

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES AND
LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC.,
DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
SETTLING WATER RIGHTS DISPUTES AND
PROVIDING FOR PROJECT WATER

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	2-3
1	Definitions.....	3-5
2	Term of Settlement Contract.....	5-6
3	Water to be Furnished to Contractor.....	6-9
4	Return Flow	9
5	Constraints on the Availability of Water	9
6	Integrated Water Management and Partnerships	10
7	Use of Water Furnished to Contractor	10
8	Rate and Method of Payment for Water	11-14
9	Agreement on Water Quantities.....	14-17
10	Measurement of Water.....	17
11	Rules and Regulations.....	18
12	General Obligation – Benefits Conditioned Upon Payment.....	18
13	Charges for Delinquent Payments	18-19
14	Quality of Water	19
15	Water and Air Pollution Control.....	19
16	Equal Opportunity.....	19-20
17	Omitted	20
18	Omitted	20

Table of Contents - continued

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
19	Books, Records, and Reports	20-21
20	Change of Place of Use or Organization.....	21
21	Omitted	21
22	Notices	21
23	Assignment Limited – Successors and Assigns Obligated	21
24	Officials Not to Benefit.....	21
25	Contingent Upon Appropriation or Allotment of Funds	22
26	Confirmation of Settlement Contract.....	22
27	Omitted	22
28	Omitted	22
29	Water Conservation	22-23
30	Opinions and Determinations	23-24
31	Contractor to Pay Certain Miscellaneous Costs.....	24
32	Waiver of Default	25
33	Contract Assignment or Termination Upon Transfer of Land.....	25
34	Termination.....	25
	Signature Page	26
Exhibit A	Schedule of Monthly Diversions of Water	
Exhibit B	Map of Contractor's Ownership	
Exhibit C	Omitted	
Exhibit D	Water Rates and Charges	

1
2
3 UNITED STATES
4 DEPARTMENT OF THE INTERIOR
5 BUREAU OF RECLAMATION
6 Central Valley Project, California

7 CONTRACT BETWEEN THE UNITED STATES AND
8 LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC.,
9 DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
10 SETTLING WATER RIGHTS DISPUTES AND
11 PROVIDING FOR PROJECT WATER

12 THIS CONTRACT, hereinafter referred to as "Settlement Contract," is entered
13 into by THE UNITED STATES OF AMERICA, hereinafter referred to as the United States,
14 made this 18th day of March, 2005, pursuant to the applicable authority
15 granted to it generally in the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
16 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),
17 as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
18 including but not limited to Sections 9 and 14 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963
19 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended,
20 and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter
21 referred to as Federal Reclamation law, and LAKE CALIFORNIA PROPERTY OWNERS
22 ASSOCIATION, INC., hereinafter referred to as the Contractor, acting pursuant to Sections
23 12003 and 12004 of the California Water Code, with its principal place of business in California;

24 WITNESSETH, that:
25

26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for multiple purposes pursuant to its statutory authority; and

[2nd] WHEREAS, the Contractor has rights to divert, is diverting, and will continue to divert for reasonable beneficial use, water from the natural flow of the Sacramento River and tributaries thereto, that would have been flowing therein if the Central Valley Project were not in existence; and

[3rd] WHEREAS, the construction and operation of the integrated and coordinated Central Valley Project has changed and will further change the regimen of the Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin Delta from unregulated flow to regulated flow; and

[4th] WHEREAS, the United States has rights to divert, is diverting, and will continue to divert waters from said Rivers and said Delta in connection with the operation of said Central Valley Project; and

[5th] WHEREAS, the Contractor and the United States had a dispute over the respective rights of the parties to divert and use water from the regulated flow of the Sacramento River which threatened to result in litigation, and as a means to settle that dispute entered into Contract No. 14-06-200-4961A, as amended, hereinafter referred to as the Existing Contract, which established terms for the delivery to the Contractor of Central Valley Project Water, and the quantities of Base Supply the United States and the Contractor agreed may be diverted by the Contractor from the Sacramento River pursuant to such contract; and

[6th] WHEREAS, the United States and the Contractor disagree with respect to the authority of the United States to change the quantities of Base Supply and/or Project Water specified as available for diversion in this Settlement Contract from the quantities specified in the Existing

50 Contract, and other issues related thereto. That dispute was the subject of litigation in a lawsuit
51 entitled *Glenn-Colusa Irrigation District, et al. v. United States, et al.* [Civ. No. S-01-1816 GEB/JFM
52 (E.D. Cal.)], but that litigation was dismissed, without prejudice, pursuant to a stipulation of
53 dismissal filed by the parties thereto on August 29, 2002. Notwithstanding that dismissal, the
54 Contractor and the United States enter into this Settlement Contract to renew the Existing Contract,
55 pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the State of
56 California; and

57 [7th] WHEREAS, to assure the Contractor of the enjoyment and use of the regulated flow
58 of the said Rivers and the Delta, and to provide for the economical operation of the Central Valley
59 Project by, and the reimbursement to, the United States for expenditures made for said Project.

60 NOW, THEREFORE, in consideration of the performance of the herein contained provisions,
61 conditions, and covenants, it is agreed as follows:

62 DEFINITIONS

63 1. When used herein, unless otherwise expressed or incompatible with the intent hereof,
64 the term:

65 (a) "Base Supply" shall mean the quantity of Surface Water established in Articles
66 3 and 5 which may be diverted by the Contractor from the Sacramento River each month during the
67 period April through October of each Year without payment to the United States for such quantities
68 diverted;

69 (b) "Basin-Wide Water Management Plan" shall mean the mutually agreeable
70 Sacramento River Basinwide Water Management Plan, dated October 11, 2004, developed by Glenn
71 Colusa Irrigation District, Maxwell Irrigation District, Natomas Central Mutual Water Company,
72 Pelger Mutual Water Company, Princeton-Codora Glenn Irrigation District, Provident Irrigation
73 District, Reclamation District 108, Sutter Mutual Water Company, Anderson-Cottonwood Irrigation

74 District, Meridian Farms Water Company, Reclamation District 1004, and the U.S. Bureau of
75 Reclamation;

76 (c) "Charges" shall mean the payments for Project Water that the Contractor is
77 required to pay to the United States in addition to the "Rates" specified in this Settlement Contract.
78 The Contracting Officer will, on an annual basis, determine the extent of these Charges. The type
79 and amount of each Charge shall be specified in Exhibit D;

80 (d) "Contract Total" shall mean the sum of the Base Supply and Project Water
81 available for diversion by the Contractor for the period April 1 through October 31;

82 (e) "Critical Year" shall mean any Year in which either of the following
83 eventualities exists:

84 (1) The forecasted full natural inflow to Shasta Lake for the current Water
85 Year, as such forecast is made by the United States on or before February 15 and reviewed as
86 frequently thereafter as conditions and information warrant, is equal to or less than 3.2 million
87 acre-feet; or

88 (2) The total accumulated actual deficiencies below 4 million acre-feet in
89 the immediately prior Water Year or series of successive prior Water Years each of which had
90 inflows of less than 4 million acre-feet, together with the forecasted deficiency for the current Water
91 Year, exceed 800,000 acre-feet.

