

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

IMPROVEMENT DISTRICT NO. 1

RESOLUTION NO. 86-8

RESOLUTION APPOINTING ENGINEER OF WORK,
FINANCIAL ADVISOR/PLACEMENT AGENT AND BOND COUNSEL

WHEREAS, in accordance with prior proceedings duly had and taken, the Board of Directors of Rancho Murieta Community Services District (the "District") has declared its intention to and has determined to undertake proceedings pursuant to the Municipal Improvement Act of 1913 and issue bonds in said proceedings under the provisions of the Improvement Bond Act of 1915 for the acquisition and construction in and for the District of the public improvements more particularly described in Exhibit A, attached hereto and incorporated herein and made a part hereof, in and for an assessment district in the District designated Improvement District No. 1; and

WHEREAS, the public interest, necessity, convenience and general welfare will be served thereby;

SCANNED

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Rancho Murieta Community Services District, as follows:

Section 1. The firm of Raymond Vail and Associates be, and such firm is, hereby appointed Engineer of Work in said proceedings, in accordance with that certain Agreement for Engineering Services constituting Exhibit B, attached hereto and incorporated herein and made a part hereof, and the appropriate officials of the District are authorized to execute said agreement for and on behalf of the District, and such firm is hereby authorized and directed to do and perform or cause to be done and performed all engineering work necessary in and for said proceedings, including the preparation of plans and specifications for said improvements and the descriptions of the acquisition, together with estimates of costs thereof, and the preparation of a map of the assessment district, an assessment diagram, and an assessment, and the supervision of the work.

Section 2. The firm of California Public Finance Services Corporation be, and such firm is, hereby appointed financial advisor/placement agent in said proceedings, in accordance with that certain Financial Advisor/Placement Agent Agreement constituting Exhibit C, attached hereto and incorporated herein and made part

hereof, and the appropriate officials of the District are authorized to execute said agreement for and on behalf of the District.

Section 3. The firm of Orrick, Herrington & Sutcliffe be, and such firm is, hereby appointed Bond Counsel in said proceedings, in accordance with that certain Letter Agreement constituting Exhibit D, attached hereto and incorporated herein and made a part hereof, and the appropriate officials of the District are authorized to execute said agreement for and on behalf of the District.

Section 4. In the event that the District elects to terminate the proceedings commenced pursuant to Resolution 86-7 prior to the issuance of bonds, District shall be reimbursed by Rancho Murieta Properties, Inc. for any fees, costs or other expenses arising out of or related to services rendered by those appointed herewith. The appointments made in Sections 1, 2 and 3 are expressly conditional upon the receipt by District of such a commitment of indemnification from Rancho Murieta Properties, Inc.


PASSED AND ADOPTED this 9th day of July, 1986,
by the following vote:

AYES: Directors: Dudley, Devlin, Simpson, Wegner

NOES: None

ABSENT: None

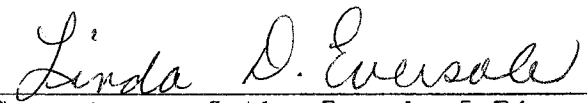
ABSTAIN: President Brandt



President of the Board of Directors
of Rancho Murieta Community
Services District

[Seal]

ATTEST:



Secretary of the Board of Directors
of Rancho Murieta Community
Services District

EXHIBIT A

RANCHO MURIETA COMMUNITY SERVICES DISTRICT
IMPROVEMENT DISTRICT NO. 1

DESCRIPTION OF ACQUISITIONS AND IMPROVEMENTS

ACQUISITIONS

The following existing works and facilities are to be acquired by this Improvement District No. 1, together with the appurtenant grant deeds and easements which are necessary for the operation and maintenance of said works and facilities:

1. Rancho Murieta Wastewater Treatment Facility comprising the following facilities and situated on Assessor's Parcel No. 73-180-17:
 - a. Clear and grub, excavation of ponds, treatment plant fill, drainage, minor structures, fencing, yard piping, valves, aerators, meters, flumes, floatation units, filters, tertiary recycle pump station, effluent pump station, surge arrestor, air system, sludge drying beds, chemical storage and feed systems, process water systems, asphalt concrete, base, control building, motor control center, effluent trough, and aerator pond baffle, and all appurtenances necessary for a complete facility capable of producing a tertiary treated effluent in compliance with the applicable waste discharge permit issued by the State Water Quality Control Board.
 - b. Recycle vault and appurtenances.
 - c. Miscellaneous structures appurtenant to Reservoir #1.
 - d. Landscaping, irrigation, groundwater control system (subdrain and pump station), drainage channel.

