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Contract No.
05-WC-20-2923

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Cachuma Project, California

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
THE CACHUMA OPERATION AND MAINTENANCE BOARD
FOR THE REPAYMENT OF FUNDS EXPENDED FOR FEDERALLY
PERFORMED SAFETY OF DAMS ACT MODIFICATION PROGRAM
AT LAURO DAM AND RESERVOIR

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10 PERFORMED SAFETY OF DAMS ACT MODIFICATION PROGRAM
11 AT LAURO DAM AND RESERVOIR

12 THIS CONTRACT, made this _____ day of _____, 2006, in
13 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or
14 supplementary thereto, including the Reclamation Safety of Dams Act of November 2, 1978, as
15 amended August 28, 1984 (92 Stat. 2471), October 27, 2000 (114 Stat. 1441), January 10, 2002
16 (115 Stat. 2230), and December 3, 2004 (118 Stat. 2627), all collectively hereinafter referred to
17 as the Federal Reclamation Laws, between the UNITED STATES OF AMERICA, hereinafter
18 referred to as the United States, acting through the Regional Director, Mid-Pacific Region,
19 Bureau of Reclamation (“Contracting Officer”), and the CACHUMA OPERATION AND
20 MAINTENANCE BOARD (“Contractor”), a California Joint Powers Authority consisting of the
21 Carpinteria Valley Water District, the Montecito Water District, the Goleta Water District, the
22 City of Santa Barbara, and the Santa Ynez River Water Conservation District, Improvement
23 District No. 1, (“Member Units”), duly organized, existing, and acting pursuant to the laws
24 thereof, with its principal place of business in Santa Barbara, California.

EXPLANATORY RECITALS

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A. The United States constructed Lauro Dam (Dam) and other related facilities, and acquired certain lands, water rights, and other property, all referred to as the Cachuma Project (Project).

B. As a result of acquisition of new seismic data, and changes in state of art criteria, the United States has determined that the Dam and related facilities must be modified pursuant to the Reclamation Safety of Dams (SOD) Act, as amended, to preserve its structural integrity.

C. The failure of the Dam would cause extensive flood damage downstream, potential loss of life, and would reduce the water supply available for Project purposes.

D. The Reclamation SOD Act authorizes the Secretary of the Interior, through the Bureau of Reclamation, to perform the corrective work, provided that fifteen percent (15%) of the costs incurred to correct the safety problems, including appropriate interest, are reimbursed by Project beneficiaries.

E. The estimated cost of the necessary SOD Act modification (Modification) to the Dam and related facilities is \$17,314,125 which is the “reasonable maximum cost” as determined by Reclamation, and which is set forth in Exhibit A. The “reasonable minimum cost” is estimated at \$9,062,514, and the “most likely cost” at \$12,679,942. Reclamation is committed to using its best efforts to manage this Modification so as to minimize costs and to provide a timely solution that will reduce the risk of Dam failure.

45 F. In January 2005, Reclamation completed a Final Environmental Assessment for
46 the SOD Modification of the Dam and issued a Finding of No Significant Impact on February 4, 2005,
47 as amended by letter dated April 4, 2005.

48 G. The parties agree that fifteen percent (15%) of the actual total
49 Modification cost, less allowable cultural resources costs, plus appropriate interest, is reimbursable
50 pursuant to this Contract.

51 TERM OF THE CONTRACT

52 1. (a) This Contract shall become effective on the date first written above, and shall
53 remain in effect for a term of 50 years from the date of Substantial Completion as defined in
54 Article 3(a) of this Contract, or until the Contractor has fully repaid to the United States the amount
55 described in Article 3(f), whichever occurs first.

56 RECLAMATION SAFETY OF DAMS ACT MODIFICATION

57 2. (a) The United States shall finance and perform all appropriate Modification of the
58 Dam and related facilities. Such Modification shall include, but are not limited to, the following
59 activities:

- 60 (1) construction of filter and drain zones downstream of the impervious core;
61 (2) construction of a filter drain; and
62 (3) modification of the outlet works butterfly valve hydraulic system;

63 (b) In addition to the above, costs incurred by the United States for previous
64 studies and investigations related to the Modification beginning July 8, 2002 (the beginning date

65 of the corrective action study phase), and negotiations with the Contractor of this Contract are
66 considered components of the amount expended as part of the Modification.

67 (c) The Modification charges shall not include or duplicate any costs
68 chargeable to other projects (including SOD review or modification for other projects or general
69 scientific or technical analysis not directly related to the Dam).

