

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into effective May 28, 1986, by and between RANCHO MURIETA COMMUNITY SERVICES DISTRICT, a public entity, and EL DORADO IRRIGATION DISTRICT, a public entity.

R E C I T A L S

A. The parties to this Settlement Agreement are parties to a validating action filed in Superior Court by RANCHO MURIETA COMMUNITY SERVICES DISTRICT ("CSD") on September 19, 1983, pursuant to Sections 860 et. seq. of the Code of Civil Procedure. The purpose of the litigation was to determine the validity of quasi-legislative proceedings taken by the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION ("LAFCO") and the SACRAMENTO COUNTY BOARD OF SUPERVISORS ("BOARD") in connection with the Rancho Murieta Community Services District Reorganization (4-83) (the "Reorganization") approved by LAFCO on June 29, 1983 and approved by BOARD on August 23, 1983. EL DORADO IRRIGATION DISTRICT ("EID") filed both an Answer and a Cross-Complaint in the validating action (Solano County Superior Court Civil Action No. 86085) in which it challenged the validity of certain actions taken by LAFCO and BOARD in the Reorganization.

B. After trial in the Superior Court, a judgment was entered on May 14, 1985, determining that the Reorganization was valid. The judgment further determined that all of the terms and conditions of the Reorganization are lawful, valid and not subject

to defeasance. On June 5, 1985, EID filed a Notice of Appeal of said judgment.

C. Said appeal is now pending before the Court of Appeal for the First Appellate District (1 Civil Case No. AU31732).

D. One of the issues on appeal concerns an obligation of EID to make certain water releases from Jenkinson Lake to downstream users on the Cosumnes River, including but not limited to users in the Omochumne-Hartnell Water District. Said obligation is contained with a Stipulation entered into between the U. S. Bureau of Reclamation and the Omochumne-Hartnell Water District on April 6, 1979, and concurred in by EID on said date ("the Stipulation"). Said Stipulation was approved by the State Water Resources Control Board in its Order WR 79-13, dated June 7, 1979.

E. CSD acknowledges that the water release conditions of the Stipulation may have been imposed because of the annexation of Rancho Murieta properties to EID.

F. EID recognizes that the water release conditions of the Stipulation may have been imposed or pre-existed the annexation.

G. The parties to this Agreement desire to settle, on mutually agreeable terms, all disputes and claims existing between them arising out of the Reorganization.

H. The parties have pursued discussion concerning the possible resolution of the above litigation in order to avoid incurring the mutual aggravation and expense of further litigation and, as a result of such discussions, have reached mutually agreeable terms for the resolution of all matters relating to the

Reorganization.

A G R E E M E N T

The parties agree as follows:

Section 1: Dismissal of Appeal. Not later than ten (10) days from the effective date of this Agreement, EID shall request the Court of Appeal for the First Appellate District to dismiss its appeal of the judgment in the validating proceeding entered on May 14, 1985, in Judgment Book 214, Page 284, Superior Court of the State of California, County of Solano.

Section 2. Costs on Appeal. Each party shall bear its own attorney's fees and costs of appeal.

Section 3. Water Releases. CSD and EID agree that any release or releases of water from Jenkinson Lake required by the Stipulation shall be the subject of negotiations between CSD and EID to facilitate cooperation between CSD and EID to reduce impacts on EID and CSD in complying with the terms of the Stipulation. Without creating new rights or forfeiting existing rights of either CSD or EID, but to aid in directing EID and CSD in those negotiations, each party acknowledges that the matters subject to negotiation shall include, but not be limited to, a sharing of water releases by CSD or EID to make up any deficiency and the purchase of stored water for release.

Section 4. Fiscal Year 1983-84 Taxes. CSD acknowledges that it has received all taxes and assessments for the fiscal year 1983-84 to which it is entitled pursuant to subparagraphs 2 and 4 of Paragraph B of the attached Resolution No. 83-1108 of the BOARD (the "Reorganization Resolution"). CSD waives and relinquishes

any claim which it might assert against EID to receive additional taxes from EID or METROPOLITAN STORM MAINTENANCE DISTRICT pursuant to the above-mentioned subparagraphs of the Reorganization Resolution.

Section 5. Title to Facilities. EID agrees that upon request of CSD, it will convey to CSD all of its right, title and interest to the water and sewer facilities referred to in subparagraph 1 of Paragraph C of the Reorganization Resolution.