- e. Modification to wastewater pump station at Murieta Drive and Highway 16.
- f. 12" effluent line from the equalization basin to the pressure reducing valve near the 10th fairway (North Course) (4041 lineal feet).
- g. 12" gravity effluent line from the equalization pond to Lake 16 of the South Course (649 lineal feet).
- h. 12" domestic water line from the tennis courts, across the old steel bridge crossing the Cosumnes River to the starter shack for the South Course (970 lineal feet).
- i. 8" domestic water line from the starter shack at the South Course to the wastewater treatment facility (approximately 3763 lineal feet).
- j. Planning, engineering design, construction administration, soils engineering, miscellaneous fees, and supervision of all items B.1. above.
- k. 12" force main sewer influent from station 38+00 on the construction plans (opposite the 18th green of South Golf Course) to Pond 1A (approximately 3,199 lineal feet).

2. Wastewater Pump Station at Murieta Drive and Highway 16

The work generally consists of the construction of a sewage pump station including the following: temporary bypassing; removal of existing facilities; structural, mechanical, electrical, and architectural construction; site work; relocating existing facilities; and all other work necessary to complete the project.

3. Raw Sewage Force Main

The work generally consists of the design and construction of a 12" diameter sewage force main together with appurtenances from the Wastewater Pump Station (described in Item 2 above) to Station 38+00 on the construction plans (opposite the 18th green of the South Golf Course) - a total length of approximately 3,790 lineal feet.

4. Granlees Raw Water Pump Station and Forebay

The work consists of the design and construction of a pump sump for three 500 horsepower vertical turbine pumps; modification of an existing sump pit with installation of two 125 horsepower vertical turbine pumps; installation of intake screens and backwash system; installation of motor control center and power supply; control building construction; modifications to the existing forebay; construction and placement of a debris rack; and all other work necessary to complete the project.

5. Granlees - Calero Raw Water Transmission Pipeline

The work generally consists of the design and construction of approximately 9,475 feet of 33-inch diameter pipeline including appurtenant structures and fittings and all other work necessary to complete the project.

6. Calero Dam Raw Water Delivery System

The work generally consists of the design and construction of a pump station, intake structure, standpipe, siphon pipeline, motor control center, force main, manholes and appurtenants, and all other work necessary to complete the project located at Calero Reservoir with the siphon pipeline placed from the standpipe to Chesbro Reservoir - a length of approximately 2,062 lineal feet.

IMPROVEMENTS

The "Rancho Murieta Water Treatment Plant Phase 2" is to be constructed via this Improvement District No. 1. The new works provide for a flow control assembly, drum screen basin, flash mix basin, flocculation basin, sedimentation basin, filter and building, chlorine contact basin and pumps, reclamation basin and pumps, control building, chemical feed equipment, yard piping, site work and access road, electrical and instrumentation, landscaping, and miscellaneous appurtenances. This Water Treatment Plant Phase 2 is proposed to duplicate the capacity of the existing plant, approximately two million gallons per day.



EXHIBIT "A"

RAYMOND VAIL and ASSOCIATES
We design communities

1410 ETHAN WAY
SACRAMENTO, CALIFORNIA 95825
(916) 929-3323

ENGINEERING
PLANNING
SURVEYING

RATE SCHEDULE

Effective July 1, 1985 - June 30, 1986

Chargeout rate schedule for professional services:

