

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



July 19, 2006

Ronald N. Light
Colonel, Corps of Engineers
District Engineer
1325 J Street
Sacramento, California 95814

Dear Mr. Light:

Enclosed you will find four copies of the Standard Agreement number 4600000651, AM-3. Please sign all copies of the attached agreement and return **two copies** to me at the following address:

Department of Water Resources
Contract Services Office
1416 Ninth Street, Room 354
Sacramento, California 95814
Attn: Maria Gomez

Inquiries concerning the processing of this agreement should be directed to me at the number listed below.

Sincerely,

A handwritten signature in cursive script that reads "Maria Gomez".

Maria Gomez
Contracts Analyst
Contract Services Office
(916) 653-7201

Enclosures

AMENDMENT NUMBER 3
TO THE
PROJECT COOPERATION AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE STATE OF CALIFORNIA, THE RECLAMATION BOARD
FOR CONSTRUCTION OF THE
AMERICAN RIVER WATERSHED (COMMON FEATURES), CALIFORNIA PROJECT

THIS AMENDMENT is entered into this 20th day of JULY, 2006, by and between the DEPARTMENT OF THE ARMY (hereinafter the "Government"), represented by the U.S. Army Engineer, Sacramento District, and the STATE OF CALIFORNIA, represented by the President of THE RECLAMATION BOARD (hereinafter the "Non-Federal Sponsor").

WITNESSETH, THAT:

WHEREAS, construction of the American River Watershed (Common Features), California Project was authorized by the Water Resources Development Act of 1996, Public Law 104-303, as amended (hereinafter the "Project");

WHEREAS, Section 103 of the Water Resources Development Act of 1986, Public Law 99-662, as amended, specifies the cost-sharing requirements applicable to the Project;

WHEREAS, the Government and the Non-Federal Sponsor entered into a Project Cooperation Agreement on July 13, 1998 (hereinafter referred to as the "Agreement") for construction of the Project;

WHEREAS, the Government's engineering documentation for the Project describes work urgently needed to assure the flood control benefits of the Project up to a 100-year level of protection;

WHEREAS, the Non-Federal Sponsor proposes to accelerate its provision of funds to the Government in an amount not to exceed the current estimate of the Non-

Federal Sponsor's required cash contribution for the Project, less any funds previously contributed, for the immediate use by the Government for construction of the Project;

WHEREAS, the parties agree that such acceptance shall not represent or give rise to an obligation of the United States, including any obligation to provide reimbursement of the funds the Non-Federal Sponsor elects to provide or any obligation to request future funds to match the amount the Non-Federal Sponsor elects to provide, and that such funds will be credited against the Non-Federal Sponsor's future cost share only if additional Federal funds are appropriated.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree that the Agreement is hereby amended in the following particulars but in no others:

1. ARTICLE II – OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

Article II is amended by adding the following paragraphs at the end thereof:

"L. The Non-Federal Sponsor may offer in writing to accelerate a portion or all of its required cash contribution pursuant to Article II. D. of this Agreement during the period of construction for immediate use by the Government. This offer shall be limited to an amount that does not exceed the most current estimate of the total of the Non-Federal Sponsor's required cash contribution pursuant to Article II. D. of this Agreement, as determined by the Government in coordination with the Non-Federal Sponsor, less any funds previously contributed by the Non-Federal Sponsor. Upon receipt of such offer or offers, the Government, subject to receiving such approvals and concurrences as customarily are required to accept such funds, may accept the funds, or such portion thereof as the Government determines to be necessary to meet the costs of construction of the Project. If the Government elects to accept such funds, it shall notify the Non-Federal Sponsor of such acceptance in a writing that sets forth any applicable terms and conditions. In the event of a conflict between this Agreement and any such writing, this Agreement shall control. Such funds shall be used by the Government for construction of the Project.

