

TOWN OF DISCOVERY BAY
RESOLUTION NO. 2001-01

RESOLUTION DELEGATING AUTHORITY FOR
INVESTMENT OF TOWN OF DISCOVERY BAY
FUNDS TO THE TREASURER OF THE
COUNTY OF CONTRA COSTA

WHEREAS, it is necessary that the Town of Discovery Bay ("Town") delegate authority to the Treasurer of Contra Costa County to invest and reinvest funds of the Town;

NOW, THEREFORE, BE IT RESOLVED:

1. Effective January 17, 2001, the governing Board of the Town of Discovery Bay, a Community Services District hereby delegates its authority to invest Town funds to the Treasurer of the County of Contra Costa ("Treasurer"), pursuant to, and in accordance with, Government Code Sections 53607, 53684, 53601, 53635, 51301, 51303 and other applicable law (collectively, the "Applicable Law"). This delegation shall operate to authorize and request the Treasurer to take any and all actions contemplated by the Applicable Law with respect to any and all Agency funds held by the Treasurer; and
2. Unless Town takes action to revoke this authorization and informs Treasurer in writing of such action, Treasurer shall deem that Town has taken action to lawfully renew this delegation prior to the start of each new fiscal year. Unless informed in writing that this delegation has been revoked, this Resolution shall be deemed to have continued in effect and shall not expire.

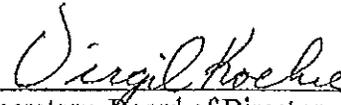
PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at their regular meeting thereof, held on January 17, 2001, by the following vote:

AYES:	<u>4</u>
NOES:	<u>0</u>
ABSTENTIONS:	<u>0</u>
ABSENT:	<u>1</u>

DAVID PIEPHO


Chair, Board of Directors

ATTEST:


Secretary, Board of Directors

TOWN OF DISCOVERY BAY

RESOLUTION NO. 2001-02

RESOLUTION AUTHORIZING EXECUTION OF CERTAIN AGREEMENTS WITH RECLAMATION DISTRICT NO. 800

WHEREAS, the Town of Discovery Bay ("Town") provides sewage treatment for the residents and businesses located within its boundaries as a community services district; and

WHEREAS, the Town is arranging for the construction of a new sewage treatment plant (the "Plant") that will have sufficient capacity to serve the Town and certain outlying areas;

WHEREAS, the Town has entered into certain arrangements with Hofmann Land Development Company ("Hofmann") for the construction of the Plant; and

WHEREAS, in order to complete construction of the Plant, a section of new pipeline (the "Pipeline Project") must be constructed under California State Highway 4; and

WHEREAS, the Pipeline Project will be constructed near and above the Reclamation District No. 800 ("District") existing easement to operate and maintain its North-South Canal; and

WHEREAS, the Town and District are concerned that the construction, operation or maintenance of the Pipeline Project may possibly interfere with the District's canal, and desire to enter into an agreement to memorialize arrangements to handle and avoid such potential or actual interference; and

WHEREAS, the Town will discharge effluent into District's North-South Canal for pumping by District, and

WHEREAS, a portion of such effluent will originate within Town, but outside of District; and

WHEREAS, District has no duty to handle effluent originating outside District, and the costs of handling such effluent are a burden on the constituents of District; and

WHEREAS, Town and District desires to enter into an agreement to provide for the discharge and handling of effluent, both that originating within District and outside District;

NOW, THEREFORE, BE IT RESOLVED:

1. The Agreement entitled "Permit Agreement Relative to Construction, Operation and Maintenance of a Sewer Pipeline", in the form attached hereto, and the

Agreement entitled "Permit Agreement for Disposal of Sewage Effluent", in the form attached hereto, are approved and the President and Secretary of the Board of Directors are authorized and directed to execute said Agreements.

PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at their regular meeting thereof, held on January 17, 2001, by the following vote:

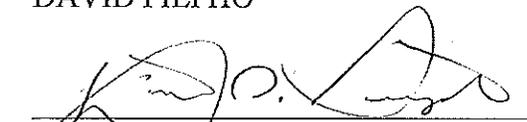
AYES: 4 Chair Piepho, Members Doran, Hess and Tetreault

NOES: 0

ABSTENTIONS: 0

ABSENT: 1 Member Slifer

DAVID PIEPHO



Chair, Board of Directors

ATTEST:



Secretary, Board of Directors

Office Copy

RECORDING REQUESTED BY
REQUESTED BY JEFFREY D. CONWAY
WHEN RECORDED MAIL TO

NAME Jeffrey D. Conway, District Manager
MAILING ADDRESS Reclamation District No. 800 Byron
PO Box 262
CITY, STATE ZIP CODE Byron CA 94514

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**Permit Agreement for the
Construction, Operation and Maintenance of Sewer Facilities**

This Permit Agreement for the Construction, Operation and Maintenance of Sewer Facilities ("Agreement") is entered into and effective this 2nd day of September, 2004, by and between Reclamation District No. 800 (Byron Tract), a reclamation district organized pursuant to Water Code sections 50000 et seq. (the "District") and the Town of Discovery Bay, a community services district organized pursuant to Government Code sections 61000 et seq. (the "Town"). Each of the aforesaid entities may hereinafter be referred to as a "Party" and the District and the Town are collectively referred to as the "Parties."

