMITTEES. The Board may from time to time establish advisory committees (“Advisory Committees”) for the purpose of making

recommendations to the Board on the various activities of the Agency. The establishment of any Advisory Committee, including any Advisory Committee convened under SGMA (Water Code Section 10727.8), and its duties shall require the majority vote of the Board. The Board may also designate a chair for an Advisory Committee which shall be a member of the Board. Advisory Committees shall exist for the term specified in the action creating the Advisory Committee and the Board may dissolve an Advisory Committee at any time through a vote of the Board.

5.2.2 CONDUCT OF ADVISORY COMMITTEES. All meetings of Advisory Committees shall be noticed, held, and conducted in accordance with the provisions of the Brown Act. An Advisory Committee may use teleconferencing in connection with any meeting in conformance with, and to the extent authorized by, applicable law. The Board shall appoint the respective Advisory Committee chairs and it may further establish rules of conduct for Advisory Committees meetings, provided that said rules do not conflict with the Brown Act or other applicable law. Each Advisory Committee may establish a time and place for regular meetings and may call special meetings in the same manner as the Board.

5.2.3 ADVISORY COMMITTEE MEMBERSHIP. Advisory Committee Membership and appointments shall be at the sole discretion of the Board. Likewise, the Board shall have the sole discretion to remove or admonish any member or members of Advisory Committees at any time. The Board may appoint an alternate to any Advisory Committee member at the Board's sole discretion.

5.2.4 ADVISORY COMMITTEE DIRECTION. In establishing an Advisory Committee, the Board shall provide specific direction to the Advisory Committee as to its charge, expected duration for completion of its charge, and a summary of the resources, including staff or consultant support available to the Advisory Committee in performing its work. In no event shall an Advisory Committee be authorized to speak for the Agency; take final action on behalf of the Agency on any matters; and/or, authorize or direct the use of Agency funds.

ARTICLE 6. AGENCY MANAGEMENT

- 6.1 GENERAL MANAGER Except for the Agency's General Counsel, Agency administration and management will be conducted using the appointed General Manager.
- 6.2 STAFFING SUPPORT FOR AGENCY OFFICERS AND BOARD MEMBERS. Agency staff will provide support for Agency Directors, as needed and as directed by the General Manager. Board agenda and meeting materials will generally be prepared by or reviewed by the General Manager and General Counsel prior to being finalized.

ARTICLE 7. FINANCES

- 7.1 DEPOSIT AND DISBURSEMENT OF FUNDS. All funds of the Agency shall be deposited in one or more depository accounts as may be designated by the Board. No disbursements of such funds shall be made unless the same shall have been approved in

the annual operating budget, or otherwise specifically approved by the Board. All disbursements shall be by check unless otherwise approved by the Board. Disbursements may only be issued upon the signature of two Officers including the Treasurer and the General Manager or a one Director.

- 72 **APPROVAL OF PAYMENT AND SIGNATURE OF CHECKS.** The Board shall approve all payments and authenticate issuance of checks in payment thereof. A check register showing the check number, payee, amount, and the purpose of each check, as prepared by the Treasurer, will be sent to the Directors no later than 72 hours before each regular Board meeting. Checks may be disbursed prior to Board approval. Such items shall be set forth on the next regular check register and presented to the Board dependent on timing of actual check delivery.
- 73 **BUDGET.** The Agency shall operate pursuant to an operating budget. The Agency shall endeavor to operate each year pursuant to an annually balanced budget so that projected annual expenses do not exceed projected annual revenues. If the General Manager or his/her designee determines the approved budget is inadequate to address Agency requirements due to changes occurring subsequent to the approval of the budget, the General Manager or his/her designee shall submit recommended modifications to the Board for action. The General Manager or his/her designee shall implement the approved or revised budget, provided, all expenditures for capital improvements shall be approved by the Board before they are undertaken.
- 74 **GENERAL AND SPECIAL BOOKS OF ACCOUNT.** The Treasurer or his/her designee shall maintain books of account in accordance with accepted accounting principles showing the status of all monies received and disbursed. Such general and special fund accounts shall be maintained as are necessary to accomplish this purpose.

ARTICLE 8. CLAIMS AGAINST THE AGENCY

- 8.1 **CLAIMS: GENERAL.** All claims against the Agency for money or damages require the presentation of a claim against the Agency in accordance with Government Code Sections 900 – 935.9. (collectively the “Government Tort Claims Act”) and compliance with such claim requirements as may be adopted by the Board in accordance with Government Code Section 935.
- 8.2 **FILING OF CLAIM REQUIRED.** This Article applies to all claims for money or damages against the Agency, including those claims that are excepted from claim presentation requirements under Government Code Section 905 as authorized by Government Code Section 935, and which are not governed by another statute or regulation expressly relating thereto.
- 8.3 **PRESENTATION OF CLAIM.** A claim, or amendment thereto, shall be presented to the Agency by delivering it to the Secretary of the Agency or by mailing it to the Secretary at the Agency’s office. A claim shall be required of all parties, including other public entities, that wish to claim money or damages against the Agency.