M. As Federal appropriations are made available to pay the Federal share of construction of the Project, the Government shall afford credit for funds provided during the period of construction in accordance with Article II L. of this Agreement. The Government shall credit this amount, provided during the period of construction, toward the Non-Federal Sponsor's cash contribution required by Article II. D. of this Agreement. If after the final accounting at the end of the period of construction, it is

determined that the Non-Federal Sponsor has provided funds in excess of its required cash contribution pursuant to Article II.D. of this Agreement, the Government shall proceed in accordance with Article VI.D.2. of this Agreement to determine whether a refund is applicable. However, if in the event of a final accounting due to termination pursuant to Article XIV.C. of this Agreement prior to the end of the period of construction, it is determined that the Non-Federal Sponsor has provided funds in excess of its required cash contribution pursuant to Article II.D. of this Agreement, the Government shall not reimburse the Non-Federal Sponsor for any such excess funds, except that any such excess funds which have not been obligated by the Government on the Project shall be refunded to the Non-Federal Sponsor, subject to the availability of funds."

2. ARTICLE VI – METHOD OF PAYMENT

a. The second sentence of Article VI.A. is amended by inserting the phrase: "of the credit to be afforded in accordance with Article II.M. of this Agreement," after "of the non-Federal proportionate share," and before "and of the funds the Government projects to be required from the Non-Federal Sponsor for the upcoming fiscal year."

b. The first sentence of Article VI.B.2. is amended by inserting the phrase: "after consideration of any credit afforded pursuant to Article II.M. of this Agreement," after "of construction," and before "the Government."

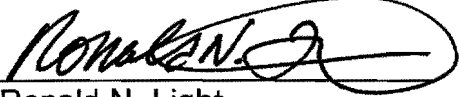
c. Article VI.B.3. is amended by adding at the end thereof: "; and (c) to the extent of funds accepted in accordance with Article II. L. of this Agreement, any other financial obligations for construction in excess of the non-Federal proportionate share as they are incurred during the period of construction."

d. Article VI.B.4. is amended by adding a comma after "the Government" in the first line and inserting the phrase: "after consideration of any credit afforded pursuant to Article II. M. of this Agreement," before "determines that additional funds will be needed from the Non-Federal Sponsor."

e. The first sentence of Article VI.D.2. is amended by adding the following phrase at the end thereof: ", and, if the final accounting results from termination pursuant to Article XIV.C. of this Agreement, the amount of excess contribution that was provided in accordance with Article II. L. of this Agreement and for which credit was not afforded pursuant to Article II.M. of this Agreement shall not be reimbursed." The second sentence of Article VI.D.2. is amended by adding the parenthesis: "(not including the non-reimbursable amounts referenced in the preceding sentence)" after "refund the excess."

IN WITNESS WHEREOF, the parties hereto have executed this amendment to the Agreement, which shall become effective upon the date it is signed by the authorized representative of the Government.

THE DEPARTMENT OF THE ARMY

BY: 

Ronald N. Light
Colonel, Corps of Engineers
District Engineer

DATE: 7/20/06

THE STATE OF CALIFORNIA
Represented by The Reclamation Board

BY: 

Benjamin F. Carter
President
The Reclamation Board

DATE: 6/22/06

CERTIFICATE OF AUTHORITY

I, _____, do hereby certify that I am the principal legal officer of The Reclamation Board of the State of California, that The Reclamation Board is a legally constituted public body with full authority and legal capability to perform, on behalf of the State of California, the terms of the Agreement between the Department of the Army and the State of California, as amended by Amendment Number 3 to the Agreement, in connection with the American River Watershed (Common Features), California, Project, and to pay damages in accordance with the terms of the amended Agreement, if necessary, in the event of the failure to perform, as required by Section 221 of Public Law 91-611 (42 U.S.C. Section 1962d-5b), and that the persons who have executed this Agreement on behalf of the State of California, acting by and through its Reclamation Board, have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification on this
23 day of June 2006.



Scott Morgan, Counsel
The Reclamation Board

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

BY: Dan A. Fua
Dan Fua
Acting General Manager
The Reclamation Board

DATE: 6/23/06