92 For the purpose of determining a Critical Year, the computation of inflow to Shasta
93 Lake shall be performed in a manner that considers the extent of upstream development above Shasta
94 Lake during the year in question, and shall be used as the full natural flow to Shasta Lake. In the
95 event that major construction has occurred or occurs above Shasta Lake after September 1, 1963, and
96 which has materially altered or alters the regimen of the stream systems contributing to Shasta Lake,
97 the computed inflow to Shasta Lake used to define a Critical Year will be adjusted to eliminate the

98 effect of such material alterations. After consultation with the State of California, the National
99 Weather Service, and other recognized forecasting agencies, the Contracting Officer will select the
100 forecast to be used and will make the details of it available to the Contractor. The same forecasts
101 used by the United States for the operation of the Project shall be used to make the forecasts
102 hereunder;

103 (f) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
104 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

105 (g) Omitted;

106 (h) Omitted;

107 (i) Omitted;

108 (j) Omitted;

109 (k) Omitted;

110 (l) "Storage Season" shall mean the period commencing with September 1 of 1
111 year and extending through June 14 of the next year;

112 (m) "Surface Water" shall mean only those waters that are considered as surface
113 water under California law;

114 (n) "Water-use Season" shall mean the period commencing with June 15 and
115 extending through August 31 of the same year;

116 (o) "Water Year" shall mean the period commencing with October 1 of one year
117 and extending through September 30 of the next; and

118 (r) "Year" shall mean a calendar year.

119 TERM OF SETTLEMENT CONTRACT

120 2. (a) This Settlement Contract shall become effective April 1, 2005, and shall remain in
121 effect until and including March 31, 2045; Provided, that under terms and conditions mutually

122 agreeable to the parties hereto, renewals may be made for successive periods not to exceed 40 years
123 each. The terms and conditions of each renewal shall be agreed upon not later than one year prior to
124 the expiration of the then existing Settlement Contract.

125 (b) With respect to Project Water and the portions of this Settlement Contract
126 pertaining thereto, upon written request by the Contractor of the Secretary made not later than one
127 year prior to the expiration of this Settlement Contract, whenever, account being taken of the amount
128 then credited to the costs of construction of water supply works, the remaining amount of
129 construction costs of water supply work which is properly assignable for ultimate return by the
130 Contractor probably can be repaid to the United States within the term of a contract under subsection
131 9(c)(1) of the 1939 Reclamation Project Act (53 Stat. 1187), the relevant portions of this Settlement
132 Contract may be converted to a contract under said subsection 9(c)(1) upon terms and conditions
133 mutually agreeable to the United States and the Contractor. The Secretary shall make a
134 determination ten years after the date of execution of this Settlement Contract, and every five years
135 thereafter, of whether a conversion to a contract under said subsection 9(c)(1) can be accomplished.

136 WATER TO BE FURNISHED TO CONTRACTOR

137 3. (a) Subject to the conditions, limitations, and provisions hereinafter expressed, the
138 Contractor is hereby entitled and authorized to divert from the Sacramento River at the locations
139 shown in Exhibit A, for beneficial use within the area delineated on Exhibit B, (both Exhibits are
140 attached hereto and made a part hereof), the Contract Total designated in Exhibit A, or any revision
141 thereof.

142 (b) The Contractor may divert water from the Sacramento River at a rate not to
143 exceed 25 cubic feet per second from the Sacramento River into and through the Lake and back to the
144 Sacramento River for purposes of maintaining satisfactory water quality and temperature for
145 offsetting evaporation losses in order to keep the Lake full for maximum recreational and fish culture

146 purposes, and for refilling the Lake during the Storage Season if emptied for emergency or for
147 maintenance purposes. During the Storage Season, all of such diversions shall be deemed to
148 constitute Base Supply. During the Water-use Season, there shall be no increase in storage of the
149 Lake, and it shall be deemed the quantity of water diverted but not returned to the Sacramento River,
150 and thus lost by evaporation from the Lake, is Project Water in the quantity of 200 acre-feet per
151 Water-use Season.

152 (c) Project Water furnished by the United States under this Settlement Contract
153 shall be used by the Contractor only for offsetting evaporation losses from the Lake unless the
154 Contractor finds it desirable to fill the Lake initially during the Water-use Season. In this event the
155 water diverted to fill or refill the Lake shall be considered to be Project Water; Provided, that any
156 such diversion for storage during the Water-use Season shall be subject to prior, written approval by
157 the Contracting Officer.

158 (d) No sale, transfer, exchange, or other disposal of any of the Contract Total
159 designated in Exhibit A or the right to the use thereof for use on land other than that shown on
160 Exhibit B shall be made by the Contractor without first obtaining the written consent of the
161 Contracting Officer. Such consent will not be unreasonably withheld and a decision will be rendered
162 in a timely manner. For short-term actions that will occur within one year or less, the decision will be
163 rendered within 30 days after receipt of a complete written proposal. For long-term actions that will
164 occur in a period longer than one year, the decision will be rendered within 90 days after receipt of a
165 complete written proposal. For a proposal to be deemed complete by the Contracting Officer, it must
166 comply with all provisions required by State and Federal law, including information sufficient to
167 enable the Contracting Officer to comply with the National Environmental Policy Act, the
168 Endangered Species Act, and applicable rules or regulations then in effect; Provided that, such
169 consent does not authorize the use of Federal facilities to facilitate or effectuate the sale, transfer,

170 exchange or other disposal of Base Supply. Such use of Federal facilities will be the subject of a
171 separate agreement to be entered into between the Contractor and Reclamation.