<u>Classification</u>	<u>Hourly Rate (unless noted)</u>
Principal	\$ 76.00 to 100.00
Principal Engineer/Architect/Planner/Surveyor	66.00 to 76.00
Senior Engineer/Architect/Planner/Surveyor	58.00 to 66.00
Associate Engineer/Architect/Planner/Surveyor	49.00 to 58.00
Assistant Engineer/Architect/Planner/Surveyor	42.00 to 49.00
Staff Engineer/Architect/Planner/Surveyor	37.00 to 42.00
Technician I (Engineering,Planning,Surveying)	43.00 to 48.00
Technician II (Engineering,Planning,Surveying)	39.00 to 43.00
Technician III (Engineering,Planning,Surveying)	35.00 to 39.00
Project Coordinator/Construction Observer	48.00 to 58.00
Environmental Scientist	43.00 to 50.00
Architectural Designer	43.00 to 50.00
Architectural Draftsman I	35.00 to 41.00
Architectural Draftsman II	27.00 to 35.00
Architectural Draftsman III	21.00 to 27.00
Engineering Draftsman I	35.00 to 41.00
Engineering Draftsman II	27.00 to 35.00
Engineering Draftsman III	21.00 to 27.00
Programmer/Analyst	53.00 to 67.00
Computer Operator	28.00 to 37.00
Keypunch Verifier	18.00 to 28.00
Clerical I	23.00 to 30.00
Clerical II	14.00 to 23.00
Office Equipment	
IBM PC-XT	5.00 per hour
Computer System Meter	
CalComp Plotter Me'	

Survey Crews: Ho
of vehicle w'
wood stake
standard

Tv



RAYMOND VAIL AND ASSOCIATES

1410 ETHAN WAY
SACRAMENTO, CALIFORNIA 95825
(916) 929-3323
MAILING ADDRESS P.O. BOX 13815
SACRAMENTO, CALIFORNIA 95853-3815

ENGINEERING
ARCHITECTURE
PLANNING
SURVEYING

WORK ORDER AND AGREEMENT

CLIENT INFORMATION

NAME Rancho Murieta Community Services District Individual Partnership Corporation Joint Venture Work Order No. 1205.80

ADDRESS 7220 Murieta Drive PHONE (916) 985-5365

CITY Rancho Murieta STATE CA Zip 95683

WORK ORDERED BY: Harry Dunlop TITLE Manager

TYPE OF PROJECT Assessment District

DESCRIPTION OF REAL PROPERTY ON WHICH WORK IS TO BE PERFORMED:

Address _____
Street City State

Assessors Parcel No. _____

CLIENT REPRESENTS THAT CLIENT _____ THE OWNER OF THE REAL PROPERTY DESCRIBED ABOVE. (IS) (IS NOT)

RETAINER AMOUNT -0-

SCOPE OF WORK

RVA proposes to perform the services of the Engineer of Work for the Improvement District No. 1. Said services are detailed in Section 10204 of the Streets and Highways Code and generally comprise the following:

1. Preparation of the plans and specifications for the Rancho Murieta Water Treatment Plant Phase 2.
2. Description of _____ thereof.
3. Preparation _____
4. An asse^c
5. An A^c

Billir
Rancho M^r
to RMP^r

AGREEMENT

This Work Order and Agreement ("Agreement") is made this 7th day of July, 1986, at Sacramento, California, by and between CLIENT above named, herein called "Client", and RAYMOND VAIL AND ASSOCIATES a California corporation, herein called "RVA".

- 1. Client requests RVA to perform professional services relating to the scope of work referred to herein with respect to a project on the real property described herein. RVA agrees to perform such professional services subject to the conditions hereinafter set forth. RVA makes no warranty, express or implied, with respect to professional services to be rendered pursuant to this Agreement, including findings, plans and specifications, or recommendations, except that they will be performed in accordance with generally accepted professional practices.
- 2. RVA shall not be responsible for delays caused by factors beyond RVA's control, including but not limited to, strikes, lockouts, accidents, acts of God, weather, ground conditions, or by reason of action, inaction, or changes in rules, regulations or policies of any governmental agency, district, utility company, or Client, its agents or any other person.
- 3. It is understood by Client that any quantity, time and/or cost estimates which shall be prepared by RVA are estimates only, are prepared only as a guide and do not constitute a lump sum or fixed fee. RVA assumes no responsibility for changes in costs of material, labor or components, or subcontract work, or errors in determining quantities or costs, or for errors contained in any data which RVA receives from any source.

4. The existence, location, type and size of any underground utilities, improvements and/or obstacles will be determined by RVA only to the extent reasonably possible from visible surface observation or from utility company or governmental records made available to RVA, and RVA makes no promise or warranty, express or implied, as to the existence, location, type or size of any underground utility, improvement or obstacle. Client agrees to include as a condition of any construction contract relating to the project the requirement that the Contractor verify the existence, location, type and size of any underground utilities, improvements or obstacles, whether shown on any construction plan or not, and if such requirement is not included in such construction contract, or if the contractor fails to verify the existence, location, type and size of any underground utilities, improvements or obstacles, RVA shall not be liable for any delays, expenses or liability suffered by Client or to any other person by reason of the existence of any underground utility, improvement or obstacle.