Recitals

- A. The Town is currently in the process of constructing a new sewage treatment plant and associated facilities that will enable the Town to serve both existing Discovery Bay and the Discovery Bay West development and other growth in the vicinity of the community of Discovery Bay and fully to comply with applicable water quality standards for the discharge of effluent into Old River.
- B. Part of the construction of the new sewage treatment plant and associated facilities is the construction of a new pipeline (the "Discharge Pipeline") that will discharge treated effluent into Old River.
- C. The new pipeline, which is shown in the drawings attached hereto as Exhibit A and incorporated herein by reference, will cross the District's easement for the Old River levee.

- D. The District now wishes to issue a permit to the Town for the operation and maintenance of the Discharge Pipeline and for the construction of the Discharge Pipeline and the Town wishes to accept such a permit, on the terms and conditions described hereinafter. The Discharge Pipeline is sometimes referred to as the “**Project.**”

Agreements

In consideration of the Parties’ mutual promises, covenants, warranties and representations provided for herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. *Issuance of Permits*

- a. *Temporary Construction Permit.* The District hereby issues the Town a temporary construction permit for the non-exclusive use of a workspace of 50 feet in width for the purpose of constructing the Discharge Pipeline, which workspace is more particularly shown in Exhibit B which is attached hereto and incorporated herein by reference, across, over and through the District’s levee. This temporary construction permit shall terminate thirty days after the date upon which the Town files a Notice of Completion for the Discharge Pipeline or December 31, 2004, whichever is earlier.
- b. *Permit for the Operation and Maintenance of the Discharge Pipeline.* The District hereby grants the Town a permit for the non-exclusive use of a workspace of 20 feet in width for the purposes of operating, maintaining, repairing, replacing, reconstructing and rehabilitating the Discharge Pipeline, which workspace is more particularly shown in Exhibit C which is attached hereto and incorporated herein by reference, together with the rights of ingress and egress thereto over District property during normal business hours. The Town shall provide the District with at least five business days’ prior written notice of any non-emergency operation or maintenance work (other than routine inspections) that requires access over or across District property. Upon the Town’s presentation of the “as-built” drawings described below in paragraph 3 to the District, the Discharge Pipeline shall serve as the centerline of the workspace that is the subject of this permit and the Town shall record a survey prepared by a licensed surveyor to memorialize the location of that workspace.
- c. *Reservation of Rights by District; Superior District Rights.* The District reserves all rights to the full use and enjoyment of its real property interests and facilities, save as expressly set forth in this Agreement. The District reserves the right to use its property and facilities for any and all

reclamation district purposes, which right is hereby understood to be superior to all rights granted to the Town pursuant to this Agreement. If it is necessary, in the reasonable discretion of the District's Engineer, to alter or relocate the Discharge Pipeline in order for the District to carry out its responsibilities, the District will notify the Town of this fact and the Town shall reasonably promptly accomplish such alteration or relocation at the sole cost and expense of the Town. If the Town fails to accomplish such alteration or relocation in a reasonable period of time, the District may undertake such alteration or relocation and recover the costs of such work from the Town by submitting an invoice for such work to the Town, which invoice shall be paid by the Town within sixty days of the date of the invoice.

2. *Construction of the Discharge Pipeline*

In constructing the Discharge Pipeline, the Town shall comply with the following terms and conditions:

- a. The Town shall obtain any additional permits, easements and/or rights of way that may be necessary to complete the Discharge Project in a timely fashion from other adjacent and/or abutting landowners and/or agencies. The Town shall be responsible for obtaining any and all local, state, and federal permits that may be necessary to complete the Discharge Pipeline.
- b. Upon completion of the Discharge Pipeline, the Town shall cause conditions within the area covered by Paragraphs 1a. and 1b. of this Agreement to be returned to pre-Discharge Pipeline conditions, save for the existence of the Discharge Pipeline.
- c. In completion of the Discharge Pipeline, the Town shall comply with the plans and specifications attached hereto as Exhibit D and, in particular, shall bury the Discharge Pipeline a minimum depth as specified in such plans and specifications.
- d. The Town shall provide written notice via facsimile transmission to the District's Engineer, Kjeldsen, Sinnock & Neudeck, Inc., five business days before initiating any construction activity associated with the Discharge Pipeline. If there is no construction activity for a period of five consecutive business days, then the Town shall provide the District's Engineer with at least twenty-four hours' written notice via facsimile transmission prior to the resumption of construction activities.
- e. The Town agrees to name or cause to be named the District, its Board of Trustees, officers, agents, employees, contractors and authorized volunteers (collectively, the "District Parties") as additional insureds by

endorsement with respect to liability arising out of the construction of the Discharge Pipeline including ongoing operations at the Project location and completed operations on all liability policies required of the Town's contractors and on the Town's general liability policy. Specific coverages are set forth in Exhibit E and incorporated herein by reference.