172 (e) For the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA
173 applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer
174 acknowledges that the Contractor is within a county, watershed, or other area of origin, as those terms
175 are utilized under California law, of water that constitutes the natural flow of the Sacramento River
176 and its tributaries above the confluence of the American and Sacramento Rivers.

177 (f) The United States assumes no responsibility for and neither it nor its' officers,
178 agents, or employees shall have any liability for or on account of:

179 (1) The quality of water to be diverted by the Contractor;

180 (2) The control, carriage, handling, use, disposal, or distribution of water
181 diverted by the Contractor outside the facilities constructed and then being operated and maintained
182 by or on behalf of the United States;

183 (3) Claims of damage of any nature whatsoever, including but not limited
184 to, property loss or damage, personal injury, or death arising out of or connected with the control,
185 carriage, handling, use, disposal, or distribution of said water outside of the hereinabove referred to
186 facilities; and

187 (4) Any damage whether direct or indirect arising out of or in any manner
188 caused by a shortage of water whether such shortage be on account of errors in operation, drought, or
189 unavoidable causes.

190 (f) In addition to the provisions of subdivision (e) of Article 3 of this Contract, if
191 there is a shortage of Project Water because of actions taken by the Contracting Officer to meet legal
192 obligations then, except as provided in subdivision (a) of Article 30 of this Contract, no liability shall

193 accrue against the United States or any of its officers, agents, or employees for any damage, direct or
194 indirect, arising therefrom.

195 RETURN FLOW

196 4. Nothing herein shall be construed as an abandonment or a relinquishment by the
197 United States of any right it may have to the use of waste, seepage, and return flow water derived
198 from water diverted by the Contractor hereunder and which escapes or is discharged beyond the
199 boundaries of the lands shown on Exhibit B; Provided, that this shall not be construed as claiming for
200 the United States any right to such water which is recovered by the Contractor pursuant to California
201 law from within the boundaries of the lands shown on Exhibit B, and which is being used pursuant to
202 this Settlement Contract for municipal, industrial or domestic use or underground storage for the
203 benefit of the lands shown on Exhibit B by the Contractor.

204 CONSTRAINTS ON THE AVAILABILITY OF WATER

205 5. (a) In a Critical Year, the Contracting Officer reserves the right to reduce the
206 Contract Total shown on Exhibit A to the Contractor; Provided, that the Contractor may divert from
207 the Sacramento River not in excess of 75 percent of the Contract Total shown on Exhibit A, subject
208 to the installation of measurement equipment satisfactory to the Contracting Officer. The Contractor
209 shall install, operate, and maintain this equipment at the Contractor's expense. The Contractor shall
210 submit, by April 1 of that Critical Year, a written schedule to the Contracting Officer indicating the
211 Contract Total to be diverted by the Contractor during each month of that Critical Year under this
212 Settlement Contract.

213 (b) The amount of any overpayment by the Contractor shall, at its option, be
214 refunded or credited upon amounts to become due to the United States from the Contractor under the
215 provisions hereof in the ensuing Year. To the extent of such deficiency such adjustment of
216 overpayment shall constitute the sole remedy of the Contractor.

217 INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

218 6. The Contractor and United States desire to work together to maximize the reasonable
219 beneficial use of water for their mutual benefit. As a consequence, the United States and the
220 Contractor will work in partnership and with others within the Sacramento Valley, including other
221 contractors, to facilitate the better integration within the Sacramento Valley of all water supplies
222 including, but not limited to, the better management and integration of surface water and
223 groundwater, the development and better utilization of surface water storage, the effective utilization
224 of waste, seepage and return flow water, and other operational and management options that may be
225 identified in the future.

226 USE OF WATER FURNISHED TO CONTRACTOR

227 7. (a) Project Water furnished to the Contractor pursuant to this Settlement Contract
228 shall not be delivered or furnished by the Contractor for any purposes other than municipal,
229 industrial, and domestic purposes without the written consent of the Contracting Officer.

230 (b) The Contractor shall comply with requirements applicable to the Contractor in
231 biological opinion(s) prepared as a result of a consultation regarding the execution of this Settlement
232 Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended that
233 are within the Contractor's legal authority to implement. The Existing Contract, which evidences in
234 excess of 40 years of diversions, for municipal, industrial, and domestic uses, of the quantities of
235 water provided for in Article 3, and the underlying water rights of the Contractor will be considered
236 in developing an appropriate base-line for the Biological Assessment prepared pursuant to the
237 Endangered Species Act, and in any other needed environmental review. Nothing herein shall be
238 construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent
239 jurisdiction with respect to any biological opinion or other environmental documentation referred to
240 in this Article.

241 RATE AND METHOD OF PAYMENT FOR WATER

242 8. (a) The Contractor shall make payments to the United States as provided in this
243 Article for the total quantity of Project Water shown on Exhibit A each Year.

244 Such payments shall be at Rates and Charges established in accordance with: (i) the
245 Secretary's then current ratesetting policies for the Project; and (ii) applicable Reclamation law and
246 associated rules and regulations, or policies. The Rates and Charges applicable to the Contractor
247 upon execution of this Settlement Contract are set forth in Exhibit D, as may be revised annually.
248 The Secretary's ratesetting policies for the Project shall be amended, modified, or superseded only
249 through a public notice and comment procedure.

250 (b) The Contracting Officer shall notify the Contractor of the Rates and Charges as
251 follows:

252 (1) Prior to July 1 of each Year, the Contracting Officer shall
253 provide the Contractor an estimate of the Charges for Project Water that will be applied to the period
254 October 1, of the current Year, through September 30, of the following Year, and the basis for such
255 estimate. The Contractor shall be allowed not less than two months to review and comment on such
256 estimates. On or before September 15 of each Year, the Contracting Officer shall notify the
257 Contractor in writing of the Charges to be in effect during the period October 1 of the current Year,
258 through September 30, of the following Year, and such notification shall revise Exhibit D.

259 (2) Prior to October 1 of each Year, the Contracting Officer shall make
260 available to the Contractor an estimate of the Rates for Project Water for the following Year and the
261 computations and cost allocations upon which those Rates are based. The Contractor shall be
262 allowed not less than two months to review and comment on such computations and cost allocations.
263 By December 31 of each Year, the Contracting Officer shall provide the Contractor with the final
264 Rates to be in effect for the upcoming Year, and such notification shall revise Exhibit D.