70 (d) Reclamation will provide the Contractor information on the Modification
71 status, cost expenditures, and other issues arising from the Modification, consistent with the
72 Communications Plan, as may be amended from time to time by mutual agreement of the parties,
73 which was included in the final "Safety of Dams, Design/Modification Phase, Project
74 Management Plan - Lauro Dam, Cachuma Project, California" Dated March 2005, as
75 superseded by the Safety of Dams, Design/Modification Phase, Project Management Plan,
76 dated November 2005, attached as Exhibit B, and incorporated by this reference.

77 (e) When total actual costs of the Modification have been identified, the
78 Contracting Officer shall provide to the Contractor, in writing, a final draft cost report and total
79 repayment obligation for the Modification to the Dam. The Contractor shall have one hundred and
80 twenty (120) days from receipt of this final draft to review and comment on the final cost report and
81 the Contractor's final total repayment obligation. The Contractor shall have access to documentation
82 relating to the Modification costs throughout the one hundred and twenty (120)-day period. The
83 Contracting Officer shall issue the final cost report, final total repayment obligation and the annual
84 irrigation (Irrigation) and municipal and industrial (M&I) repayment after consultation with the

85 Contractor, not later than sixty (60) days after receipt of the Contractor's comments. The
86 Contractor may appeal the Contracting Officer's decision on the final cost report and final total
87 repayment obligation to the Commissioner of Reclamation, who shall make the final administrative
88 agency determination. The Contracting Officer's final cost report, final total repayment obligation,
89 and the annual Irrigation and M&I repayment schedules shall take effect during the pendency of any
90 appeal.

91 REPAYMENT OBLIGATION--TERMS OF REPAYMENT

92 3. (a) The Contractor shall repay to the United States fifteen percent (15%) of the total
93 actual cost incurred by the United States for the Modification described in Article 2, and as determined
94 in accordance with provisions of Article 2(e). This repayment obligation shall be allocated fifty and
95 seventy-two hundredths percent (50.72%) to Irrigation uses (Irrigation Allocation), and forty-nine and
96 twenty-eight hundredths percent (49.28%) to M&I uses (M&I Allocation). The beginning repayment
97 date for the M&I Allocation shall be October 1, of the year following the determination that the
98 Modification is deemed "Substantially Complete," and shall be an amount equal to fifteen percent
99 (15%) of the then- identified total actual costs. Substantially Complete shall mean that time when the
100 majority of the construction work identified in Article 2 has been completed, the Dam and reservoir
101 can be operated within normal limits, and the risk that existed prior to the Modification is lowered to
102 an acceptable level. The Contracting Officer shall provide the Contractor written notification of the
103 date the Modification is deemed Substantially Complete.

104 (b) The M&I Allocation shall include interest during construction (IDC), which
105 commences on the date when the first expenditure of Federal funds is made toward the completion of

106 the Modification described in Article 2. IDC will cease to accrue on the date the Reclamation SOD
107 Act Modification is deemed Substantially Complete as defined in Article 3(a). The M&I Allocation, as
108 determined when the Modification is deemed Substantially Complete, is currently projected to be
109 \$1,279,860. The schedule of M&I annual payments as shown on Exhibit B shall be adjusted, if
110 necessary, to reflect the M&I Allocation based on actual costs as of the date the Modification is
111 deemed Substantially Complete and shall again be adjusted, if necessary, when the final reimbursable
112 cost of the Modification has been determined. The interest rate used in this Contract, is calculated in
113 accordance with the Act of August 28, 1984 (Public Law 98-404, 98 Stat. 1481) which says in part that
114 “The interest rate used shall be determined by the Secretary of the Treasury, taking into consideration
115 average market yields on outstanding marketable obligations of the United States with remaining
116 periods to maturity comparable to the application reimbursement period during the month preceding
117 the fiscal year in which the interest rates are incurred. To the extent that more than one interest rate is
118 determined pursuant to the preceding sentence, the Secretary of the Treasury shall establish an interest
119 rate at the weighted average of the rates so determined.”

120 (c) The beginning repayment date for the Irrigation Allocation shall be October 1,
121 2016. Reclamation’s Irrigation payment capacity study shows that the Contractor at this time, does not
122 have an ability to pay for the Irrigation Allocation. However, the Contractor agrees to make payments
123 to repay the Irrigation Allocation beginning October 1, 2016, and ending October 1, 2056. The
124 Contractor shall pay to the United States the annual payment as identified in Exhibit C which is based
125 on the estimated Irrigation Allocation of \$1,317,258. The schedule of Irrigation annual payments
126 shown on Exhibit C shall be adjusted, if necessary, to reflect the Irrigation Allocation based on the

127 actual costs as of the date the Modification is deemed Substantially Complete and shall again be
128 adjusted, if necessary, when the final reimbursable cost of the Modification has been determined.