f. The Town acknowledges that the premises comprising Byron Tract could be flooded during construction of the Discharge Pipeline from many causes, including, without limitation, the following:

- (1) Levee overtopping and levee failure due to natural causes such as winds, tides, barometric pressure changes, rainfall, rainfall runoff, earthquakes, levee settlement and rodents.
- (2) Failure of the levee and/or drainage system due to natural or man-related causes, including the negligence of any landowner, any reclamation district, or any other governmental agency.
- (3) Power failures, of any kind, within or outside the boundaries of the District.

The Town agrees that it will take such precautions as may be reasonably necessary during construction to avoid contributing to such flooding and to mitigate any damages that may result from such flooding.

g. Except in the case of active negligence, sole negligence and/or willful misconduct by the District Parties, the Town hereby expressly assumes any and all risks of damage or loss to its property or to the property of its contractors, employees and agents arising from or related to the construction of the Discharge Pipeline. All such damages or losses shall be treated as within the scope of the indemnification described in paragraph 7 below.

3. *As-Built Drawings and Surveys.* The Town shall, within sixty days of the completion of the Discharge Pipeline, supply the District with approved "as-built" drawings of the Discharge Pipeline and with surveys, prepared by a licensed surveyor, showing the location of the pipeline and the permitted right of way issued to the Town pursuant to paragraphs 1 and 2 above.

4. *Operation and Maintenance of the Project*

a. The Town shall, at its sole cost and expense, operate, maintain, repair, replace, reconstruct, and rehabilitate the Project in a manner consistent with the plans and specifications attached hereto as Exhibits A and D and good engineering practices.

- (1) If the District's Engineer reasonably determines that work is required on the Project in order to satisfy the Town's obligation under paragraph 1.c. above, the Town shall, upon written demand by the District, promptly perform such work at the Town's sole cost and expense within the reasonable time limits set by the District. If the Town fails to perform such work in a timely fashion, the District may perform the needed work and the Town shall pay the District's costs of such work within thirty days' of the date of the District's invoice.
 - (2) In the event that the District incurs increased costs for the performance of customary operation and maintenance of its facilities in the vicinity of the Project due, in whole or in part, to the presence of the Project, the Town shall reimburse the District for such increased costs within thirty days of the District's invoice.
- b. The Town agrees to name or cause to be named the District Parties as additional insureds by endorsement with respect to liability arising out of the operation, maintenance, repair, replacement, reconstruction and/or rehabilitation of the Project on all liability policies required of the Town's contractors and on the Town's general liability policy. Specific coverages are set forth in Exhibit E and incorporated herein by reference.
- c. The Town acknowledges that the premises comprising Byron Tract could be flooded during the operation, maintenance repair, replacement, reconstruction and rehabilitation of the Project from many causes, including, without limitation, the following:
- (1) Levee overtopping and levee failure due to natural causes such as winds, tides, barometric pressure changes, rainfall, rainfall runoff, earthquakes, levee settlement and rodents.
 - (2) Failure of the levee and/or drainage system due to natural or man-related causes, including the negligence of any landowner, any Reclamation district, or any other governmental agency.
 - (3) Power failures, of any kind, within or outside the boundaries of the District.

The Town agrees that it will take such precautions as may be reasonably necessary during the operation, maintenance, repair, replacement, reconstruction and rehabilitation of the Project to avoid contributing to such flooding and to mitigate any damages that may result from such flooding.

- d. Except in the case of active negligence, sole negligence and/or willful misconduct by the District Parties, the Town hereby expressly assumes any and all risks of damage or loss to its property or to the property of its contractors, employees and agents arising from or related to the operation, maintenance, repair, replacement, reconstruction and rehabilitation of the Project. All such damages or losses shall be treated as within the scope of the indemnification described in paragraph 7 below.

5. *Ownership of Project Facilities*

The Discharge Pipeline shall, at all times, remain the property of the Town and the Town may remove those facilities in whole or in part at any time, provided that the Town shall provide thirty days' notice of such removal to the District.