265 (c) The Contractor shall pay the United States for Project Water in the following
266 manner:

267 (1) With respect to Rates and Charges, on or before May 1 of each Year,
268 the Contractor shall pay the United States one-half the total amount payable pursuant to subdivision
269 (a) of this Article and the remainder shall be paid on or before July 1 or such later date or dates as
270 may be specified by the United States in a written notice to the Contractor.

271 (2) The amount to be paid on or before May 1 of each Year shall be based
272 on a written estimate, provided to the Contracting Officer by the Contractor on or before April 1 of
273 each Year, of the total area to be irrigated between April 1 and October 31 of that Year.

274 (3) The amount to be paid on or before July 1 shall be equal to the
275 difference between the amount paid on May 1 and the total amount due for the Year, based on the
276 total area actually irrigated between April 1 and July 1.

277 (4) In the event of initial filling or of refilling the Lake during the
278 Water-use Season as provided in Article 3(c), the Project Water diverted to fill or refill the Lake
279 shall be paid for in advance of such diversion at the Rates and Charges shown in Exhibit D.

280 (d) Payments to be made by the Contractor to the United States under this
281 Settlement Contract may be paid from any revenues available to the Contractor. All revenues
282 received by the United States from the Contractor relating to the delivery of Project Water or the
283 delivery of non-Project Water through Project facilities shall be allocated and applied in accordance
284 with Federal Reclamation law and the associated rules or regulations, and the then current Project
285 ratesetting policies for municipal, industrial and domestic water.

286 (e) The Contracting Officer shall keep its accounts pertaining to the administration
287 of the financial terms and conditions of its long-term water service and Settlement Contracts, in
288 accordance with applicable Federal standards, so as to reflect the application of Project costs and

289 revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to the
290 Contractor a detailed accounting of all Project and Contractor expense allocations, the disposition of
291 all Project and Contractor revenues, and a summary of all water delivery information. The
292 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
293 discrepancies or disputes relating to accountings, reports, or information.

294 (f) The parties acknowledge and agree that the efficient administration of this
295 Settlement Contract is their mutual goal. Recognizing that experience has demonstrated that
296 mechanisms, policies, and procedures used for establishing Rates and Charges and/or for making and
297 allocating payments, other than those set forth in this Article may be in the mutual best interest of the
298 parties, it is expressly agreed that the parties may enter into agreements to modify the mechanisms,
299 policies, and procedures for any of those purposes while this Settlement Contract is in effect without
300 amendment of this Settlement Contract.

301 (g) For the term of this Settlement Contract, Rates under the respective ratesetting
302 policies for the Project will be established to recover only reimbursable operation and maintenance
303 (including any deficits) and capital costs of the Project, as those terms are used in the then-current
304 Project ratesetting policies, and interest, where appropriate, except in instances where a minimum
305 Rate is applicable in accordance with the relevant Project ratesetting policy. Proposed changes of
306 significance in practices which implement the ratesetting policies for the Project will not be
307 implemented until the Contracting Officer has provided the Contractor an opportunity to discuss the
308 nature, need, and impact of the proposed change. The Contractor retains all rights to challenge the
309 validity of Rates and Charges imposed pursuant to this Settlement Contract, including but not limited
310 to operation and maintenance expenses and operation and maintenance deficits, in an appropriate
311 administrative or judicial proceeding.

312 (h) Except as provided in subsection 3405(a)(1)(B) of the CVPIA, the Rates for
313 Project Water transferred, exchanged, or otherwise disposed of, by the Contractor shall be the
314 Contractor's Rates adjusted upward or downward to reflect the changed costs of delivery (if any) of
315 the transferred, exchanged, or otherwise disposed of Project Water to the transferee's point of
316 delivery in accordance with the then-current ratesetting policies for the Project. Except as provided
317 in subsection 3407(d)(2)(A) of the CVPIA, the Charges for Project Water transferred, exchanged, or
318 otherwise disposed of, by the Contractor shall be the Contractor's Charges specified in Exhibit D. If
319 the Contractor is receiving lower Rates and Charges because of inability to pay and is transferring,
320 exchanging, or otherwise disposing of Project Water to another entity whose Rates and Charges are
321 not adjusted due to inability to pay, the Rates and Charges for transferred, exchanged, or otherwise
322 disposed of Project Water shall be the Contractor's Rates and Charges unadjusted for ability to pay.

323 (i) Omitted

324 (j) Each payment to be made pursuant to subdivisions (a) and (c) of this Article
325 shall be made at the office of the Bureau of Reclamation, MP Region: Mid-Pacific,
326 P.O. Box 894242, Los Angeles, CA 90189-4242, or at such other place as the United States may
327 designate in a written notice to the said Contractor. Payments shall be made by cash transaction,
328 wire, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting
329 Officer. In event there should be a default in the payment of the amount due, the delinquent payment
330 provisions of Article 13 shall apply. The Contractor shall not be relieved of the whole or any part of
331 its said obligation by, on account of, or notwithstanding, as the case may be its failure, refusal, or
332 neglect to divert the quantity of Project Water shown on Exhibit A.

333 AGREEMENT ON WATER QUANTITIES

334 9. (a) During the term of this Settlement Contract and any renewals thereof:

335 (1) It shall constitute full agreement as between the United States and the
336 Contractor as to the quantities of water and the allocation thereof between Base Supply and Project
337 Water which may be diverted by the Contractor from the Sacramento River for beneficial use on the
338 land shown on Exhibit B from April 1 through October 31, which said diversion, use, and allocation
339 shall not be disturbed so long as the Contractor shall fulfill all of its obligations hereunder;

340 (2) Neither party shall claim any right against the other in conflict with the
341 provisions of Article 9(a)(1) hereof.

342 (b) Nothing herein contained is intended to or does limit rights of the Contractor
343 against others than the United States or of the United States against any person other than the
344 Contractor; Provided, however, that in the event the Contractor, the United States, or any other
345 person shall become a party to a general adjudication of rights to the use of water of the Sacramento
346 River system, this Settlement Contract shall not jeopardize the rights or position of either party hereto
347 or of any other person and the rights of all such persons in respect to the use of such water shall be
348 determined in such proceedings the same as if this Settlement Contract had not been entered into, and
349 if final judgment in any such general adjudication shall determine that the rights of the parties hereto
350 are different from the rights as assumed herein, the parties shall negotiate an amendment to give
351 effect to such judgment. In the event the parties are unable to agree on an appropriate amendment
352 they shall, within 60 days of determining that there is an impasse, employ the services of a neutral
353 mediator, experienced in resolving water rights disputes, to assist in resolving the impasse. The cost
354 of the mediation will be shared equally. A failure to reach agreement on an amendment within 60
355 days of the end of mediation will cause the immediate termination of this Settlement Contract.

