



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Counsel

Via E-mail

September 15, 2017

Mark Hattam, Esq.
General Counsel
San Diego County Water Authority
4677 Overland Avenue
San Diego, California 92123-1233

Re: Ethics Office

Dear Mr. Hattam:

As you know, Ms. Ghaly voluntarily submitted her resignation to the Metropolitan Board. The actions of Metropolitan's Board in accepting her resignation, placing her on administrative leave and appointing the Auditor to oversee the Ethics Office on an interim basis, were all approved by Metropolitan's Board unanimously, which includes the SDCWA delegation.

Your letter correctly states that you are uninformed. Your statement that Metropolitan management may now be attempting "*to interfere with the role of the Ethics Office by eliminating the Office's current staff,*" has no basis in fact and is an irresponsible statement.

Metropolitan concurs with the importance of having an Ethics Office that is above reproach. It is for that very reason that Metropolitan has engaged outside counsel to review the structure, policies and procedures of the Ethics Office and make recommendations for the consideration of the Metropolitan Board. When the review of the office is complete, the Metropolitan Board will have the opportunity to make any changes it deems appropriate.

Sincerely,

A handwritten signature in cursive script that reads "mScully".

Marcia Scully
General Counsel

Mark Hattam, Esq.
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cc: Metropolitan Board of Directors
Jeffrey Kightlinger, General Manager
Gerald Riss, General Auditor
SDCWA Board of Directors
Maureen Stapleton, SDCWA General Manager



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September 14, 2017

VIA U.S. Mail and Email

Jeffrey Kightlinger, General Manager
Marcia Scully, General Counsel
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054

Re: Ethics Office Issues

Mr. Kightlinger and Ms. Scully:

At the MWD Board meeting on Tuesday, September 12, 2017, during a number of breaks of closed session meetings, various board actions were announced including: 1) acceptance of a resignation by Ethics Officer Deena Ghaly; 2) putting Ms. Ghaly on administrative leave, effective immediately; and 3) appointment of an interim Ethics Officer. Somewhere during this process, it is our understanding that MWD auditor Gerald Riss was appointed as interim Ethics Officer, effective immediately. All of these actions came after a period of apparent disputes between MWD management and the General Counsel, on the one hand, and the Ethics Office on the other hand, and involving various investigations by the Ethics Office.

The Water Authority does not know the details of what has happened, but it has significant concern that the integrity of the Ethics Office be maintained, and that legal violations not occur. As you are well aware, the Legislature enacted the Ethics Office, via SB 60 (Hayden, 1999), to keep watch over MWD in the context of improper activities by MWD designed to thwart the Imperial Irrigation District-Water Authority water conservation and transfer agreement. It appears that MWD management may now be attempting to interfere with the role of the Ethics Office by eliminating the Office's current staff and replacing them with individuals who will not be independent, but rather be direct representatives of, and conduits to, management. This would compromise and effectively eliminate protections that are afforded to complainants, some of whom, presumably, have lodged complaints against management, the General Counsel, or the Auditor. This would be completely unacceptable, and would destroy confidence among MWD staff and the public that MWD's Ethics Office is a neutral, unbiased and

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independent entity within MWD. It is of vital public interest that MWD's Ethics Office be independent, above reproach, and not be subject to dictates from MWD management – the very management it is statutorily charged to watch over.

Therefore, as a member agency of MWD, the Water Authority hereby makes demand on MWD as follows:

1. That MWD management, the Auditor, the General Counsel's office, or any special counsel (collectively, "MWD management") retained by them, not be granted access to the files of the Ethics Office, which should remain under the control and view of the Ethics Office alone.
2. That confidential investigatory information held by the Ethics Office not be shared with MWD management except as expressly allowed by statute.
3. That a completely independent Ethics Office be maintained in all respects, and that MWD management not interfere with the Ethics Office operations.
4. That MWD's General Counsel not involve its office in any manner in trying to represent both the Ethics Office and management in areas of conflict, which risks violating ethics rules of professional responsibility for attorneys.
5. That MWD immediately hire independent special counsel to represent the Ethics Office only, and not MWD or management, during this transition period, so as to assure that numbers 1 through 4 listed above are performed. MWD management should not have access to the confidential communications or work product of this independent special counsel, who should only report to the Ethics Officer.
6. Any interim Ethics Officer must be publicly informed in writing of the above items 1 through 5 so that he/she knows their duties.

The Water Authority has no interest in any further disputes with MWD. However, the Water Authority believes it is critical that the above steps be taken immediately so that the public's trust in the MWD Ethics Office can be maintained. We urge you to act as requested for the benefit of MWD, all its member agencies and the public.

Sincerely,

/s/ Mark J. Hattam

Mark J. Hattam
General Counsel

Cc: Water Authority Board of Directors
MWD Board of Directors
Ms. Maureen Stapleton