- 84 CONTENTS OF CLAIM. A claim shall be presented by the claimant or by a person acting on his or her behalf and shall show: (a) The name and postal address of the claimant; (b) The postal address to which the person presenting the claim desires notice to be sent; (c) The date, place and other circumstances of the occurrence or transaction, which gave rise to the claim asserted; (d) The general description of the indebtedness, obligation, injury, damage or loss incurred so far as may be known at the time of presentation of the claim; (e) The name or names of the public employee or employees causing the injury, damage or loss if known; (f) The amount claimed as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage, or loss insofar as it may be known at the time of presentation of the claim, together with the basis of computation of the amount claimed; and (g) The signature of the claimant or some person on his or her behalf.
- 85 TIME FOR PRESENTATION OF CLAIMS. A claim relating to a potential cause of action for death or for injury to person or to personal property or growing crop shall be presented not later than six months after accrual of cause of action. A claim relating to another cause of action shall be presented not later than one year after the accrual of the cause of action.
- 86 LEAVE TO PRESENT LATE CLAIM. When a claim is not presented within the required time, an application may be made for leave to present such claim. Government Code Section 911.4(b), and Section 911.6 through 912.2 inclusive, and Sections 946.4 and 946.6 are applicable to such claims, and the time specified in this Article shall be the time specified in the Government Tort Claims Act.
- 87 TIME FOR ACTION BY BOARD. The Board shall act on the claim as required by applicable law after the claim has been presented.
- 88 NOTICE OF REJECTION OF CLAIM. Written notice of rejecting a claim in whole or in part shall be given to the person who presented the claim; provided, however, that should the Agency fail to take action on any claim, such claim shall be deemed denied as provided under the Government Tort Claims Act.
- 89 CLAIM AS PREREQUISITE TO SUIT. No suit for money or damages may be brought against the Agency by any party, including a public entity, on a cause of action for which a claim is required by this Article until the written claim has been presented to the Agency and acted upon by the Board. No lawsuit may be brought against the Agency for which a claim is required by this Article unless such lawsuit is commenced within six months after the date the claim is acted upon, or is deemed rejected by the Board or rejected by operation of law.
- 8.10 MINOR CLAIMS. The General Manager may allow, compromise or settle a claim for such amounts as may be specifically authorized and/or generally delegated by the Board. The General Manager shall advise the Board when there has been allowance, settlement or compromise on such claim.

ARTICLE 9. DEBTS AND LIABILITIES

- 9.1 The debts, liabilities and obligations of the Agency are not and will not be the debts, liabilities or obligations of Montecito Water District or the directors, employees, managers, or staff of same.

ARTICLE 10. POLICIES

- 10.1 The Board may adopt procedures, rules and policies for the Agency as appropriate and necessary, including the following:
- 10.1.1 A code of ethics for all Directors, Officers and employees of the Agency, whether elected or appointed, paid or unpaid.
 - 10.1.2 A conflict of interest code for the Agency as set forth in “Resolution No. 2170 of the Governing Board of the Montecito Water District Amending Appendix A ‘Designated Positions and Disclosure Categories’ of the District’s Conflict of Interest Code” dated September 25, 2018.
 - 10.1.3 A financial reserve policy for the Agency.
 - 10.1.4 An investment policy for the Agency as set forth in “Resolution No. 2166: Resolution of the Board of Directors of the Montecito Water District Concerning the Annual Investment Policy for the 2018/19 Budget” dated June 26, 2018”.
 - 10.1.5 A procurement policy for the Agency as set forth in the MWD “Procurement Policy” dated January 17, 2017.
 - 10.1.6 A records retention policy for the Agency as set forth in “Resolution No. 2133: Resolution of the Board of Directors of the Montecito Water District Adopting a Records Retention and Destruction Policy” dated May 17, 2016”.
 - 10.1.7 A reimbursement policy for expenses for Board members of the Agency as set forth in “Directors Benefits, Compensation and Expense Reimbursement Policy” dated July 18, 2006.
 - 10.1.8 A signatory policy for execution of contracts and instruments by the Agency as set forth in Resolution No. 2144: Resolution of the Board of Directors of the Montecito Water District Covering the Authority of Officers to Execute Contracts and Instruments, dated January 17, 2017.
 - 10.1.9 A compensation policy for Board members of the Agency as set forth in “Ordinance No. 88 Ordinance of the Governing Board of the Montecito Water District Fixing the Compensation of Directors of the Board Pursuant to §§ 20200 through 20207 of the Water Code and Repealing Ordinance No. 85”.

- 10.2 The Board, in its discretion, may adopt any code or policy of Montecito Water District, including but not limited to those set forth in Section 10.1 above, as the code or policy of the Agency. In the event that the Agency adopts any code or policy of Montecito Water District, such adoption shall include the current version of the Montecito Water District policy at the time adopted, policies upon which the current version is based, and any subsequent amendments, modifications and/or revisions of that policy. The Board, in its discretion may also modify any code or policy of Montecito Water District adopted by the Agency in order to particularize such code or policy for the specific requirements of the Agency.

ARTICLE 11. AMENDMENT

These Bylaws may be amended from time to time by motion and/or resolution of the Board; provided, however, that no such amendment shall be adopted unless at least three (3) days' written notice thereof has previously been given to all Members of the Board. Such notice shall identify the Article to be amended, the proposed amendment, and the reason for the proposed amendment.

ARTICLE 12. DEFINITIONS AND CONSTRUCTION

The general provisions, rules of construction, and definitions in the Civil Code will govern the construction of these Bylaws.