356 (c) In the event that the California State Water Resources Control Board or a court
357 of competent jurisdiction issues a final decision or order modifying the terms and conditions of the
358 water rights of either party to this Settlement Contract in order to impose Bay-Delta water quality

359 obligations, the Contractor and the United States shall promptly meet to determine whether or not to
360 modify any of the terms of this Settlement Contract to comply with the final decision or order. If
361 within 60 days of the date of the issuance of the final decision or order the parties are not able to
362 reach agreement regarding either the need to modify this Settlement Contract or the manner in which
363 this Settlement Contract is to be modified, the parties shall promptly retain a neutral mediator,
364 experienced in resolving water right disputes, to assist the parties in resolving their dispute. The cost
365 of the mediator shall be shared equally. In the event that either of the parties to this Settlement
366 Contract determines that the parties will not be able to develop mutually-agreeable modification(s) to
367 this Settlement Contract even with the assistance of a mediator, either of the parties to this Settlement
368 Contract may attempt to resolve the impasse by seeking appropriate judicial relief including, but not
369 limited to, filing a general adjudication of the rights to the use of water in the Sacramento River
370 system. The foregoing provisions of this sub-article shall only apply to the incremental obligations
371 contained within a final decision or order of the State Water Resources Control Board that reflects a
372 modification to the obligations imposed in State Water Resources Control Board Revised Water
373 Rights Decision 1641 dated March 15, 2000, and its associated 1995 Water Quality Control Plan
374 which, taken together, will be considered the baseline for the application of the provisions of this sub-
375 article.

376 (d) In the event this Settlement Contract terminates, the rights of the parties to
377 thereafter divert and use water shall exist as if this Settlement Contract had not been entered into; and
378 the fact that as a compromise settlement of a controversy as to the respective rights of the parties to
379 divert and use water and the yield of such rights during the term hereof, this Settlement Contract
380 places a limit on the Contract Total to be diverted annually by the Contractor during the Settlement
381 Contract term and segregates it into Base Supply and Project Water shall not jeopardize the rights or
382 position of either party with respect to its water rights or the yield thereof at all times after the

383 Settlement Contract terminates. It is further agreed that the Contractor at all times will first use water
384 to the use of which it is entitled by virtue of its own water rights, and neither the provisions of this
385 Settlement Contract, action taken thereunder, nor payments made thereunder to the United States by
386 the Contractor shall be construed as an admission that any part of the water used by the Contractor
387 during the term of this Settlement Contract was in fact water to which it would not have been entitled
388 under water rights owned by it nor shall receipt of payments thereunder by the United States from the
389 Contractor be construed as an admission that any part of the water used by the Contractor during the
390 term of this Settlement Contract was in fact water to which it would have been entitled under water
391 rights owned by it.

392 MEASUREMENT OF WATER

393 10. (a) All water diverted by the Contractor from the Sacramento River will be
394 diverted at the existing point or points of diversion shown on Exhibit A or at such other points as may
395 be mutually agreed upon in writing by the Contracting Officer and the Contractor.

396 (b) The right of ingress to and egress from all points of diversion is hereby granted
397 to all authorized employees of the United States. The Contractor also hereby grants to the United
398 States the right to install, operate, maintain, and replace measuring equipment on diversion or
399 carriage facilities at each point of diversion as the Contracting Officer deems necessary.

400 (c) The Contractor shall not modify, alter, remove, or replace diversion facilities
401 or do any other act which would alter the effectiveness or accuracy of the measuring equipment
402 installed by the United States or its representatives unless and until the Contracting Officer has been
403 notified with due diligence and has been given an opportunity to modify such measuring equipment
404 in such manner as may be necessary or appropriate. In the event of an emergency the Contractor
405 shall notify the United States within a reasonable time thereafter as to the existence of the emergency

406 and the nature and extent of such modification, alteration, removal, or replacement of diversion
407 facilities.

408 (d) The Contractor shall pay the United States for the costs to repair, relocate, or
409 replace measurement equipment when the Contractor modifies, alters, removes, or replaces diversion
410 or carriage facilities.

411 RULES AND REGULATIONS

412 11. The parties agree that the delivery of Project Water for municipal and industrial use or
413 use of Federal facilities pursuant to this Settlement Contract is subject to Federal Reclamation law,
414 and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation
415 law.

416 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

417 12. (a) The obligation of the Contractor to pay the United States as provided in this
418 Settlement Contract is a general obligation of the Contractor notwithstanding the manner in which the
419 obligation may be distributed among the Contractor's water users and notwithstanding the default of
420 individual water users in their obligations to the Contractor.

421 (b) The payment of Charges becoming due hereunder is a condition precedent to
422 receiving benefits under this Settlement Contract. The United States shall not make water available
423 to the Contractor through Project facilities during any period in which the Contractor may be in
424 arrears in the advance payment of water Rates due the United States. The Contractor shall not
425 furnish water made available pursuant to this Settlement Contract for lands or parties which are in
426 arrears in the advance payment of water rates levied or established by the Contractor.

427 (c) With respect to subdivision (b) of this Article, the Contractor shall have no
428 obligation to require advance payment for water Rates which it levies.

429 CHARGES FOR DELINQUENT PAYMENTS

430 13. (a) The Contractor shall be subject to interest, administrative and penalty charges
431 on delinquent installments or payments. When a payment is not received by the due date, the
432 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.
433 When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to
434 cover additional costs of billing and processing the delinquent payment. When a payment is
435 delinquent 90 days or more, the Contractor shall pay an additional penalty charge of six percent per
436 year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay
437 any fees incurred for debt collection services associated with a delinquent payment.

438 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in
439 the Federal Register by the Department of the Treasury for application to overdue payments, or the
440 interest rate of one-half of one percent per month prescribed by Section 6 of the Reclamation Project
441 Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
442 remain fixed for the duration of the delinquent period.

443 (c) When a partial payment on a delinquent account is received, the amount
444 received shall be applied, first to the penalty, second to the administrative charges, third to the
445 accrued interest, and finally to the overdue payment.