Section 6. Capital Connection and Related Fees. Not later than thirty (30) days from the date of this Agreement, EID shall pay to CSD the sum of \$235,383.00 in full and complete satisfaction of all obligations imposed upon EID by Paragraph D of the Reorganization Resolution concerning the transfer of capital connection and related fees to CSD. CSD agrees to accept said sum as payment in full of any and all obligations of EID to CSD pursuant to the terms and conditions of Paragraph D of the Reorganization Resolution, including any right to receive interest on capital connection and related fees held by EID since October 1, 1983, the effective date of the Reorganization.

Section 7. Payment for Vehicles, Equipment and Supplies. Not later than thirty (30) days from the date of this Agreement, CSD shall pay to EID the sum of \$8,350.00 in full and complete satisfaction of all obligations imposed upon CSD by Paragraph E of the Reorganization Resolution. CSD acknowledges receipt of the vehicles, equipment and supplies described in Paragraph E. EID agrees to accept said sum as payment in full of any and all obligations of CSD to EID pursuant to the terms and conditions of

Paragraph E of the Reorganization Resolution, including any right to receive interest on said sum on or after January 1, 1984.

Section 8. Unpaid Water and Sewer Accounts. Not later than thirty (30) days from the date of this Agreement, CSD shall pay EID the sum of \$667.00 as unpaid water and sewer accounts pursuant to the provisions of Paragraph G of the Reorganization Resolution.

Section 9. Mutual Release. For valuable consideration, receipt of which is hereby acknowledged, the parties, for themselves and their heirs, successors, agents, officers, directors and employees hereby release, acquit and forever discharge each other from any and all claims, demands, actions, liabilities, duties, causes of action, known or unknown, arising out of or in any way connected with subparagraphs 2 and 4 of Paragraph B, subparagraph 1 of Paragraph C, Paragraph D, Paragraph E and Paragraph G of the Reorganization Resolution.

Section 10. Agreement Not Admission of Liability. The consideration provided for herein is being exchanged solely for the purpose of purchasing peace and preventing further involvement in protracted and costly litigation based upon disputed claims, and neither the exchange of such consideration nor anything contained herein, shall be taken or construed to be at any time or place an admission on the part of any party hereto of any of the claims alleged or amounts claimed as between such parties, and they expressly deny any such claims or amounts claimed.

Section 11. Full and Final Release. This is a full and final release applying to all unknown and unanticipated claims, injuries, or damages arising out of the aforementioned provisions

of the Reorganization Resolution as well as to those known or disclosed, and the parties waive all rights or benefits which they now have or in the future may have against each other under the terms of said Agreement under the terms of Section 1542 of the Civil Code of the State of California, which reads:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

This release is freely and voluntarily entered into and has been executed by the parties after consultation with their attorneys.

Section 12. Breach or Default. In the event of any breach of default or this Settlement Agreement by any party, the other parties shall have all rights and remedies provided by law and equity to enforce this Settlement Agreement, including, without limitation, an action for damages, injunctive relief and a suit to obtain specific performance of the terms of the Settlement Agreement.

Section 13. Attorney's Fees. In the event suit, action, or other proceeding are instituted to enforce any right granted herein, the prevailing party shall be entitled to recover its costs and disbursements incurred together with reasonable attorney's fees to be fixed by the Court at trial or on appeal.

Section 14. Further Assurances. Each party agrees, promptly on the other's request, at the other's expense to execute such documents and make such further assurances as the other party reasonably may request for the purpose of confirming, effecting,


perfecting, recording, preserving and controlling rights granted and acknowledged hereunder.

Section 15. Amendment. This Agreement can be amended only by a document in writing and signed by the parties or the authorized officers of the respective parties hereto.