129 (d) The Contracting Officer will perform an Irrigation payment capacity study to
130 reevaluate the Member Units Irrigation ability to pay at five (5)-year intervals, the first to be completed
131 October 1, 2006, and the last on October 1, 2056, as shown on Exhibit D. If in the opinion of the
132 Contracting Officer and in consultation with the Contractor, the updated payment capacity study
133 indicates that there is an Irrigation ability to pay, greater than the annual payment shown on Exhibit C,
134 the Contractor shall pay that amount for the next five (5)-year period. Any updated payment capacity
135 study will be based on the residual farm income of the Member Units' irrigators, after deductions for
136 on-farm production costs and investment expenses, less water distribution and other operating costs of
137 the Member Units and considering the financial conditions of the Member Units. The Contractor and
138 the Contracting Officer shall consult on the updated payment capacity no later than one (1) year prior to
139 the upcoming five (5)-year period.

140 (e) The Contractor reserves the right to prepay all or any portion of the outstanding
141 balance of the M&I and/or Irrigation Allocation at any time without penalty.

142 (f) The Contracting Officer shall make a good faith effort to keep the total actual
143 costs of the Modification below the "reasonable maximum cost" as discussed in Exhibit A, and to
144 bring the total actual costs as close to the "reasonable minimum cost" as possible. In the event the
145 actual cost of the Modification exceeds \$17,314,125, the parties shall consult and determine a method
146 whereby the reimbursable amount over the "reasonable maximum cost" will be paid.

TITLE TO REMAIN IN THE UNITED STATES

147 4. (a) Title to all the Project facilities shall be and remain in the name of the United
148 States unless otherwise provided by Congress, notwithstanding the full payment to the United States, of
149 the Contractor's repayment obligations under this Contract.

150 (b) The rights and obligations created hereby are supplementary to and do not
151 supersede or affect the rights and obligations under any prior contracts between the United States and
152 the Contractor.

153 CHARGES FOR DELINQUENT PAYMENTS

154 5. (a) The Contractor shall be subject to interest, administrative, and penalty charges
155 on delinquent payments. If a payment is not received by the due date, the Contractor shall pay an
156 interest charge on the delinquent payment for each day the payment is delinquent beyond the due date.
157 If a payment becomes 60 days delinquent, in addition to the interest charge, the Contractor shall pay an
158 administrative charge to cover additional costs of billing and processing the delinquent payment. If a
159 payment is delinquent 90 days or more, in addition to the interest and administrative charges, the
160 Contractor shall pay a penalty charge for each day the payment is delinquent beyond the due date,
161 based on the remaining balance of the payment due at the rate of 6 percent per year. The Contractor
162 shall also pay any fees incurred for debt collection services associated with a delinquent payment.

163 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in the
164 Federal Register by the Department of the Treasury for application to overdue payments or the interest
165 rate of 0.5 percent per month. The interest charge rate will be determined as of the due date and remain
166 fixed for the duration of the delinquent period.

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

170 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

171 6. (a) The obligation of the Contractor to pay the United States as provided in this
172 Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation
173 may be distributed among the Contractor's Member Units and notwithstanding the default of individual
174 Member Units in their obligation to the Contractor.

175 (b) The payment of charges becoming due pursuant to this Contract is a condition
176 precedent to receiving benefits under this Contract. The United States shall not make water available
177 to the Contractor through Project facilities during any period in which the Contractor may be in arrears
178 for more than 12 months in the payment of any Safety of Dams Act charges due the United States. The
179 Contractor shall not deliver water under the terms and conditions of this Contract for lands or parties
180 that in arrears more than 12 months in the payment of Safety of Dams Act charges as levied or
181 established by the Contractor.

182 CONFIRMATION OF CONTRACT

183 7. The Contractor, after the execution of this Contract, shall promptly seek to secure a
184 decree of a court of competent jurisdiction of the State of California, confirming the execution of this
185 Contract. The Contractor shall furnish the United States a certified copy of the final decree, the
186 validation proceedings, and all pertinent supporting records of the court approving and confirming this
187 Contract and decreeing and adjudging it to be lawful, valid, and binding on the Contractor. This
188 Contract shall not be binding on the United States until such final decree has been secured.