6. *Abandonment of Discharge Pipeline.*

If the Town permanently abandons the Discharge Pipeline, the Town shall, at the District's option, either remove the Discharge Pipeline and restore (including the removal or on-site remediation of any contaminated earth caused by the activities of the Town, its contractors or agents) the District's levee to its pre-Discharge Pipeline condition or leave the Discharge Pipeline in place, capping it as it enters and exits the District's levee and filling it with an inert substance. Such work shall be completed to the reasonable satisfaction of the District, as determined in the sole discretion of the District Engineer. In case the Town delays acting upon any such order of the District upon abandonment, the District may proceed to perform the required work and the cost thereof shall be paid by the Town. The parties agree that non-use of the Discharge Pipeline for a continuous period of one year shall constitute the permanent abandonment of the Discharge Pipeline by the Town. The Town shall further notify the District within 90 days of any period of non-use of the Discharge Pipeline exceeding one year. In the event of a dispute regarding the period of continuous use, it shall be the obligation of the Town to demonstrate that use has been made within the preceding year. Abandonment of the Discharge Pipeline shall not, absent appropriate termination of this Agreement, relieve the Town from compliance with the remaining terms of this Agreement.

7. *Indemnification*

- a. *Generally.* Except in the case of active negligence, sole negligence and/or willful misconduct by the District Parties, the Town agrees to save, defend, indemnify, and hold the District Parties harmless from and against any and all damages, liabilities, claims, demands, costs, and expenses (including reasonable attorneys' and expert witnesses' fees) arising out of or relating to the construction of the Discharge Pipeline and/or the operation, maintenance, repair, replacement, reconstruction and/or rehabilitation of the Discharge Pipeline or the Town's performance of (or

failure to perform) its obligations under this Agreement, including, without limitation:

- (1) Any and all actions on the part of the District Parties to respond to emergency public safety and/or structural integrity jeopardy circumstances that involve the Project,
- (2) Any and all claims by any person alleging any and all deficiencies (whether obvious or latent) in the planning, design, construction, operation, maintenance, or other aspect of the Project, whether those deficiencies were caused, in whole or in part, by the Town, or any of their respective officers, employees, contractors, agents, or consultants, and
- (3) Any and all claims by any person relating to the discharge of sewage effluent or other wastes from the Discharge Pipeline.

In the event of litigation against the District falling within the scope of this paragraph, the Town shall pay, monthly in arrears, the District's reasonable defense costs, including, without limitation, reasonable attorneys' and expert witnesses' fees, expenses and costs.

- b. *Environmental Indemnification.* Except in the case of active negligence, sole negligence, or willful misconduct by the District Parties, the Town shall indemnify, defend and hold the District Parties harmless from and against any and all environmental damage, liability, claim, demand, cost, and expense (including reasonable attorneys' and expert witnesses' fees), including, but not limited to, all costs of any required environmental clean-up, remediation, inspection or investigation that may result from the construction of the Discharge Pipeline and/or the operation, maintenance, repair, replacement, reconstruction and/or rehabilitation of the Discharge Pipeline.

8. *Dispute Resolution*

- a. *Construction Disputes.* If, in the reasonable discretion of the District's Engineer, construction of the Discharge Pipeline: (i) poses a serious threat to the District's facilities in the vicinity of the Discharge Pipeline, (ii) departs materially from the standards contained in the plans and specifications for the Discharge Pipeline, or (iii) poses an immediate threat to public safety, the District Engineer, in exercising his reasonable discretion, may order that the Town take any and all actions, including but not limited to, immediately stopping construction, in order to address these problems. Any order to stop work shall be in writing and shall be given to the Town's on-site representative and to its contractor. The District and

the Town shall so provide in their directions to their consultants and/or contractors. If a written order to shut down any portion of the construction of the Discharge Pipeline is issued by the District's Engineer, a meeting will be held on-site within twenty-four hours to agree on the conditions under which construction can be restarted. If a disagreement arises between the District and the Town at such meeting, then a third-party engineer (Siegfried Engineering, Inc., 4045 Coronado Avenue, Stockton, CA 95204 [209.943.2021]) will be called in within twenty-four hours of the conclusion of the meeting to arbitrate the dispute and will render a decision that shall be binding on the parties within forty-eight hours after conducting the arbitration. All direct and reasonable costs of the work by the third-party engineer shall be borne by the Town. In addition, the Town shall, within thirty days from the date of the District's invoice, reimburse the District for all direct and reasonable costs incurred by the District under the provisions of this paragraph.

- b. *Post-Construction Disputes.* In order to avoid disputes relating to the operation and maintenance of the Project by the Town, the Town shall:
- (1) Provide written notice to the District prior to undertaking work, or upon recognition of a potential problem, within the boundaries set forth in Exhibit C.
 - (2) Promptly consult with the District's Manager in the event of any disagreement relating to the subject of this Agreement.
 - (3) In the event a disagreement among the Parties cannot be resolved by the Parties' General Managers, the Parties shall promptly submit the dispute to a mediator, mutually selected by the Parties, with experience in water-related disputes. The costs of any mediation shall be divided evenly between the Parties.
 - (4) Nothing in this subparagraph 8.b. nor in subparagraph 8.a. above, shall be construed to limit the Parties' legal or equitable remedies in the event of a breach of this Agreement, an immediate threat to public safety, or a serious threat to a Party's facilities in the vicinity of the Project.