Attest:

EL DORADO IRRIGATION  
DISTRICT, a public agency


  
Clerk, Board of Directors

By:   
VICE President, Board of  
Directors


Attest:

RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT

\_\_\_\_\_  
Clerk, Board of Directors

By:   
President, Board of  
Directors

APPROVED AS TO FORM:

  
NOBLE SPRUNGER, Attorney  
for EL DORADO IRRIGATION  
DISTRICT

\_\_\_\_\_  
DAVID W. McMURTRY, Attorney  
for RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT

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RESOLUTION NO. 83-1108

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, APPROVING AND ORDERING THE RANCHO MURIETA REORGANIZATION, CONSISTING OF THE DETACHMENT OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT FROM THE METROPOLITAN STORM DRAIN MAINTENANCE DISTRICT AND THE EL DORADO IRRIGATION DISTRICT, WITHOUT AN ELECTION. (4-83)

WHEREAS, subsequent to the approval of the Rancho Murieta Reorganization, consisting of detachment of territory from the Metropolitan Storm Drain Maintenance District and the El Dorado Irrigation District, by the Sacramento Local Agency Formation Commission, the Board of Supervisors of the County of Sacramento adopted a resolution initiating proceedings calling for a public hearing upon the reorganization proposal for August 23, 1983; and

WHEREAS, on August 23, 1983, a public hearing was held on the proposed reorganization and all interested persons were given an opportunity to address the Board and present evidence upon the matter; and

WHEREAS, this Board has considered the propriety of the reorganization as approved by the Sacramento Local Agency Formation Commission and has further considered the comments and evidence presented by all interested persons at the hearing and has determined to act upon the matter;

EXHIBIT B



NOW, THEREFORE, the Board of Supervisors of the County of Sacramento, State of California, HEREBY FINDS, RESOLVES, DETERMINES AND ORDERS AS FOLLOWS:

1. Notice as required by governing law has been duly and properly given.

2. The Sacramento Local Agency Formation Commission approved the Rancho Murieta Reorganization, consisting of the detachment of the territory comprising the Rancho Murieta Community Services District from the Metropolitan Storm Drain Maintenance District and the El Dorado Irrigation District, on July 20, 1983, and forwarded the proposal to this Board of Supervisors for further proceedings and a hearing.

3. All written and oral protests of the proposed reorganization have been duly considered by this Board of Supervisors.

4. The exterior boundaries of the territory to be detached from the Metropolitan Storm Drain Maintenance District and the El Dorado Irrigation District are described in Exhibit A, attached hereto and incorporated herein.

5. The Rancho Murieta Reorganization is approved and ordered without an election, as provided for by Sections 56438 and 56439(c) of the Government Code.

6. The reorganization is hereby approved, subject to the following terms and conditions:

A. Effective Date

The effective date of the reorganization shall be the later date of October 1, 1983; or the first day of the month following the date of recording of the reorganization in the official records of the County of Sacramento, provided that there shall be at least one week between the date of recording of the reorganization and the first day of the following month.

B. Taxes and Assessments

1. On and after the effective date of the reorganization, lands in Rancho Murieta Community Services District shall not be subject to any taxes or assessments of El Dorado Irrigation District or Metropolitan Storm Drain Maintenance District.

2. On and after the effective date of reorganization, taxes or assessments which have previously been paid to El Dorado Irrigation District or Metropolitan Storm Drain Maintenance District to provide water, sewer and storm drainage services, and which remain unexpended, shall be paid to Rancho Murieta Community Services District, which shall be the new provider of these services.

3. On and after the effective date of the reorganization, lands in the Rancho Murieta Community Services District shall not be subject to any taxes or assessments of El Dorado Irrigation District to repay costs

of the El Dorado Irrigation District distribution system, or any other voter-approved debt of El Dorado Irrigation District. Pursuant to Government Code Section 56470(c), the Rancho Murieta Community Services District and property located within the Rancho Murieta Community Services District shall be exempt from payment to the El Dorado Irrigation District or the Metropolitan Storm Drain Maintenance District of all or any part of principal, interest and any other amounts which shall become due on account of all or any part of any outstanding or any authorized but presently unissued bonds, including revenue bonds, or other contracts or obligations of said district, or any improvement districts therein and the levying or fixing and the collection of any (a) taxes or assessments, or (b) service charges, rentals, or rates, or (c) both, as may be necessary to provide for such payment.

4. Taxes or assessments allocated to El Dorado Irrigation District or Metropolitan Storm Drain Maintenance District for fiscal year 1983-84 from taxes or assessments paid by property owners within Rancho Murieta Community Services District shall be paid to each district providing water, sewer and storm drainage services in proportion to the number of months of the fiscal year that each district provides the

service, so that the Rancho Murieta Community Services District will receive funds allocated for water and sewer services and funds allocated for storm drainage services in proportion to the time it provides such services during fiscal year 1983-84.