189 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

190 8. The expenditure or advance of any money or the performance of any obligation of the
191 United States under this Contract shall be contingent upon appropriation or allotment of funds.
192 Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations
193 under this Contract. No liability shall accrue to the United States in case funds are not appropriated or
194 allotted.

195 OFFICIALS NOT TO BENEFIT

196 9. No Member of or Delegate to the Congress, Resident Commissioner, or official of the
197 Contractor shall benefit from this Contract other than as a water user or landowner in the same manner
198 as other water users or landowners.

199 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

200 10. The provisions of this Contract shall apply to and bind the successors and assigns of the
201 parties hereto, but no assignment or transfer of this Contract or any right or interest therein shall be
202 valid until approved in writing by the Contracting Officer.

203 BOOKS, RECORDS, AND REPORTS

204 11. The Contractor shall establish and maintain accounts and other books and records
205 pertaining to administration of the terms and conditions of this Contract, including the Contractor's
206 financial transactions. Reports shall be furnished to the Contracting Officer in such form and on such

207 date or dates as the Contracting Officer may require. Subject to applicable Federal laws and
208 regulations, each party to this Contract shall have the right during office hours to examine and make
209 copies of the other party's books and records relating to matters covered by this Contract.

210 RULES, REGULATIONS, AND DETERMINATIONS

211 12. The Contracting Officer shall have the right to make determinations necessary to
212 administer this Contract that are consistent with the expressed and implied provisions of this Contract,
213 the laws of the United States and the State, and the rules and regulations promulgated by the Secretary
214 of the Interior. Such determinations shall be made in consultation with the Contractor.

215 MEDIUM FOR TRANSMITTING PAYMENTS

216 13. (a) All payments from the Contractor to the United States under this Contract shall
217 be by the medium requested by the United States on or before the date payment is due. The required
218 method of payment may include checks, wire transfers, or other types of payment specified by the
219 United States.

220 (b) Upon execution of the Contract, the Contractor shall furnish the Contracting
221 Officer with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the
222 Contractor's TIN is for collecting and reporting any delinquent amounts arising out of the Contractor's
223 relationship with the United States.

224 CONTRACT DRAFTING CONSIDERATIONS

225 14. Articles 1 through 4 of this Contract have been drafted, negotiated, and reviewed by the
226 parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and no one
227 party shall be considered to have drafted the stated articles.

228 NOTICES

229 15. Any notice, demand, or request authorized or required by this Contract shall be deemed
230 to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the
231 Regional Director, Mid-Pacific Region, Bureau of Reclamation, 2800 Cottage Way, Sacramento,
232 California 95825-1898, and on behalf of the United States, when mailed, postage prepaid, or delivered
233 to the General Manager, Cachuma Operation and Maintenance Board, 3301 Laurel Canyon Road,
234 Santa Barbara, California 93105-2017. The designation of the addressee or the address may be
235 changed by notice given in the same manner as provided in this Article for other notices.

236 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
237 the day and year first above written.

238 UNITED STATES OF AMERICA

239 By: _____
240 Regional Director, Mid-Pacific Region
241 Bureau of Reclamation

242 (SEAL)

243 (SEAL) CACHUMA OPERATION AND
244 MAINTENANCE BOARD

245 By: _____
246 C. Charles Evans
247 President, Board of Directors

248 Attest:

249 _____
250 Robert E. Wignot
251 Secretary of the Board

252 Approved as to Form:

253 By: _____
254 William H. Hair
255 General Counsel

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Contract No. 05-WC-20-2923

EXHIBIT A

Cost Sensitivity Study Identified in the Safety of Dams Design/Modification Phase Project
Management Plan - Laura Dam, Cachuma Project, California, Dated March 2005

Cost Sensitivity Study

A cost sensitivity analysis was performed to better understand and identify budget and schedule risk. The 'Most Likely' category represents a set of assumptions that are reasonably expected to occur including encountering some unexpected problems or conditions that would be typical for a project of this type. The 'Reasonable Minimum' scenario represents a situation where few problems are encountered, including a fairly low bid for construction and a reasonably short construction duration. The 'Reasonable Maximum' scenario assumed that many problems would occur, such as extensive dewatering requirements, high materials costs, limited construction contract competition, and extended construction duration. The results of the analysis are tabulated below.