9. *Suspension and Termination of Permits*

- a. *Suspension of Permit for Public Safety.* The District may suspend the operation of any of the permits granted herein if the continued conveyance or discharge of sewage effluent, in the reasonable discretion of the District's Engineer, poses a serious threat to the District's facilities or otherwise poses an immediate threat to public safety (e.g., as a result of a

spill of sewage effluent). In order to suspend the permit, the District shall apply, on an ex parte basis, to the Superior Court of Contra Costa County for an order authorizing the District to shut down the conveyance and/or discharge of sewage effluent and/or take any other action that the District may believe necessary in order to secure public safety. In the event that time does not permit such an application to the Superior Court without a substantial risk to public safety, the District shall make such ex parte application to the Court at the earliest possible time. The suspension of the permit shall last as long as may be necessary in order to ensure proper operation of the facilities in question and secure public safety.

- b. *Suspension of Permits for Failure to Perform.* The District may suspend the operation of any of the permits granted herein if the Town fails to perform its obligations as described in this Agreement. The District shall, prior to any such suspension, provide the Town with thirty days' written notice of the failure to perform and provide the Town with a reasonable opportunity to cure the failure to perform.
- c. *Termination of the Permits.* The District may terminate this Agreement upon one-year's written notice to the Town describing an alleged breach of this Agreement. Within ten days of the date of the notice of termination, representatives of the District and the Town shall meet to attempt to negotiate a resolution to the dispute other than termination. The Parties shall submit any disputes that cannot be resolved by meetings between the Parties within thirty days from the date of the notice of termination to a mediator, mutually selected by the Parties, with experience in water-related disputes. The costs of any mediation shall be divided evenly between the Parties. This Agreement shall terminate if the dispute cannot be resolved by mediation within one hundred eighty days after the notice of termination, or such later date as is acceptable to both parties. In the event of a termination of this Agreement by the District, the Town shall, at its sole cost and expense, promptly remove the Discharge Pipeline from the District's property and restore the District's property to reasonable pre-Project conditions.

10. *Recordation.*

The Town shall record this Agreement within five days of the date upon which this Agreement becomes effective and shall promptly provide the District with a copy of the recorded Agreement.

11. *General Provisions*

- a. *Relationship to Prior Agreements.* Nothing in this Agreement shall be construed as modifying any prior agreements between the Parties.

- b. *Jurisdiction and Venue.* The Parties agree that any litigation involving the construction of this Agreement shall be brought in the Superior Court of Contra Costa County.
- c. *Authority.* Each signatory of this Agreement represents the s/he is authorized to execute this Agreement on behalf of one of the Parties to this Agreement. Each Party represents that it has legal authority to enter into this Agreement and to perform all obligations under this Agreement. Attached as Exhibits F and G are resolutions authorizing execution of this Agreement that are signed by the governing boards of each Party.
- d. *Amendment.* This Agreement may be amended or modified only by a written instrument executed by each of the Parties to this Agreement.
- e. *Headings.* The paragraph headings used in this Agreement are intended for convenience only and shall not be used in interpreting this Agreement or in determining any of the rights or obligations of the Parties to this Agreement.
- f. *Construction and Interpretation.* This Agreement has been arrived at through negotiations and each Party has had a full and fair opportunity to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in the construction or interpretation of this Agreement.
- g. *Waiver.* No waiver of any violation or breach of this Agreement shall be considered to be a waiver or breach of any other violation or breach of this Agreement, and forbearance to enforce one or more of the remedies provided in this Agreement shall not be deemed to be a waiver of that remedy.
- h. *Attorneys' Fees and Costs.* The prevailing Party in any litigation or other action to enforce or interpret this Agreement shall be entitled to reasonable attorneys' fees, expert witnesses' fees, costs of suit, and other and necessary disbursements in addition to any other relief.
- i. *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.
- j. *Representations and Warranties.* Each representation and warranty contained herein or made pursuant hereto shall be deemed to be material

and to have been relied upon and shall survive the execution, delivery and termination of this Agreement.

