

EL DORADO – SMUD COOPERATION AGREEMENT

This El Dorado - SMUD Cooperation Agreement ("Agreement") is made and entered into this 22nd day of Nov., 2005 ("Effective Date") by and between the following parties:

- The County of El Dorado (the "County"), the El Dorado County Water Agency ("EDCWA"), Georgetown Divide Public Utility District ("GDPUD"), El Dorado Irrigation District ("EID"), and El Dorado Water and Power Authority ("EDWPA"), collectively, the "El Dorado Parties"; and
- Sacramento Municipal Utility District ("SMUD"),

individually "Party" and collectively the "Parties."

RECITALS

- A. The County of El Dorado ("County") is a subdivision of the State of California whose jurisdiction is El Dorado County.
- B. El Dorado Water and Power Authority ("EDWPA") is a joint powers authority organized under the Joint Exercise of Powers Act (Gov. Code, § 6500 et seq.), comprising the County, EDCWA, EID, and GDPUD.
- C. El Dorado County Water Agency ("EDCWA") is a district created by Chapter 96 of the California Water Code Appendices. EDCWA's jurisdictional area consists of all territory lying within the boundaries of El Dorado County. Public water purveyors within its jurisdictional area include EID, GDPUD, Grizzly Flats Community Services District, a portion of the Tahoe City Public Utility District, and the South Tahoe Public Utility District.
- D. El Dorado Irrigation District ("EID") is an irrigation district organized and existing under the Irrigation District Law, California Water Code Division 11.
- E. Georgetown Divide Public Utility District ("GDPUD") is a public utility district created under the Public Utility District Act in 1946.
- F. Sacramento Municipal Utility District ("SMUD") is a political subdivision of the State of California and a municipal utility district organized and existing under the provisions of the Municipal Utility District Act, California Public Utilities Code sections 11501, *et seq.*
- G. SMUD is the owner, licensee, and operator of the Upper American River Project ("UARP"), the facilities of which are used to divert, store, and release water within the watersheds of the South Fork and the Middle Fork of the American River for the purpose of

acknowledge FERC establishes the schedule regarding its procedural deadlines and events relevant to the Current Relicensing Process and that the material dates provided by SMUD are target dates subject to change.

3.4.2 Iowa Hill Joint Advisory Committee. On request of SMUD or the El Dorado Parties but no later than 30 days after SMUD's issuance of its Notice of Intention to Proceed (as defined in Section 4.3.1, below) with the Iowa Hill Development, the County and SMUD will form a Joint Advisory Committee to receive public input and to develop reasonable and feasible measures to substantially mitigate the impacts of activities related to the construction of the Iowa Hill Development on the surrounding communities and existing infrastructure.

3.4.2.1 The Joint Advisory Committee will be headed by co-chairs, one appointed by SMUD and one by the County.

3.4.2.2 The co-chairs will establish reasonable ground rules and meeting schedules.

3.4.2.3 The Joint Advisory Committee will meet as frequently as necessary for the duration of the construction of the Iowa Hill Development.

ARTICLE IV PAYMENTS BY SMUD

4.1 SMUD Initial Payment. SMUD will pay to the County the sum of \$2,600,000 in two separate installments: (i) \$1,000,000 within ten (10) days after the Effective Date of this Agreement; and (ii) \$1,600,000 within ten (10) days after the New License becomes final and non-appealable but no later than August 1, 2012.

4.2 SMUD Annual Payments. SMUD will pay to the County, for the Term of this Agreement, an annual amount of \$590,000 in accordance with this Section 4.2. The first payment under this Section 4.2 will be due and payable on the later of thirty (30) days after the date on which the New License issued by FERC becomes final and is no longer subject to judicial review or July 1 of such year. Payments for all subsequent years will be due and payable on each July 1.

4.3 Iowa Hill Development. Should SMUD determine to construct the Iowa Hill Development, it will make payments to the County as described in this Section 4.3.

4.3.1 Payment Upon Notice of Intention to Proceed. Within ten (10) days after SMUD's Board of Directors authorizes initiation of final design of the Iowa Hill Development, SMUD will give the County a "Notice of Intention to Proceed" and will pay to the County a one-time payment of \$250,000.

4.3.2 Iowa Hill Annual Payments Upon Notice of Commencement of Construction. Within ten (10) days after awarding the first construction contract for the actual construction of the Iowa Hill Development, SMUD will give the County a "Notice of