<u>Activity</u>	<u>Reasonable Minimum</u>	<u>Most Likely</u>	<u>Reasonable Maximum</u>
Corrective Action Study	\$ 610,000	\$ 663,120	\$ 729,432
Project Administration	\$ 191,401	\$ 279,308	\$ 434,493
Design Data	\$ 147,579	\$ 196,772	\$ 245,965
Final Design	\$ 528,340	\$ 621,576	\$ 776,970
Procurement	\$ 83,570	\$ 176,500	\$ 274,284
Construction Management	\$ 700,000	\$ 886,500	\$ 1,250,000
Construction Design Support	\$ 116,787	\$ 202,756	\$ 272,504
Post Construction	\$ 189,075	\$ 273,626	\$ 423,302
Public Involvement	\$ 18,013	\$ 60,044	\$ 90,066
Emergency Action Plan	\$ 21,199	\$ 31,640	\$ 47,460
Environmental Compliance	\$ 56,550	\$ 113,100	\$ 169,650
Construction Contracts*	\$6,400,000	\$ 9,175,000	\$ 12,600,000
Total Project Budget	\$9,062,514	\$12,679,942	\$ 17,314,125

* = Includes contingencies and the cost of relocating the overhead utility wires.

Contract No. 05-WC-20-2923

EXHIBIT B

Safety of Dams Design/Modification Phase Project Management Plan -
Laura Dam, Cachuma Project, California, Dated November 2005

Communication Plan

This plan is intended to serve as a baseline for communications between Reclamation and the Cachuma Operation and Maintenance Board (COMB) during the design and construction phase of this project. It is Reclamation's intention to provide each of the reports listed below to COMB prior to COMB's board meeting held each month. However, there has been a variety of delays that have often made it difficult to provide the financial reports in time for that month's board meeting and delays in sending the other reports will probably also be encountered. In any case, Reclamation will provide the reports as soon as practical, either individually or in combination.

Construction Reports

Once construction commences, the Mid-Pacific Construction Office will provide a monthly construction report that is to include (at a minimum) the description of work performed during that month, expected upcoming work, and the dollar cost of work performed for that month, cumulative work performed to date, Reclamation points of contact, and any impending contract modifications. This report will be based on Reclamation's L-29 Monthly Construction Report for Lauro Dam.

Financial Reports

The Mid-Pacific Regional Office will provide a monthly financial report. These cost reports provide monthly and cumulative costs in a format that has been jointly developed by Reclamation and the Family Farm Alliance. These reports will be provided to COMB each month.

Earned Value Analyses

The Mid-Pacific Regional Office will perform monthly updates to the earned value analysis. These monthly updates, including a graph of planned and actual data, will be provided each month.

Monthly Tele-Conference Meetings

Reclamation will arrange monthly teleconference meetings with COMB. Reclamation will provide an update of current activities associated with the project. COMB is encouraged to participate and/or make suggestions for upcoming events. Reclamation will generate minutes of these meetings if requested by COMB.

Weekly Construction Meetings

During the construction phase of this project, Reclamation will hold weekly coordination meetings with the construction contractor. COMB will be invited to participate in these

meetings or as a minimum a separate meeting will be held between COMB and Reclamation to coordinate construction activities with operation and maintenance activities.

Special Reports and Analyses

Reclamation generates a number of reports as part of this Safety of Dams project. These reports include, but are not limited to: Environmental Assessment, Value Engineering Report, Corrective Action Alternatives Report, Modification Report, Seismic Investigations, Consultant Reviews, and Drawing/Specification Packages. These reports will be provided to COMB when finalized and in many cases, while they are in draft form for COMB comment.

Special Reviews and Meetings

COMB will be invited to participate in most reviews and meetings including, value engineering studies, consultant review board meetings, public meetings, design reviews, and construction reviews. Notification of these meetings will be made during the monthly teleconference calls and/or by email or letter invitation.

Daily Communications

COMB is encouraged to make telephone or email enquiries to the Project Manager at any time during the project. The Project Manager will include additional Reclamation staff where needed. COMB is also encouraged to communicate with Area Office and Construction Office personnel at any time regarding this project. However, should any problems arise, the Project Manager should be informed.