C. Ownership of Facilities

1. Water and sewer facilities at Rancho Murieta constructed and paid for by Rancho Murieta and now in the ownership of El Dorado Irrigation District, including but not limited to lands, easements, water and sewer pipe lines, pumping stations and treatment plants, as well as any and all contract rights arising out of any letters of understanding, contracts or similar formal or informal agreements and relating to water and sewer facilities and/or service, shall be the property and/or contract rights of Rancho Murieta Community Services District, and El Dorado Irrigation District shall cease to own such facilities and/or contract rights.

2. Storm drain facilities at Rancho Murieta constructed and paid for by Rancho Murieta and now in the ownership of Metropolitan Storm Drain Maintenance District, including but not limited to lands, easements and pipe lines, as well as any and all contract rights arising out of letters of understanding, contracts or similar formal or informal agreements and

relating to storm drainage facilities and/or services, shall be the property and/or contract rights of Rancho Murieta Community Services District, and Metropolitan Storm Drain Maintenance District shall cease to own such facilities and/or contract rights.

D. Capital Connection Fees and Related Fees

Capital Connection Fees initiated by the Board of Directors of the El Dorado Irrigation District on May 16, 1978, (Resolution No. 78-41), as amended), and collected at the time of construction of homes and other facilities at Rancho Murieta and not expended for capital improvements for the water and sewer facilities of Rancho Murieta, shall be transferred to the Rancho Murieta Community Services District no later than three (3) months after the effective date of the reorganization. As of December 31, 1982, the amount of Capital Connection Fees, not expended on improvements at Rancho Murieta, to be transferred by El Dorado Irrigation District to Rancho Murieta Community Services District was \$165,618.67; this amount to be transferred shall be increased by the sum of any capital connection fees or similar fees paid by Rancho Murieta Community Services District, or property owners within its boundaries, to El Dorado Irrigation District between January 1, 1983, and the effective date of the reorganization, inclusive.

E. Transfer of Vehicles, Equipment and Supplies

Vehicles, equipment and supplies used for operation and maintenance of water and sewer facilities at Rancho Murieta shall be transferred to Rancho Murieta Community Services District for continued use and operation and maintenance of facilities at Rancho Murieta. The vehicles, equipment and supplies to be transferred are:

1. One 1980 Ford Courier, License No. E759865, costing \$3,425.00;
2. One 1980 Ford Courier, License No. E759866, costing \$3,425.00;
3. One multi-gas detector, costing \$1,500.00.

The fee to be paid by Rancho Murieta Community Services District to El Dorado Irrigation District to fully reimburse El Dorado Irrigation District for the cost of such vehicles, equipment and supplies, is \$8,350.00. Said sum shall be paid by Rancho Murieta Community Services District to El Dorado Irrigation District no later than three (3) months after the effective date of the reorganization.

F. Future Water Service and Supplies

On or after the effective date of reorganization, the Rancho Murieta Community Services District shall not be entitled to water service or any existing or future water supplies of the El Dorado Irrigation District.

G. Unpaid Water and Sewer Accounts

Within six (6) months of the effective date of reorganization, Rancho Murieta Community Services District will pay to the El Dorado Irrigation District all account balances of services within the Rancho Murieta Community Services District that were formerly billed by El Dorado Irrigation District. Outstanding tax liens, including lien charges for prior delinquent water and sewer service accounts in the Rancho Murieta Community Services District, will be paid no later than six (6) months from the effective date of the reorganization by the Rancho Murieta community.

H. Existing and Potential Liabilities

On or after the effective date of reorganization Rancho Murieta Community Services District shall assume all existing and potential liabilities for construction, operations and maintenance of existing facilities and also for preexisting conditions and those facilities.

7. The Clerk of the Board is hereby ordered and directed to make the proper filings as required by Section 56450, et seq., of the Government Code.

