

**AGREEMENT FOR PAYMENTS RELATED TO
CONSTRUCTION OF PUMP STATION NO. 10 DISCHARGE PIPE CROSSING
OF FEATHER SETBACK LEVEE**

THIS AGREEMENT for Payments Related to Construction of Pump Station 10 discharge pipe crossing of the Feather Setback Levee ("Agreement") is entered into and effective this 15th day of January, 2008 ("Effective Date"), by and between the THREE RIVERS LEVEE IMPROVEMENT AUTHORITY of Yuba County, a political subdivision of the State of California ("TRLIA"), and RECLAMATION DISTRICT 784, a political subdivision of the State of California ("RD 784") to provide for payments by RD 784 to TRLIA in recognition of TRLIA's construction of a discharge pipe crossing of the Feather Setback Levee ("Pipe Crossing"). TRLIA and RD 784 are referred to collectively herein as the "Parties."

RECITALS

- A. RD 784 is collecting impact fees to finance interior drainage improvements pursuant to the *Reclamation District 784 Master Drainage Plan, September 2002*;
- B. The Master Drainage Plan includes the construction of a new pump station located at the North Drainage Basin C Regional Detention Pond (Pump Station No. 10), which includes discharge pipes (the pipe crossing) that crosses the proposed Feather Setback Levee;
- C. As of the Effective Date of this Agreement, RD 784 has collected approximately \$1,135,000 for the Pump Station No. 10 construction of which approximately \$91,200 is scheduled for the discharge pipe crossings of the Feather Setback Levee;
- D. RD 784 continues to collect impact fees for Drainage Basin C, 23.13% of which is budgeted for the construction of Pump Station No. 10 and 8.01% of the 23.13% is for the discharge pipe crossing of the Feather Setback Levee;
- E. Once necessary approvals by TRLIA's Board of Directors have been secured, TRLIA shall construct the Pump Station No. 10 discharge pipe crossing during construction of the Feather Setback Levee according to specifications already established by RD 784 and agreed to by TRLIA. The Parties acknowledge that TRLIA will not start the construction of Pump Station No. 10 discharge pipe crossing of the Feather Setback Levee until the Board has taken actions necessary to commence construction activities;

- F. The Parties acknowledge that although TRLIA is a joint powers authority whose members include RD 784, this Agreement is a separate transaction that is unrelated to the joint powers authority relationship between the Parties; and
- G. The purpose of this Agreement is to provide for the provision of funds by RD 784 to TRLIA in recognition of TRLIA's construction of Pump Station No. 10 discharge pipe crossing of the Feather Setback Levee, as required by RD 784.

AGREEMENT

The Parties agree as follows:

1. Payments

1.1 Within ten business days of the effective date of this Agreement, RD 784 shall transfer \$240,000 to TRLIA for the construction of the Pipe Crossing based on the current low bid. RD 784 has agreed to advanced fund monies above the approximate \$91,200 collected to date for the Pipe Crossing from the advanced funding monies for Pump Station No. 10 and the North Drainage Basin C Regional Detention Pond.

1.2 Within 30 days after the execution of a construction contract with the adjusted bids (negotiated bid based on final conformed plans approved by RD 784) for the construction of the Pipe Crossing, RD 784 shall transfer to TRLIA any funds collected for the Pipe Crossing that were not transferred under Section 1.1 subject to the limitations stated in Section 1.4.

1.3 After execution of a construction contract for the construction of the Pipe Crossing, RD 784 shall make semi-annual payments to TRLIA on February 1st and August 1st equal to 8.01% of the 23.13% of the Drainage Basin C impact fees collected by RD 784 during the preceding six months.

1.4 Payments pursuant to Section 1.2 shall continue until the total of such payments reaches an amount equal to the final bid for the construction of the Pipe Crossing, not to exceed \$537,500. This Agreement shall terminate upon the earlier of the following conditions: (a) RD 784 has made total payments in the amount of \$537,500 to TRLIA; or (b) the Parties mutually agree that the drainage impact fee program is no longer effective. The Parties will initially review the effectiveness of the drainage impact fee program 15 years after the Effective Date of this Agreement and every five years thereafter.

1.5 If TRLIA has not executed a construction contract for the construction of the Pipe Crossing within 18 months after the Effective Date of this Agreement, TRLIA shall, within 30 days of such date, reimburse RD 784 in an amount equal to the amount

transferred to TRLIA under Section 1.1, with interest. The interest charged shall be equal to the pool rate as established by Yuba County..

2. Miscellaneous Provisions

2.1 Governing Law and Venue. This Agreement shall be governed by the laws of the State of California.

2.2 Authority. Each signatory of this Agreement represents that they are authorized to enter into this Agreement on behalf of the Party for which they sign. Each Party represents that it has legal authority to enter into this Agreement and to perform all obligations under this Agreement.

2.3 Amendment. This Agreement may be amended or modified only by a written instrument executed by each of the Parties to this Agreement.

2.4 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes any prior oral or written agreement, understanding or representation relating to the subject matter of this Agreement.

2.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties' respective representative, successors and assigns.

2.6 Necessary Action. Each Party agrees to execute and deliver additional documents and instruments and to take any additional actions as may be reasonably required to carry out the purposes of this Agreement.

2.7 Arbitration. All disputes arising out of this Agreement that can not be resolved between the parties shall be submitted to final and binding arbitration. A party seeking to arbitrate a dispute arising out of this Agreement must notify the other parties to the dispute in writing of its intent to arbitrate any claim for breach or enforcement of any provision of this Agreement within 30 days of discovery of the last event giving rise to the claim for breach or enforcement. Any such timely and properly noticed claim for breach or enforcement of any provision of this Agreement shall be submitted to binding arbitration through the American Arbitration Association in accordance with the National Rules for Commercial Disputes. Before arbitration commences, the parties shall each pay half of the expected cost of the arbitration. At the conclusion of the arbitration, the arbitrator may award the prevailing party some or all of the arbitration costs including attorneys fees. The decision of the arbitrator shall be final and conclusive, and the parties waive the right to a trial de novo or appeal.

2.8 Notices. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing unless provided otherwise in this Agreement and shall be deemed to have been duly given and received on: (i) the date of service if served personally or served by facsimile transmission on the Party to whom notice is to be given at the address(es) provided below; (ii) on the first date after mailing,

if mailed by Federal Express, U.S. Express Mail or other similar overnight courier service, postage prepaid and addressed as provided below; or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

To TRLIA:

Three Rivers Levee Improvement Authority
1114 Yuba Street, Suite 218
Marysville, CA 95901
Telephone: (530) 749-7841
Facsimile: (530) 749-6990
Attention: General Manager

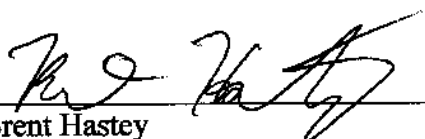
To RD 784:

Reclamation District 784
1594 Broadway
Arboga, CA 95961
Telephone: (530)
Facsimile: (530)
Attention: District Manager

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on _____, 2007.

THREE RIVERS LEVEE
IMPROVEMENT AUTHORITY

Paul G. Brunner P.E.
Executive Director
TRLIA



Brent Hastey
President, Board of Directors
RD 784

APPROVED AS TO FORM:

SCOTT L. SHAPIRO
THREE RIVERS LEVEE
IMPROVEMENT AUTHORITY
GENERAL COUNSEL

APPROVED AS TO FORM:

CARL LINDMARK
RECLAMATION DISTRICT 784
GENERAL COUNSEL