446 QUALITY OF WATER

447 14. The operation and maintenance of Project facilities shall be performed in such manner
448 as is practicable to maintain the quality of raw water made available through such facilities at the
449 highest level reasonably attainable as determined by the Contracting Officer. The United States does
450 not warrant the quality of water and is under no obligation to construct or furnish water treatment
451 facilities to maintain or better the quality of water.

452 WATER AND AIR POLLUTION CONTROL

453 15. The Contractor, in carrying out this Settlement Contract, shall comply with all
454 applicable water and air pollution laws and regulations of the United States and the State of
455 California, and shall obtain all required permits or licenses from the appropriate Federal, State, or
456 local authorities.

457 EQUAL OPPORTUNITY

458 16. During the performance of this Settlement Contract, the Contractor agrees as follows:

459 (a) The Contractor will not discriminate against any employee or applicant for
460 employment because of race, color, religion, sex, or national origin. The Contractor will take
461 affirmative action to ensure that applicants are employed, and that employees are treated during
462 employment, without regard to their race, color, religion, sex, or national origin. Such action shall
463 include, but not be limited to, the following: Employment, upgrading, demotion, or transfer;
464 recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of
465 compensation; and selection for training, including apprenticeship. The Contractor agrees to post in
466 conspicuous places, available to employees and applicants for employment, notices to be provided by
467 the Contracting Officer setting forth the provisions of this nondiscrimination clause.

468 (b) The Contractor will, in all solicitations or advertisements for employees placed
 469 by or on behalf of the Contractor, state that all qualified applicants will receive consideration for
 470 employment without discrimination because of race, color, religion, sex, or national origin.

471 (c) The Contractor will send to each labor union or representative of workers with
 472 which it has a collective bargaining agreement or other contract or understanding, a notice, to be
 473 provided by the Contracting Officer, advising the said labor union or workers' representative of the
 474 Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and
 475 shall post copies of the notice in conspicuous places available to employees and applicants for
 476 employment.

477 (d) The Contractor will comply with all provisions of Executive Order No. 11246
 478 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary
 479 of Labor.

480 (e) The Contractor will furnish all information and reports required by said
 481 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or
 482 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer
 483 and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules,
 484 regulations, and orders.

485 (f) In the event of the Contractor's noncompliance with the nondiscrimination
 486 clauses of this Settlement Contract or with any of the said rules, regulations, or orders, this Settlement
 487 Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be
 488 declared ineligible for further Government contracts in accordance with procedures authorized in said
 489 amended Executive Order, and such other sanctions may be imposed and remedies invoked as
 490 provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as
 491 otherwise provided by law.

492 (g) The Contractor will include the provisions of paragraphs (a) through (g) in
 493 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
 494 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
 495 provisions will be binding upon each subcontractor or vendor. The Contractor will take such action
 496 with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a
 497 means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that
 498 in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor
 499 or vendor as a result of such direction, the Contractor may request the United States to enter into such
 500 litigation to protect the interests of the United States.

501 17. Omitted.

502 18. Omitted.

503 BOOKS, RECORDS, AND REPORTS

504 19. The Contractor shall establish and maintain accounts and other books and records
 505 pertaining to administration of the terms and conditions of this Settlement Contract, including: the
 506 Contractor's financial transactions, water supply data, and Project land and right-of-way agreements;

507 the water users' land-use (crop census), land ownership, land-leasing and water use data; and other
 508 matters that the Contracting Officer may require. Reports thereon shall be furnished to the
 509 Contracting Officer in such form and on such date or dates as the Contracting Officer may require.
 510 Subject to applicable Federal laws and regulations, each party to this Settlement Contract shall have
 511 the right during office hours to examine and make copies of each other's books and official records
 512 relating to matters covered by this Settlement Contract.

513 CHANGE OF PLACE OF USE

514 20. Unless the written consent of the United States is first obtained no change shall be
 515 made in the place of water use shown on Exhibit B.

516 21. Omitted.

517 NOTICES

518 22. Any notice, demand, or request authorized or required by this Settlement Contract
 519 shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
 520 delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation, 16349
 521 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when
 522 mailed, postage prepaid, or delivered to the Board of Directors, Lake California Property Owners
 523 Association, Inc., P. O. Box 5067, Cottonwood, California 96022. The designation of the addressee
 524 or the address may be changed by notice given in the same manner as provided in this Article for
 525 other notices.

526 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

527 23. (a) The provisions of this Settlement Contract shall apply to and bind the
 528 successors and assigns of the parties hereto, but no assignment or transfer of this Settlement Contract
 529 or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

530 (b) The assignment of any right or interest in this Settlement Contract by either
 531 party shall not interfere with the rights or obligations of the other party to this Settlement Contract
 532 absent the written concurrence of said other party.

533 (c) The Contracting Officer shall not unreasonably condition or withhold his
 534 approval of any proposed assignment.

535 OFFICIALS NOT TO BENEFIT

536 24. No Member of or Delegate to Congress, Resident Commissioner, or official of the
 537 Contractor shall benefit from this Settlement Contract other than as a water user or landowner in the
 538 same manner as other water users or landowners.

539

CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

540 25. The expenditure or advance of any money or the performance of any obligation of the
541 United States under this Settlement Contract shall be contingent upon appropriation or allotment of
542 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
543 obligations under this Settlement Contract. No liability shall accrue to the United States in case funds
544 are not appropriated or allotted.

545

CONFIRMATION OF SETTLEMENT CONTRACT

546 26. The Contractor, after the execution of this Settlement Contract, shall promptly seek to
547 secure a decree of a court of competent jurisdiction of the State of California, if appropriate,
548 confirming the execution of this Settlement Contract. The Contractor shall furnish the United States
549 a certified copy of the final decree, the validation proceedings, and all pertinent supporting records of
550 the court approving and confirming this Settlement Contract, and decreeing and adjudging it to be
551 lawful, valid, and binding on the Contractor. This Settlement Contract shall not be binding on the
552 United States until such final decree has been secured.

553 27. Omitted.

554 28. Omitted.

