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**Paula C. P. de Sousa Mills**  
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File No. 60026.00015

March 22, 2019

**VIA E-MAIL**

Director Hector Martinez  
Sweetwater Authority

Re: 2014 Settlement Agreement and Your Service as Director on the  
Sweetwater Authority Board of Directors

Dear Director Martinez:

I have been directed by the Sweetwater Authority (“Authority”) Board of Directors to provide you with this letter outlining my analysis of any impact the 2014 settlement agreement you entered into with the Authority (“Settlement Agreement”), has on your position on the Authority Board of Directors. As explained in more detail below, nothing in the Settlement Agreement impacts your position as a Director on the Authority Board of Directors because as a Director you are not an employee of the Authority. I provide you this information to clear up any concern that any actions the Authority has taken since you assumed your position on the Authority Board were somehow impacted, as they were not. This letter is not considered confidential or privileged, and therefore you are authorized to share this letter.

The specific Settlement Agreement provision in question provides, in part, as follows:

. . . Martinez further agrees not to seek re-employment with SWA in the future, in any capacity. If such an application is received, SWA may reject it without taking further action or providing notice to Martinez and this Agreement shall be good cause for termination if Martinez obtains employment at SWA.

(Settlement Agreement § 2.) Simply put, this provision has no applicability your position of Director on the Authority Board of Directors because as a Director (elected/ appointed official), you are not an employee of the Authority.



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Director Hector Martinez  
March 22, 2019  
Page 2

You serve as a Director on the Board of Directors of the Authority because at the November 2018 General Election, you were elected as a Director of the South Bay Irrigation District ("SBID") to represent SBID Division 4. Under the 1972 Joint Exercise of Powers Agreement (as amended and readopted in 1977) entered into by and between SBID and the City of National City, Directors of SBID serve on the Board of Directors of the Authority together with two members appointed by the Mayor of National City subject to confirmation of the City Council. While Directors of both SBID and the Authority are considered employees, for specific limited purposes, such as federal taxation, SBID and Authority Directors are not employees. They are duly elected and/or appointed officials.

If you have any questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, which appears to read 'Paula C. P. de Sousa Mills'. The signature is written in a cursive style and is enclosed within a blue circular scribble.

Paula C. P. de Sousa Mills  
of BEST BEST & KRIEGER LLP  
Sweetwater Authority General Counsel

cc: Sweetwater Authority Governing Board Members  
Tish Berge, General Manager