5. All original papers, documents, drawings, field notes and other work product of RVA and all copies thereof, are instruments of service and shall remain the sole property of RVA whether the project for which they are prepared be performed and/or paid for or not; however, copies will be made available to Client upon request. The cost of preparing and delivering such copies may be considered as Extra Work at the discretion of RVA.

6. All documents prepared by RVA at the request of Client, shall be used by Client only in connection with the project which is the subject of this agreement. Client agrees to indemnify RVA against all loss, damage, liability, and costs, including attorneys' fees, arising out of any other use or reuse of the plans, specifications or other documents by Client or any other person unless such reuse has been first expressly authorized in writing by RVA.

7. In the event any deviations from or changes to the plans and specifications are made by Client or by any person other than RVA, Client assumes any and all risk and liability arising out of or resulting from such deviations or changes, and Client agrees to indemnify RVA against all loss, damage, liability and costs, including attorneys' fees, as a result of such deviations or changes.

8. It is agreed that changes in the scope of work requested by Client or by reason of revisions or changes in any applicable law, regulation, policy, standard or personnel of any governmental agency, district or utility company having jurisdiction over all or any part of the project after the date of this Agreement shall constitute extra work, and RVA shall be compensated for said extra work on a time-and-materials basis pursuant to RVA's Rate Schedule attached hereto as Exhibit "A" and as hereafter revised.

9. RVA is not responsible for the completion or the quality of performance of contract(s) by, or the acts, errors or omissions of, the construction contractor, subcontractor(s), materialmen or other third parties.

10. Except for the interpretation of RVA's plans and specifications, Client agrees that RVA will not perform on-site engineering or construction observation with respect to this project unless specifically provided for in this Agreement. Unless otherwise specifically provided by this Agreement, such construction observation will be performed by others, and Client agrees to indemnify RVA against any and all liability arising from or relating to the performance of construction observation by such other persons.

11. It is understood and agreed that any on-site engineering during construction or construction observation provided by RVA pursuant to the express written agreement of RVA, shall be for the purpose of determining compliance with the technical provisions of the project specifications, and shall not constitute any form of guarantee with respect to the performance of work by a contractor or subcontractor. RVA shall not assume responsibility for methods or equipment used by a contractor, for safety of construction work, or for compliance by contractors with laws and regulations.

12. Client agrees that the construction contractor will be required to assume sole and complete responsibility for job site conditions during the course of construction of the project, including the safety of all persons and property; that this requirement shall be made to apply continuously and not be limited to normal working hours, and Client further agrees to indemnify RVA against any and all liability in connection with the performance of construction activities on this project excepting liability arising from the sole negligence of RVA.

13. RVA's waiver of any breach of this Agreement by Client shall not constitute a waiver of any subsequent breach or breach of any other provisions of this Agreement.

14. It is agreed that the professional services described in this Agreement shall be performed for Client's account and that Client will be billed monthly for said services at the prices set forth in RVA's Rate Schedule attached hereto as Exhibit "A" and as revised by RVA to reflect increases in cost of living, inflation, labor, material and other cost increases each July 1, after the date hereof. Client understands that the professional services to be performed by RVA pursuant to this Agreement are unique to Client's project described herein. Client understands and agrees that any estimates, verbal or written, as to the costs of professional services are estimates only and that the actual cost to Client may substantially exceed estimated costs. Client also understands and agrees that the costs of RVA's services are subject to change due to field and weather conditions, and other conditions encountered during the course of furnishing said services, including but not limited to changes in the scope of work, delays, unanticipated or additional requirements imposed by governmental agencies, districts, utility companies, or other persons or replacement of survey monuments, markers or construction stakes damaged, removed or destroyed by Client's work, acts of God, or actions of other parties.

15. Client shall be responsible for payment of all costs and expenses plus reasonable profit incurred by RVA for Client's account, including any monies RVA may advance for Client's account for any purpose whatsoever.

16. Client agrees that all billings from RVA to Client shall be correct, conclusive, and binding on Client unless Client, within ten (10) days after the date of such billing, notifies RVA in writing of specific inaccuracies, discrepancies, or errors in the billing.