- k. *Successors and Assigns.* This Agreement shall be binding on the inure to the benefit of the successors and assigns of the respective Parties to this Agreement. No Party may assign its interests in or obligations under this Agreement without the written consent of the other Party, which consent shall not be unreasonably withheld or delayed.
- l. *Partial Invalidity.* If, after the date of execution of this Agreement, any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. However, in lieu thereof, there shall be added a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.
- m. *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 proposes of this Agreement.
- n. *Compliance with Law.* In performing their respective obligations under this Agreement, the Parties shall comply with and conform to all applicable laws, rules, regulations and ordinances.
- o. *Third Party Beneficiaries.* This Agreement shall not create any right or interest in any non-Party or in any member of the public as a third party beneficiary.
- p. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.
- q. *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 day 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:

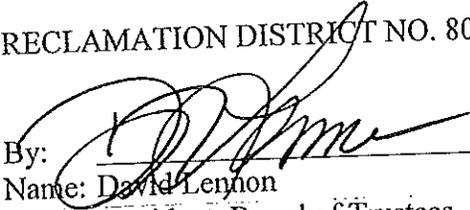
To District:

Reclamation District No. 800 (Byron Tract)
P.O. Box 262
Byron, California 94514
Telephone: (925) 634-2351
Facsimile: (925) 634-2089
Attention: District Manager

To Town:

Town of Discovery Bay
1800 Willow Lake Road
Discovery Bay, California 94514
Telephone (925)634-1131
Facsimile: (925)513-2705
Attention: General Manager

RECLAMATION DISTRICT NO. 800 (BYRON TRACT)

By: 
Name: David Lennon
Title: President, Board of Trustees

TOWN OF DISCOVERY BAY

By: 
Name: Ray Tebeaut
Title: President, Board of Directors

Exhibit E: Insurance Provisions

1. *General Provisions.*

Without limiting the Town's indemnification of the District, and prior to commencement of the construction, operation and/or maintenance of the Sewer Facilities, the Town shall obtain and provide and maintain at the Town's own expense, and shall require any and all subcontractors that the Town retains, hires or enters into any construction, maintenance or operation agreement with, to carry and maintain during the terms specified in this Agreement, the herein described policies of insurance.

All of the herein described policies of insurance, except for the Workers' Compensation policy, are to contain, or be endorsed to contain, the following provisions:

a. The Towns' insurance shall be considered primary as respects any other valid and collectible insurance, including self-insured retention, the District, its Board of Trustees, officers, agents, employees, contractors and authorized volunteers (collectively, the "District Parties") may possess and any other insurance the District Parties do possess shall be considered excess insurance only.

b. The insurance policies will not be canceled, altered, or reduced without thirty (30) days' (ten (10) days for non-payment of premium) prior written notice to the District.

c. Any failure to comply with the reporting requirements or other provisions of the policies including breaches and warranties shall not affect coverage provided to the District Parties.

d. The Town's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Upon execution of this Agreement, the Town shall furnish to the District the endorsement(s) to such policies, the policies of insurance themselves, or such other form of certificate of coverage acceptable to the District, reflecting that the policies of insurance contain the above required provisions.

2. *Acceptability of Insurers:*

All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact the business of insurance in the State of California, with an assigned policyholders' Rating of A (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by District.

3. *Deductibles and Self-Insured Retentions:*

Any deductible or self-insured retention must be declared to and approved by the District.

4. *Continuation of Coverage:*

If any of the required coverages expire during the term of this Agreement, the Town shall deliver the renewal certificate(s) to the District at least ten (10) days prior to the expiration date. In the event of cancellation for non-payment, the District may pay premiums due by the Town and deduct the paid payment from amounts then or subsequently owing to the Town.

5. *Workers Compensation Insurance:*

The Town agrees to provide workers' compensation insurance as required by law for the Town's employees and agents, and agrees to hold harmless and indemnify the District for any and all claims arising out of injury, disability or death of the Town's employees or agents. The Town agrees to carry workers' compensation (statutory limits) and employer's liability insurance of \$1,000,000. By its signature to this Agreement, the Town certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and it will comply with such provisions before commencing the performance of the work of this Agreement. The Town and its contractors and subcontractors will keep workers' compensation insurance for their employees in effect during all work covered by this Agreement and shall file the certificate required by Labor Code section 3700 with the District prior to the commencement of such work.

6. *Commercial General Liability Insurance:*

a. Town agrees that it shall require the Subcontractor or Subcontractor(s) that the Town retains to construct the Discharge Pipeline as provided for under the Town's contract with such Subcontractor or Subcontractor(s) to obtain and maintain during the duration of open trench work in the area described in Paragraph 1a and 1b of this Permit Agreement, commercial general liability insurance covering third party liability risks arising out of the Subcontractor or Subcontractor(s)' performance of the contract including, but not limited to, bodily injury, property damage, contractual liability, premises/operations, products and completed operations, explosion, collapse and underground damage hazard including water and flood damage from breach of the District's levee, and damage arising out of such Subcontractor or Subcontractor(s) work, which shall have limits of liability of not less than the following:

1. Bodily Injury/Property Damages: \$ 30,000,000 per occurrence
\$ 30,000,000 aggregate
2. Products Completed Operations: \$ 30,000,000

Coverages shall include a project aggregate of not less than \$30,000,000.