555

WATER CONSERVATION

556 29. (a) Prior to the diversion of Project Water, the Contractor shall be implementing
557 an effective water conservation and efficiency program based on the Basin-Wide Water Management
558 Plan and/or Contractor's water conservation plan that has been determined by the Contracting Officer
559 to meet the conservation and efficiency criteria for evaluating water conservation plans established
560 under Federal law. The water conservation and efficiency program shall contain definite water
561 conservation objectives, appropriate economically feasible water conservation measures, and time
562 schedules for meeting those objectives. Continued diversion of Project Water pursuant to this
563 Settlement Contract shall be contingent upon the Contractor's continued implementation of such
564 water conservation program. In the event the Contractor's water conservation plan or any revised
565 water conservation plan completed pursuant to subdivision (d) of Article 29 of this Settlement
566 Contract have not yet been determined by the Contracting Officer to meet such criteria, due to
567 circumstances which the Contracting Officer determines are beyond the control of the Contractor,

568 Project Water deliveries shall be made under this Settlement Contract so long as the Contractor
569 diligently works with the Contracting Officer to obtain such determination at the earliest practicable
570 date, and thereafter the Contractor immediately begins implementing its water conservation and
571 efficiency program in accordance with the time schedules therein.

572 (b) The Contractor shall submit to the Contracting Officer a report on the status of
573 its implementation of the water conservation plan on the reporting dates specified in the then existing
574 conservation and efficiency criteria established under Federal law.

575 (c) At five-year intervals, the Contractor shall revise its water conservation plan to
576 reflect the then current conservation and efficiency criteria for evaluating water conservation plans
577 established under Federal law and submit such revised water management plan to the Contracting
578 Officer for review and evaluation. The Contracting Officer will then determine if the water
579 conservation plan meets Reclamation's then current conservation and efficiency criteria for
580 evaluating water conservation plans established under Federal law.

581 (d) If the Contractor is engaged in direct groundwater recharge, such activity shall
582 be described in the Contractor's water conservation plan.

583 OPINIONS AND DETERMINATIONS

584 30. (a) Where the terms of this Settlement Contract provide for actions to be based
585 upon the opinion or determination of either party to this Settlement Contract, said terms shall not be
586 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
587 opinions or determinations. Both parties, notwithstanding any other provisions of this Settlement
588 Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such
589 arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by
590 either party shall be provided in a timely manner. Nothing in subdivision (a) of Article 30 of this
591 Settlement Contract is intended to or shall affect or alter the standard of judicial review applicable

592 under Federal law to any opinion or determination implementing a specific provision of Federal law
593 embodied in statute or regulation.

594 (b) The Contracting Officer shall have the right to make determinations necessary
595 to administer this Settlement Contract that are consistent with the provisions of this Settlement
596 Contract, the laws of the United States and of the State of California, and the rules and regulations
597 promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with
598 the Contractor to the extent reasonably practicable.

599 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

600 31. (a) In addition to all other payments to be made by the Contractor pursuant to this
601 Settlement Contract, the Contractor shall pay to the United States, within 60 days after receipt of a
602 bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific
603 items of direct cost incurred by the United States for work requested by the Contractor associated
604 with this Settlement Contract plus indirect costs in accordance with applicable Bureau of
605 Reclamation policies and procedures. All such amounts referred to in this Article shall not exceed
606 the amount agreed to in writing in advance by the Contractor. This Article shall not apply to costs for
607 routine contract administration.

608 (b) All advances for miscellaneous costs incurred for work requested by the
609 Contractor pursuant to Article 31 of this Settlement Contract shall be adjusted to reflect the actual
610 costs when the work has been completed. If the advances exceed the actual costs incurred, the
611 difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances,
612 the Contractor will be billed for the additional costs pursuant to Article 31 of this Settlement
613 Contract.

614

WAIVER OF DEFAULT

615

32. The waiver by either party to this Settlement Contract as to any default shall not be

616

construed as a waiver of any other default or as authority of the other party to continue such default

617

or to make, do, or perform, or not to make, do, or perform, as the case may be, any act or thing which

618

would constitute a default.

619

CONTRACT ASSIGNMENT OR TERMINATION UPON TRANSFER OF LAND

620

33. (a) The rights and obligations of the Contractors may be transferred in connection

621

with the transfer of title to the land or any portion thereof delineated on Exhibit B.

622

(b) The Contractor shall notify the Contracting Officer in writing of any proposed

623

transfer of this Settlement Contract. In addition, in the case of a partial assignment, the Contractors

624

shall:

625

(1) Designate the proportionate quantities of Base Supply and Project

626

Water which they desire to assign; and

627

(2) Furnish the United States with a copy of the deed transferring title.

628

(c) No transfer of this Settlement Contract shall be effective unless and until

629

approved by the Contracting Officer, and, if approved, shall be effective from the date of such

630

approval.

631

(d) Upon mutual agreement between the United States and the Contractor, this

632

Settlement Contract or a portion thereof may be terminated and the new landowner will have the

633

privilege of entering into a Settlement Contract for water service for a proportionate share of the

634

Contract Total.

635

TERMINATION

636

34. This Settlement Contract will terminate upon mutual agreement of the parties prior to

637

the end of the term or any renewal thereof.

638 IN WITNESS WHEREOF, the parties hereto have executed this Settlement Contract
639 as of the day and year first hereinabove written.

640

THE UNITED STATES OF AMERICA

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY
James E. Stewart
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

641
642
643

By: *[Signature]*
Regional Director, Mid-Pacific Region
Bureau of Reclamation

644 (SEAL)

645
646

LAKE CALIFORNIA PROPERTY OWNERS
ASSOCIATION, INC.