17. Client agrees to pay RVA for work billed by RVA on or before the date of billing. If Client does not pay for work billed to RVA within ten (10) days after the date of billing, Client shall be deemed to have authorized RVA to collect such amount on Client's behalf. Client shall pay for work billed in RVA's principal place of business. If the contract is entered into in some county other than Sacramento County, Client shall pay for work billed in Sacramento County. Client also agrees to pay interest at the rate of 10% per annum on the unpaid balance of any billings from RVA to Client from the date of billing until payment in full is received by RVA. Client agrees to waive its right to immediately enforce collection of such amount, and to waive its right to set off or offset such amount against any claim or claims that Client may have against RVA or any other person, and Client agrees to compensate RVA for accounting and administrative charges and expenses incurred by RVA in connection with such default and to compensate RVA for accounting and administrative charges and expenses incurred by RVA in connection with such default if indebtedness becomes due.

Notwithstanding Client's continuing right to consider such default and thereafter at any time stop work and suspend the Agreement, interest and late charges shall continue to accrue on such amount until payment in full is received by RVA, and Client agrees to be liable for such interest and late charges and for any person, and Client agrees to be liable for such interest and late charges and for any person, and Client agrees to be liable for such interest and late charges and for any person.

18. Client agrees to pay for any other professional services not otherwise provided for in this Agreement.

19. Client shall be responsible for payment of all costs and expenses plus reasonable profit incurred by RVA for Client's account, including any monies RVA may advance for Client's account for any purpose whatsoever.

20. Client agrees that all billings from RVA to Client shall be correct, conclusive, and binding on Client unless Client, within ten (10) days after the date of such billing, notifies RVA in writing of specific inaccuracies, discrepancies, or errors in the billing.

21. Client agrees to pay RVA for work billed by RVA on or before the date of billing.

22. Client agrees to pay for work billed in RVA's principal place of business.

23. Client also agrees to pay interest at the rate of 10% per annum on the unpaid balance of any billings from RVA to Client from the date of billing until payment in full is received by RVA.

24. Client agrees to waive its right to immediately enforce collection of such amount, and to waive its right to set off or offset such amount against any claim or claims that Client may have against RVA or any other person, and Client agrees to be liable for such interest and late charges and for any person.

25. Client agrees to be liable for such interest and late charges and for any person.

CLIENT

BY:

BY:

The undersigned, in connection with this Agreement with Client, hereby

By:

CALIFORNIA PUBLIC FINANCE SERVICES CORPORATION

Providing Independent Services for Public Finance

201 Purrington Road
Petaluma, California 94952

(707) 762-1046

July 1, 1986

Mr. Harry Dunlop
Manager
Rancho Murieta Community Services District
7220 Rancho Murieta Drive
Rancho Murieta, California 95683

Dear Mr. Dunlop:

We appreciate the opportunity to submit this proposal to act as financing advisor and bond placement agent to the Rancho Murieta Community Services District (CSD) and to assist in evaluating various methods of financing certain public improvements necessary to serve the development proposed by Rancho Murieta Properties, Inc. (the "Project" and the "Developer" respectively). Our services would include a review and compilation of a report to the District evaluating the financing methods and facilities to be financed and recommending specific plans for financing to the District. We would subsequently assist the District in designing specific financings as selected and then in marketing the securities and completing financing arrangements.

California Public Finance Services Corporation (CalFinance) proposes to work with the District, its staff, bond council, the Developer, engineers and others as necessary to accomplish the following:

1. Evaluate the financial aspects of development plans and provide District a written report which would include, but not necessarily be limited to;
 - a. Identify what financing methods are available for various portions of the Project;
 - b. Provide the District with an evaluation of each method including a discussion of the advantages and disadvantages of each method;
 - c. Complete a financial analysis for the proposed Project;
 - d. Advise the District as to any risk factor, or factors, involved and recommend specific action to minimize or eliminate any financial risk to the District;
2. Upon completion of the initial report and approval of the District to proceed, advise the District as to

Mr. Harry Dunlop
Rancho Murieta Community Services District
July 1, 1986
Page 2

the specific type of bonds or other securities to be issued;

3. Determine the required par value of securities to be sold;

4. Estimate the amount of investment income to be received during construction of the Project so as to permit sale of lowest par value of securities possible to assure complete financing of Project;