TOWN OF DISCOVERY BAY

RESOLUTION NO. 2001-03

RESOLUTION AMENDING BYLAWS
OF THE TOWN OF DISCOVERY BAY

WHEREAS, the Town of Discovery Bay ("Town") adopted an initial set of Bylaws for the governance of the District;

WHEREAS, the Town of Discovery Bay, after several years of experience, desires to revise said Bylaws;

WHEREAS, notice of the proposed revision of the Bylaws has been delivered to each Director at least four days prior to February 21, 2001;

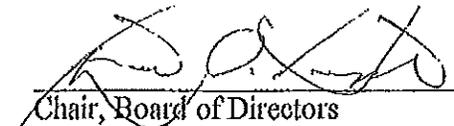
NOW, THEREFORE, BE IT RESOLVED:

1. The Revised Bylaws of the Town of Discovery Bay attached hereto as Exhibit "A" are adopted as the Bylaws of the Town of Discovery Bay.

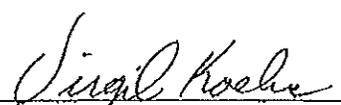
PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at their regular meeting thereof, held on February 21, 2001, by the following vote:

AYES: 5
NOES: 0
ABSTENTIONS: 0
ABSENT: 0

DAVID PIEPHO


Chair, Board of Directors

ATTEST:


Secretary, Board of Directors

Town of Discovery Bay

RESOLUTION NO. 2001-04

RESOLUTION TO ADD ROBERT DORAN, APPOINTED BOARD MEMBER, AND DELETE WILLIAM SLIFER, ON THE BANK OF AGRICULTURE AND COMMERCE BANK ACCOUNTS TO SIGN ON CHECKS WRITTEN FROM THE TOWN OF DISCOVERY BAY CHECKING ACCOUNTS

WHEREAS, the Town of Discovery Bay desires to add Robert Doran, appointed Board Member, and delete William Slifer on their (4) public bank accounts with Bank of Agriculture and Commerce to sign on checks written from the Town of Discovery Bay Checking Accounts which are listed below:

- 50017249 -- Water, Wastewater and Recreation (CSD)
- 50024288 -- Discovery Bay Youth Council Committee
- 50020290 -- Discovery Bay Municipal Advisory Committee
- 50020304 -- Discovery Bay Community Center Committee

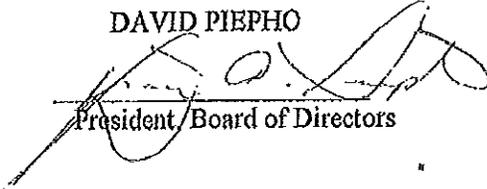
NOW, THEREFORE, BE IT RESOLVED that the Town of Discovery Bay does the following:

1. The Bank of Agriculture and Commerce, Discovery Bay Branch, 1520 Discovery Bay Boulevard, Discovery Bay, CA 94514, is hereby requested to add the name, Robert Doran, on the above (4) checking accounts to be able to sign on checks written from these accounts.
2. The Bank of Agriculture and Commerce, Discovery Bay Branch, 1520 Discovery Bay Boulevard, Discovery Bay, CA 94514, is hereby requested to delete the name, William Slifer, off of the above (4) checking accounts.
3. The Town of Discovery Bay Board of Directors require that valid signatures on checks written from these accounts be two of the three elected officers of the Town of Discovery Bay Board of Directors (President and Treasurer, or by one of them, and one other Director).

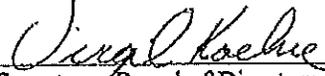
PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at their regular meeting thereof, held on May 16, 2001, by the following vote:

AYES: 5
NOES: 0
ABSENT: 0
ABSTENTION: 0

DAVID PIEPHO


President, Board of Directors

ATTEST:


Secretary, Board of Directors

TOWN OF DISCOVERY BAY

RESOLUTION NO. 2001-05

**RESOLUTION ESTABLISHING ELECTION REGULATIONS AND POLICIES FOR
CANDIDATE STATEMENTS**

WHEREAS, pursuant to Government Code §61400, the Uniform District Elections Law shall govern general elections of the Town of Discovery Bay, a Community Services District ("District"); and

WHEREAS, pursuant to the Uniform District Elections Law, the Board of Directors of the District is required to establish certain regulations and policies governing candidates statement;

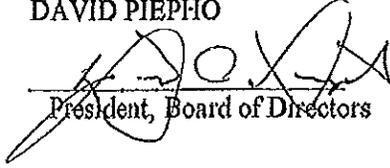
NOW, THEREFORE, BE IT RESOLVED that the Town of Discovery Bay does the following:

1. The length of each candidate's statement shall be limited to two hundred (200) words.
2. The candidate will pay all costs of printing the statement, as well as handling and mailing charges.
3. The estimated cost of the statement, as determined by Contra Costa County staff, shall be deposited with the Contra Costa County Clerk at the time of submitting the candidate's statement.
4. The cost of the statement for the November 2001 election is estimated by Contra Costa County staff to be approximately \$200.00 per candidate.