647
648
649
650
651

By: *Donald Proctor*
President
Title

ATTEST:

652
653

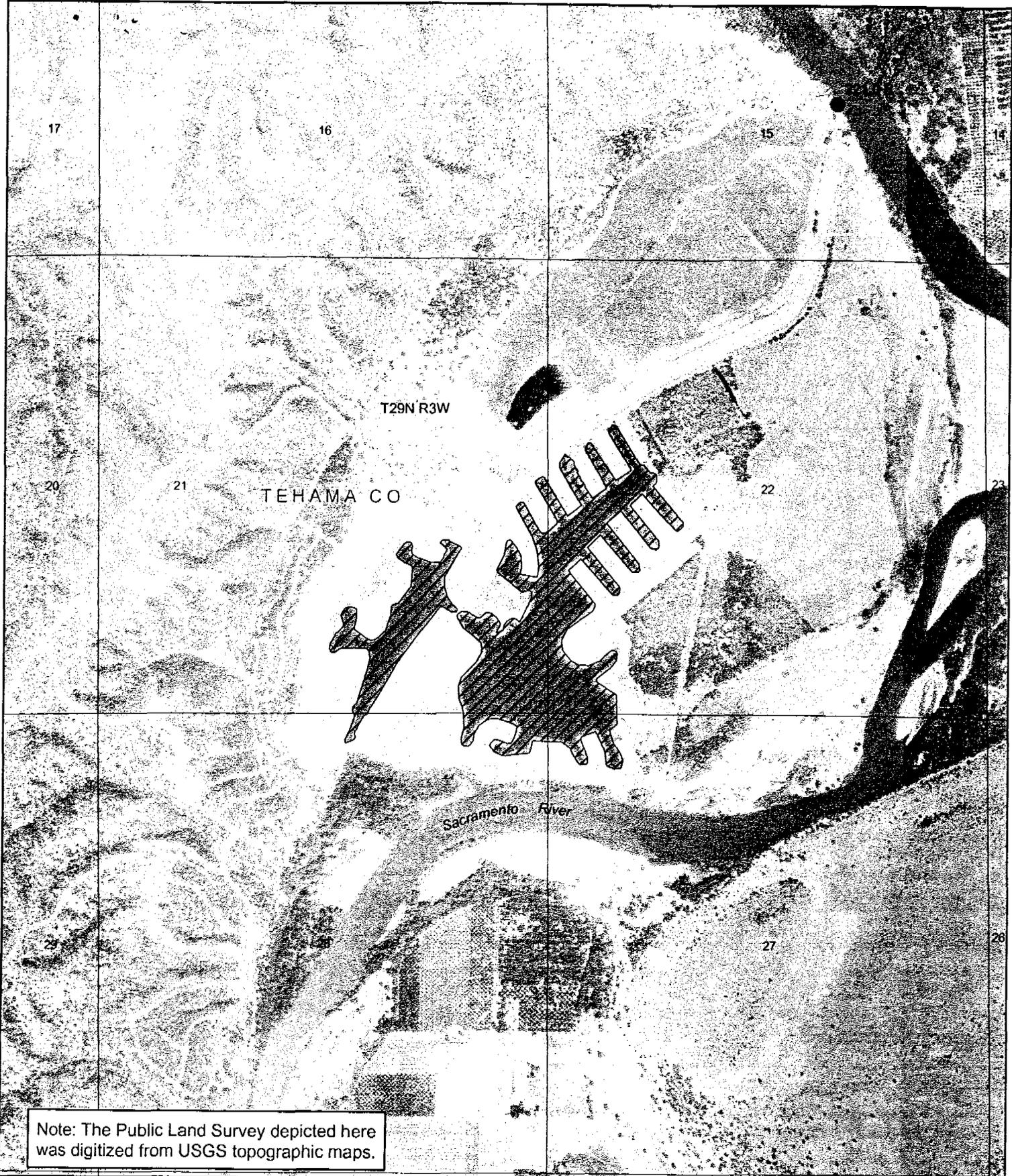
Harold Beems
Secretary

Exhibit A

LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC.
Sacramento RiverSCHEDULE OF MONTHLY DIVERSIONS OF WATER

	<u>Base Supply</u> (acre-feet)	<u>Project Water</u> (acre-feet)	<u>Contract Total</u> (acre-feet)
April	<u>60</u>	<u>0</u>	<u>60</u>
May	<u>100</u>	<u>0</u>	<u>100</u>
June	<u>130</u>	<u>20</u>	<u>150</u>
July	<u>90</u>	<u>80</u>	<u>170</u>
August	<u>60</u>	<u>80</u>	<u>140</u>
September	<u>90</u>	<u>20</u>	<u>110</u>
October	<u>50</u>	<u>0</u>	<u>50</u>
Total	<u>580</u>	<u>200</u>	<u>780</u>

Points of Diversion: 221.0RDated: 01-31-2005



Note: The Public Land Survey depicted here was digitized from USGS topographic maps.

Lake California Property Owners Assn., Inc.

Contract No. 14-06-200-4961A-R-1
Exhibit B

 Contractor's Service Area

 Point of Diversion

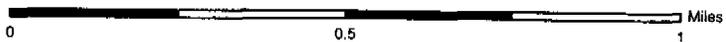


Exhibit C

Omitted

Exhibit D

LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC.
 Sacramento River
2005 Water Rates and Charges per Acre-Foot

COST OF SERVICE RATE 1/: \$15.00

CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/

Restoration Payments (3407(d)(2)(A)) \$15.87

1/ Cost of service rate is the greater of the CVP minimum rate (higher of (1) a rate of \$15.00 per acre-foot, or (2) a rate equal to the O&M costs applicable to delivering project water to the contractor's designated point of delivery), the contract rate and the cost of service rate.

655
 656
 657
 658
 659

2/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).

Recent Historic Use, as defined in the CVP M&I Shortage Policy, is 200 acre-feet.

660

 **Lake California**
Property Owners Association, Inc.

RESOLUTION NO. 2005-01 OF THE BOARD OF DIRECTORS
OF
LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC.
A California non profit corporation

WHEREAS, the Lake California Property Owners Association, Inc., a California non profit corporation, has a contract between the United States and Lake California Property owners Association, Inc., diverter of water from Sacramento River sources, settling water rights disputes and providing for project water,

WHEREAS, this contract, hereinafter referred to as "Settlement Contract", is to be renewed effective April 1, 2005 and shall remain in effect until and including March 31, 2045,

NOW THEREFORE BE IT RESOLVED, the BOARD OF DIRECTORS OF THE LAKE CALIFORNIA PROPERTY OWNERS ASSOCIATION, INC., at a regular meeting has voted to accept the Settlement Contract #14-06-200-4961-A-R1, dated 03/15/2005 as submitted.

CERTIFICATION OF SECRETARY

I certify that:

I am the duly appointed secretary of the Lake California Property Owners Association, Inc., a California non-profit corporation. The foregoing is a true and correct copy of the resolution duly adopted by the Board of Directors of such corporation at its regular meeting of the Board of Directors held on March 15, 2005 and entered in the minutes of such meeting in the minute book of the corporation.

DATED: 3/15/05

LAKE CALIFORNIA PROPERTY
OWNERS ASSOCIATION, INC.

By 
Harold Reeves, Secretary