5. Recommend the amount and structure of any reserve fund or funds to assure the District monies will be available for prompt payment of debt service when due;

6. Recommend a specific maturity schedule for securities taking into consideration such factors as the rate of development within the Project, ability of property owners to make debt payments while designing the security issue(s) in such a manner as to provide the lowest net interest cost possible;

7. Recommend call features and time(s) of call;

8. Recommend defeasance requirements;

9. Recommend annual interest rates for the securities;

10. Recommend timing of security sale, or sales in the event issuance of securities in series is recommended to the District;

11. Coordinate sale of the securities and delivery of proceeds with receipt and award of construction contract, or contracts as the case may be;

12. Provide for sale of securities through negotiated underwriting(s); and

13. Assist in compiling and providing all data as may be necessary in conjunction with completing the financing(s).

CalFinance will be responsible for compiling data and writing an official or offering statement describing in full detail the Project, the various securities to be sold to finance public improvements, the Rancho Murieta CSD, the Developer and provide such other information as may be necessary to achieve the lowest possible interest rate on the securities.

Mr. Harry Dunlop
Rancho Murieta Community Services District
July 1, 1986
Page 3

At the time underwritings are completed CalFinance will provide the District with accurate calculations of the net interest cost for each financing including detailed debt service schedules over the life of the various securities.


Following sale of securities, CalFinance will assist the District in the selection of investments and provide a final calculation of investment income to be available for Project purposes. In addition we will assist in selection of investments to be acquired and held in any required reserve funds.

CalFinance will be paid by the underwriter following sale of securities and will not be entitled to any compensation in the event securities are not sold.

This agreement will be effective for a period of six years or until all securities required to finance the Project are sold and all other services described herein are provided, unless the time period is extended by mutual agreement. Either party may cancel this agreement by providing thirty days notice to the other party provided CalFinance must, in the event securities are sold, provide all post sale services (for any securities sold prior to cancellation) described herein prior to requesting any such cancellation.

In the event the scope of services contained herein are acceptable to the Rancho Murieta CSD such acceptance may be indicated hereon or by such other means as the District may select.

California Public Finance
Services Corporation


Donald M. Van Dyke,
President

LAW OFFICES
ORRICK, HERRINGTON & SUTCLIFFE
600 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94111
TELEPHONE (415) 392-1122
TELECOPIER (415) 954-3759 TELEX 70-3520

NEW YORK, NEW YORK 10036
1211 AVENUE OF THE AMERICAS
TELEPHONE (212) 704-9660

SAN JOSE, CALIFORNIA 95113
55 ALMADEN BOULEVARD
TELEPHONE (408) 298-8800

SACRAMENTO, CALIFORNIA 95814
555 CAPITOL MALL
TELEPHONE (916) 447-9200

LOS ANGELES, CALIFORNIA 90017
444 SOUTH FLOWER STREET
TELEPHONE (213) 624-2470

WRITER'S DIRECT DIAL NUMBER

July 9, 1986

Board of Directors
Rancho Murieta Community
Services District
Rancho Murieta, California

Re: Proposed Rancho Murieta Community Services
District Improvement District No. 1

Ladies and Gentlemen:

In accordance with prior discussions and meetings concerning the above proposed financing, we are writing to confirm that we would be pleased to serve as special bond counsel to the Rancho Murieta Community Services District on the terms set forth below in connection with the special assessment proceedings proposed to be taken under the Municipal Improvement Act of 1913 to finance the improvements proposed for Improvement District No. 1 in Rancho Murieta Community Services District, with the issuance of assessment bonds in such proceedings under the Improvement Bond Act of 1915. Our services to date in this matter have consisted principally of rendering advice concerning such project and attendance at preliminary planning meetings involving such project and preliminary drafting of certain of the legal documents relative to such project.

Our services in the capacity of special bond counsel to the District would include the rendering of all legal services required in the conduct of the special assessment proceedings and the issuance of bonds therein, including:

(1) Consultation with appropriate representatives of the District, including the District's counsel, and with the District's engineers and financial advisor/placement agent and underwriter and any other special consultants to

ORRICK, HERRINGTON & SUTCLIFFE

Board of Directors
Rancho Murieta Community
Services District
July 9, 1986
Page 2

the District to assist in the formulation of an overall coordinated financial, engineering and legal program in order to accomplish the financing.