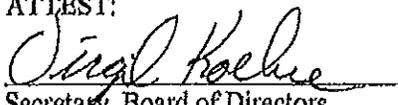
PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at their regular meeting thereof, held on June 6, 2001, by the following vote:

AYES: 5
NOES: 0
ABSENT: 0
ABSTENTION: 0

DAVID PIEPHO


President, Board of Directors

ATTEST:


Secretary, Board of Directors

TOWN OF DISCOVERY BAY

RESOLUTION NO. 2001-06

RESOLUTION AUTHORIZING DESIGNATED DISTRICT OFFICIALS
TO CONSENT AND ACCEPT REAL ESTATE PROPERTY VIA A DEED OR GRANT TO
THE DISTRICT

WHEREAS, Section 27281 of the California Government Code authorizes a government agency by a general resolution to authorize to an officer or agent of the government agency to accept and consent to all deeds or grants conveying any interest or easement upon real estate to a political corporation or governmental agency for public purposes and to record the same on behalf on the grantee;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Town of Discovery Bay as follows:

Section 1. The President of the Board of Directors of the Town of Discovery Bay, the Secretary of the Town of Discovery Bay and the General Manager of the Town of Discovery Bay are each authorized to accept and consent to all deeds or grants conveying any interest in or easement upon real estate to the Town of Discovery Bay for public purposes and each is empowered to affix a Certificate of Acceptance to such deeds or grants as shall be accepted on behalf of the Town of Discovery Bay and to record the same with the County Recorder of the County of location of the property.

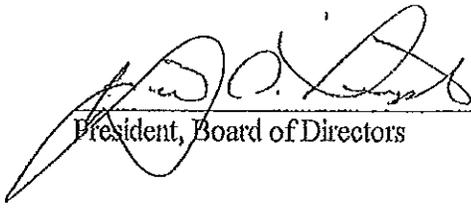
Section 2. Accept 2.94 +/- Acres from Mr. And Mrs. Hofmann

Section 3. The Secretary of the Town of Discovery Bay shall record a certified copy of this Resolution with the County Recorder of each County in which property may be accepted.

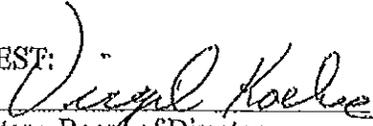
PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at a regular meeting thereof, held on July 25, 2001, by the following vote:

AYES:	<u>4</u>
NOES:	<u>0</u>
ABSENT:	<u>1</u>
ABSTENTION:	<u> </u>

DAVID PIEPHO


President, Board of Directors

ATTEST:


Secretary, Board of Directors

Town of Discovery Bay

RESOLUTION NO. 2001-007

Resolution Requesting Out-Of-Agency Area, Service Agreement with Mr. Joe Driscoll of 3150 Bixler Road.

WHEREAS, Mr. Driscoll and other property owners in the immediate area are in the process of filing a petition to be annexed into this district.

WHEREAS, Mr. Driscoll's water well casing has failed, thus Mr. Driscoll has no water for his five-acre site.

WHEREAS, The Town of Discovery Bay has a 10-inch water supply main that is about 5-10 feet away from Mr. Driscoll's property.

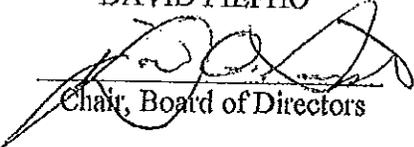
NOW, THEREFORE, BE IT RESOLVED that the Town of Discovery Bay enters into a short-term service agreement to provide potable water to the Driscoll property only.

1. Short-Term shall be no longer than 1-year for this emergency water supply.
2. Mr. Driscoll will be responsible for all cost associated with LAFCO on this matter.
3. Mr. Driscoll will be responsible for all new and temporary piping cost.
4. District will bill Mr. Driscoll \$1.22 Per Thousand Gallons of water used.

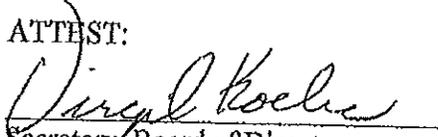
PASSED AND ADOPTED by the Board of Directors of the Town of Discovery Bay, at their regular meeting thereof, held on September 5, 2001, by the following vote:

AYES: 5
NOES: 0
ABSENT: —
ABSTENTION: —

DAVID PILPHO


Chair, Board of Directors

ATTEST:


Secretary, Board of Directors