On a motion by Supervisor Johnson, seconded by Supervisor Sheedy, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of

California, at a regular meeting thereof, this 23rd day of August, 1983, by the following vote, to wit:

AYES: Supervisors, Bryan, Collin, Johnson, Smoley, Sheedy  
NOES: None  
ABSENT: None

Chairman of the Board of Supervisors  
of Sacramento County, California

In accordance with Section 25103 of the Government Code of the State of California a copy of this document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento, on

(SEAL)

ATTEST: *Sa Miranda*  
Asst Clerk of the  
Board of Supervisors

AUG 23 1983

By *Sylvia Fiora*  
Deputy Clerk, Board of Supervisors

FILED

AUG 23 1983

BOARD OF SUPERVISORS  
BY *Brenda A. Walker*  
CLERK OF THE BOARD

The foregoing is a correct copy of Board of Supervisors material, which the original is on file with the Office of the Board of Supervisors, Sacramento County, California

Dated *March 27, 1984*  
Clerk of said Board  
of Supervisors

By *Jerome L. Gregory*  
Deputy



EXHIBIT A

RANCHO MURIETA REORGANIZATION (4-83)

BEING A POR. SEC. 2, 3, 4, 5, & 9 T. 7N, R8E. & Sec. 34 & A POR. OF SEC. 26, 27, 28, 33 & 35 T. 8N., R8E., M.D.B.

All that portion of Sections 2, 3, 4, 5 and 9, Township 7 North, Range 8 East, and Section 34 and portions of Sections 26, 27, 28, 33 and 35, Township 8 North, Range 8 East, Mount Diablo Meridian, Sacramento County, California, described as follows:

Beginning at the Northeast corner of said Section 27; thence, from said POINT OF BEGINNING, along the East line of said Section 27, South  $00^{\circ}56'07''$  East 3,953.18 feet to the Northwest corner of the South one-half of the Southwest one-quarter of said Section 26; thence, along the North and East lines thereof, South  $89^{\circ}51'03''$  East 2,651.44 feet and South  $00^{\circ}36'39''$  East 1,318.47 feet to the North one-quarter corner of said Section 35; thence, along the North line of said Section 35, South  $89^{\circ}52'06''$  East 1,321.65 feet to the Northeast corner of the West one-half of the East one-half of said Section 35; thence, along the East line thereof, South  $00^{\circ}21'43''$  East 5,272.51 feet to the Southeast corner thereof; thence, along the South line thereof, North  $89^{\circ}18'54''$  West 39.64 feet; thence, leaving said line, South  $00^{\circ}28'35''$  West 1,749.33 feet; thence, West 1,051.25 feet; thence, South  $02^{\circ}54'46''$  East 783.84 feet; thence, South  $30^{\circ}39'35''$  East 199.78 feet; thence, South  $75^{\circ}47'12''$  East 274.74 feet; thence, South  $49^{\circ}27'43''$  East 393.84 feet; thence, North  $89^{\circ}32'26''$  East 392.13 feet; thence, South  $00^{\circ}59'39''$  West 749.57 feet to a point on the North line of Jackson Road; thence, along said line, the following seven (7) courses: (1) North  $86^{\circ}01'50''$  West 323.52 feet; (2) South  $78^{\circ}40'11''$  West 129.27 feet; (3) South  $78^{\circ}54'05''$  West 646.66 feet; (4) South  $78^{\circ}49'49''$  West 55.47 feet; (5) South  $77^{\circ}39'15''$  West 1,160.56 feet; (6) South  $76^{\circ}44'59''$  West 96.61 feet; and (7) South  $71^{\circ}19'14''$  West 237.62 feet; thence, leaving said line, South  $00^{\circ}16'36''$  East 962.19 feet to a point on the Southerly line of said Section 2; thence, along said line, South  $89^{\circ}29'28''$  West 1,315.14 feet to the Southeast corner of said Section 3; thence, along the South line thereof, South  $88^{\circ}27'32''$  West 3,973.97 feet to the Southeast corner of the West one-half of the Southwest one-quarter of said Section 3; thence, along the East line thereof, North  $00^{\circ}20'53''$  West 2,667.86 feet to the Northeast corner thereof; thence, along the East line of the West one-half of the Northwest one-quarter of said Section 3, North  $00^{\circ}21'06''$  West 627.48 feet; thence, leaving said line, North  $87^{\circ}51'24''$  West 505 feet, more or less, to a point on the Southerly bank of the Cosumnes River; thence, along the Southerly bank thereof, Westerly a distance of 800 feet, more or less, to a point on