EXHIBIT C

Municipal and Industrial Annual Payment Schedule

Based on a Substantially Complete date of October 1, 2007

October 1, 2008	\$ 51,194 *	October 1, 2023	\$ 51,194
October 1, 2009	\$ 51,194	October 1, 2024	\$ 51,194
October 1, 2010	\$ 51,194	October 1, 2025	\$ 51,194
October 1, 2011	\$ 51,194	October 1, 2026	\$ 51,194
October 1, 2012	\$ 51,194	October 1, 2027	\$ 51,194
October 1, 2013	\$ 51,194	October 1, 2028	\$ 51,194
October 1, 2014	\$ 51,194	October 1, 2028	\$ 51,194
October 1, 2015	\$ 51,194	October 1, 2030	\$ 51,194
October 1, 2016	\$ 51,194	October 1, 2031	\$ 51,194
October 1, 2017	\$ 51,194	October 1, 2032	\$ 51,194
October 1, 2018	\$ 51,194		
October 1, 2019	\$ 51,194		
October 1, 2020	\$ 51,194		
October 1, 2021	\$ 51,194		
October 1, 2022	\$ 51,194		

M&I Annual Payment Calculation - \$17,314,125 (Reasonable Maximum Cost) x 15% (percent reimbursable by Project beneficiaries under SOD Act) = \$2,597,118 x 49.28% (M&I Allocation) = \$1,279,860/25 years = \$51,194 per year (estimated M&I annual payment*)

* Estimated Annual Payment - does not include IDC or repayment interest - M&I payment schedule shall be adjusted to include IDC interest and repayment interest when the Modification is deemed Substantially Complete. The repayment interest rate will be the rate in effect at the time of substantial completion and will be based on the M&I term of repayment (25 years). The schedule shall again be adjusted, if necessary, when the final reimbursable cost of the Modification has been determined.

Formula for calculation of M&I annual payment: M&I allocation plus IDC = total M&I allocation. Total M&I Allocation x amortization factor to amortize the obligation over a twenty-five (25)-year repayment term at an interest rate to be determined = annual M&I repayment amount.

EXHIBIT D

Irrigation Annual Payment Schedule

Based on a Substantially Complete date of October 1, 2007

October 1, 2008	\$ 0	October 1, 2033	\$ 32,128
October 1, 2009	\$ 0	October 1, 2034	\$ 32,128
October 1, 2010	\$ 0	October 1, 2035	\$ 32,128
October 1, 2011	\$ 0	October 1, 2036	\$ 32,128
October 1, 2012	\$ 0	October 1, 2037	\$ 32,128
October 1, 2013	\$ 0	October 1, 2038	\$ 32,128
October 1, 2014	\$ 0	October 1, 2039	\$ 32,128
October 1, 2015	\$ 0	October 1, 2040	\$ 32,128
October 1, 2016	\$ 0	October 1, 2041	\$ 32,128
October 1, 2017	\$ 32,128	October 1, 2042	\$ 32,128
October 1, 2018	\$ 32,128	October 1, 2043	\$ 32,128
October 1, 2019	\$ 32,128	October 1, 2044	\$ 32,128
October 1, 2020	\$ 32,128	October 1, 2045	\$ 32,128
October 1, 2021	\$ 32,128	October 1, 2046	\$ 32,128
October 1, 2022	\$ 32,128	October 1, 2047	\$ 32,128
October 1, 2023	\$ 32,128	October 1, 2048	\$ 32,128
October 1, 2024	\$ 32,128	October 1, 2049	\$ 32,128
October 1, 2025	\$ 32,128	October 1, 2050	\$ 32,128
October 1, 2026	\$ 32,128	October 1, 2051	\$ 32,128
October 1, 2027	\$ 32,128	October 1, 2052	\$ 32,128
October 1, 2028	\$ 32,128	October 1, 2053	\$ 32,128
October 1, 2029	\$ 32,128	October 1, 2054	\$ 32,128
October 1, 2030	\$ 32,128	October 1, 2055	\$ 32,128
October 1, 2031	\$ 32,128	October 1, 2056	\$ 32,128
October 1, 2032	\$ 32,128	October 1, 2057	\$ 32,128

Irrigation Annual Payment Calculation - \$17,314,125 (Reasonable Maximum Cost) x 15%
 (percent reimbursable by Project beneficiaries under SOD Act) = 50.72% (Irrigation Allocation)
 = \$1,317,258/41 years = \$32,128 per year (estimated annual payment*)

*Estimated Annual Payment shall be adjusted, if necessary, when the Modification is deemed Substantially Complete, and again, if necessary, when the final reimbursable cost of the Modification has been determined.

EXHIBIT E

Five (5) -Year Payment Capacity Schedule

Five (5) -Year Payment Capacity Study To Be Completed By the Following Dates:

October 1, 2006
October 1, 2011
October 1, 2016
October 1, 2021
October 1, 2026
October 1, 2031
October 1, 2036
October 1, 2041
October 1, 2046
October 1, 2051
October 1, 2056