(2) Preparation of a timetable setting forth the actions required to accomplish the financing, including allocation of responsibility therefor.

(3) Preparation of all legal proceedings for the formation of the assessment district and the levy of the assessment therein, including preparation of all necessary resolutions, forms, notices, affidavits and other documents (except those to be prepared by the engineers) required in connection with the levy of the assessment.

(4) Review of certain documents to be prepared by the engineers, including the plans and specifications for the project, the boundary map of the assessment district, the assessment, the assessment diagram and the Engineer's Report, and advice and assistance in connection therewith.

(5) Review of any environmental impact studies, reports or other proceedings.

(6) Attendance at the public hearing or hearings on the assessment to be levied in said proceedings and the rendering of assistance thereat in the conduct of such hearing or hearings, and attendance at such other meetings or hearings as shall be deemed necessary for the proper conduct of the proceedings; but we would not anticipate general appearances before each meeting of the Board of Directors.

(7) Rendering of legal advice to the District and the Board of Directors and the District's consulting engineers and any other special consultants to the District throughout the course of the proceedings for the levy of the assessment.

(8) Preparation of all legal proceedings for the authorization, issuance and sale of the improvement bonds in said proceedings upon the unpaid assessments, including preparation of the resolution authorizing the issuance of

ORRICK, HERRINGTON & SUTCLIFFE

Board of Directors
Rancho Murieta Community
Services District
July 9, 1986
Page 3

such bonds and setting forth the terms and conditions thereof and the resolution providing for the sale of the bonds.

(9) Review, as to those matters that are related to the issuance and sale of the bonds, of the official statement describing the bonds to be prepared by the underwriter, and participation in meetings reviewing the official statement describing the bonds; but we would not be responsible for the preparation or content of such document.

(10) Assistance in connection with securing investment ratings for the bonds, including attendance at and participation in meetings with bond rating agencies, if requested.

(11) Examination of the proofs of the bonds, preparation of the final closing papers required to effect the delivery of the bonds and organization of and attendance at the bond closing.

(12) The rendering of a final approving legal opinion on the validity of the bonds and the tax-exempt status of interest thereon, and the rendering of such other legal opinions as may be appropriate in connection with the delivery of and receipt of payment for the bonds.

(13) Such other legal services as may be incidental to the foregoing.

Our services would not include representation of the District in any eminent domain proceedings or in any litigation challenging the validity of the proposed financing or the transactions contemplated by this letter, but if such services are requested should such circumstance arise, we would be pleased to perform them on such terms as might be mutually agreed to at that time.

It is understood that we would act as special bond counsel to the District in connection with such proposed financing in consultation with the District's counsel; and that all matters to be submitted to the Board of Directors for consideration would be forwarded by us to the District's

ORRICK, HERRINGTON & SUTCLIFFE

Board of Directors
Rancho Murieta Community
Services District
July 9, 1986
Page 4

counsel for review prior to presentation to the Board of Directors.

Our usual and customary fees for the above outlined services would be computed on the basis of the total assessment levied in said proceedings and would be calculated on the basis of one per cent (1%) of the assessment levied in said proceedings up to \$10 million and one-half of one per cent (1/2 of 1%) of the assessment levied in said proceedings in excess of \$10 million, plus reimbursement for all out-of-pocket expenses incurred in connection therewith; provided, that all costs of printing and duplication shall be paid for as an incidental expense in said proceedings and not included within the above compensation. Such compensation would be payable only following receipt of the proceeds of the sale of the improvement bonds issued in said proceedings.

Primary overall responsibility for the project on behalf of this firm would be taken by the undersigned, who has been a partner in the firm for nineteen years and has practiced exclusively in the area of municipal finance law during that time, with extensive experience in the area of special assessment financing. Additionally, one or more other partners or associates of the firm would be available to assist in the project as might be necessary or appropriate, including those with particular expertise in the areas of municipal finance law and special assessment financing. In such event, however, they would at all times work under the close supervision of the undersigned, who would at all times retain direct responsibility for the overall project on behalf of this firm.

Please let us know if any further information or elaboration of any of the foregoing is desired.

APPROVED:

Yours very sincerely,

ORRICK, HERRINGTON & SUTCLIFFE

President of the
Board of Directors

By


Carlo S. Fowler

ATTEST:

Secretary of the
Board of Directors