the East-West centerline of said Section 3; thence, along said East-West centerline, South 83°44'25" West 235 feet, more or less, to the East one-quarter corner of said Section 4; thence, along the east line thereof, South 00°22'08" East 668.57 feet; thence, leaving said line, South 55°20'22" West 1,201.94 feet; thence, South 89°07'52" West 341.53 feet; thence, South 00°10'03" East 230.47 feet; thence, South 55°20'22" West 2,018.17 feet; thence, South 82°35'22" West 1,984.26 feet; thence, North 61°39'38" West 438.70 feet to the corner common to Sections 4, 5, 8 and 9; thence, North 68°28'38" West 315.95 feet; thence, North 00°17'38" West 920.32 feet; thence, North 00°59'38" West 650.00 feet; thence, North 00°40'38" West 1,026.50 feet; thence, North 00°26'38" West 854.19 feet; thence, North 01°00'38" West 729.00 feet; thence, North 00°33'38" West 708.80 feet; thence, North 00°42' West 335.73 feet to a point on the South line of said Jackson Road; thence, along said South line, North 89°10'27" East 786.71 feet; thence, continuing along said line; North 79°41'25" East 515.86 feet to a point on the North line of said Section 4; thence, leaving said North line, North 79°41'20" East 422.92 feet to point on the Southerly prolongation of the West line of Parcel 4 as shown and designated on that certain parcel map filed in the office of the Recorder of said County in Book 6 of Parcel Maps at Page 17; thence, leaving said Southerly prolongation and along said South line of Jackson Road North 79°28'19" East 530.08 feet; thence, North 73°30'51" East 195.16 feet; thence, North 80°51'19" East 581.03 feet; thence North 79°23'42" East 370.84 feet, thence, North 83°30'49" East 84.37 feet; thence, North 86°17'23" East 56.92 feet; thence, North 89°47'42" East 60.68 feet; thence, North 86°02'46" East 76.60 feet; thence leaving said South line and along the projected centerline of Stonehouse Road North 08°52'25" East 399.64 feet; thence, along said centerline North 01°34'35" West 5,815.25 feet to a point on the North line of the South one-half of the Southeast one-quarter of said Section 28; thence, leaving said centerline and along said North line, North 89°52'57" East 2,084.93 feet to the Northeast corner of said South one-half; thence, along the South and East lines of the Northwest one-quarter of the Southwest one-quarter of said Section 27, North 89°36'42" East 1,321.25 feet; and North 01°00'13" West 1,336.32 feet to the Northeast corner thereof; thence, along the West and North lines of the Southeast one-quarter of the Northwest one-quarter of said Section 27, North 01°00'09" West 1,349.66 feet, and North 89°33'32" East 1,325.06 feet to the Northeast corner thereof; thence, along the North-South centerline of said Section 27, North 00°54' West 1,356.92 feet to the North one-quarter corner of said Section 27; thence, along the North line of said Section, South 83°29'53" East 2,641.91 feet to the point of beginning, and containing 3,556 acres, more or less.

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FIRST AMENDMENT TO SETTLEMENT AGREEMENT

That certain Settlement Agreement made and entered into effective May 28, 1986, by and between RANCHO MURIETA COMMUNITY SERVICES DISTRICT and EL DORADO IRRIGATION DISTRICT is amended to read as follows:

1. Section 6 is amended to reflect the intent of the parties to read as follows:

Section 6. Capital Connection and Related Fees. Not later than thirty (30) days from the date of this Agreement, EID shall pay to CSD the sum of \$244,000.00 in full and complete satisfaction of all obligations imposed upon EID by Paragraph D of the Reorganization Resolution concerning the transfer of capital connection and related fees to CSD. CSD agrees to accept said sum as payment in full of any and all obligations of EID to CSD pursuant to the terms and conditions of Paragraph D of the Reorganization Resolution, including any right to receive interest on capital connection and related fees held by EID since October 1, 1983, the effective date of the Reorganization.

2. Except as hereinabove amended, all terms and conditions of the Settlement Agreement shall remain in full force and effect.

Dated: 8/27/86

EL DORADO IRRIGATION DISTRICT,  
a public agency

By: [Signature]  
President, Board of  
Directors

[Signature]  
Clerk, Board of Directors

Dated: 8-6-86

RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT

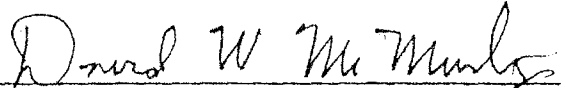
By: [Signature]  
President, Board of  
Directors

[Signature]  
Clerk, Board of Directors

APPROVED AS TO FORM:



NOBLE SPRUNGER, Attorney  
for EL DORADO IRRIGATION  
DISTRICT



DAVID W. McMURTRY, Attorney  
for RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT