



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: August 22, 2006

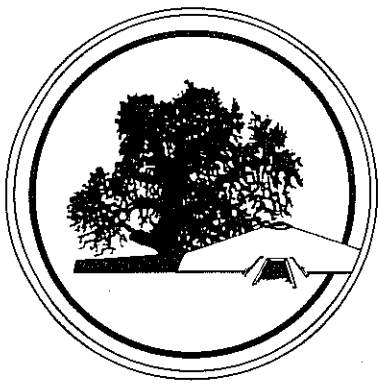
**RE: One-Year Maintenance Surety – Mooretown Rancheria Subdivision MR0450
Agenda Item – 9/26/06 Board of Directors Meeting**

Last year the water system for a 50-lot residential subdivision was completed within the Mooretown Rancheria site adjacent to Lower Wyandotte Road. The Agency's Rules & Regulations and its Development Standards specify that, prior to acceptance of those facilities into the Agency's maintained system, the developer must provide a one-year maintenance surety equal to 25% of the project's construction cost. Earlier this month, Northern Circle Indian Housing Authority submitted its check in the amount of \$70,709 to be held by the Agency as that surety.

Attached is an agreement executed by Northern Circle Indian Housing Authority (the project's "developer") authorizing SFWPA to hold the \$70,709 as the required surety. Both Jeff Meith and David Rapport, Northern Circle's attorney, have approved the proposed agreement, and it is nearly a carbon copy of the one the Board approved in 2003 for the surety on the 16" mainline extension that was constructed by Mooretown Rancheria.

The following action is requested:

"I move that the General Manager be authorized to execute the agreement with Northern Circle Indian Housing Authority whereby the one-year maintenance surety for the Mooretown Rancheria 50-unit subdivision (Project No. MR0450) would be satisfied by a retained deposit in the amount of \$70,709."



NORTHERN CIRCLE
Indian Housing Authority

694 Pinoleville Dr. • Ukiah, Calif. 95482 • 707-468-1336
Fax 707-468-5615

September 5, 2006

South Feather River Water and Power
2310 Oro Quincy Highway
Oroville, CA 95966-5226

Attention: Michael Glaze, General Manager

RE: Mooretown Rancheria – 50 Unit Subdivision
Construction Maintenance - Cash Surety

Dear Mr. Glaze,

This letter is to transmit Northern Circle Indian Housing Authority check number 81725 in the amount of \$70,709.00 to South Feather River Water and Power to hold per the Security Agreement for the one-year maintenance surety required by the District for water systems facilities and improvements located on the Mooretown Rancheria in the 50-unit subdivision.

Also, please find enclosed two copies of the Security Agreement to be signed by South Feather River Water and Power. One fully executed copy of the agreement should be returned to Northern Circle Indian Housing Authority, 694 Pinoleville Drive, Ukiah, CA 95482.

Thank you for your continued support in developing the subdivision for Mooretown Rancheria.

Sincerely,

Darlene Tooley,
Executive Director

RECEIVED

SEP 08 2006

S.F.W.P.
OROVILLE OFFICE

Cc: Gary Archuleta, Chairman/Commissioner
Marion Contreras, Councilperson/Commissioner

SECURITY AGREEMENT

This Agreement is made and entered on September 5, 2006 between Northern Circle Indian Housing Authority ("Developer"), an Indian Housing Authority, and South Feather Water & Power Agency ("Agency"), a special district and local public agency of the State of California.

RECITALS:

1. District has agreed to accept title to and maintain water system facilities for the 50-lot subdivision installed on the Mooretown Rancheria Hallmark Property, which was installed by Developer under a construction contract between Developer and Jaeger Construction ("Contractor"), dated August 19, 2004 ("Construction Contract"). As a condition of accepting the installed improvements, District requires Developer to guarantee that the water system is free from defects in materials or workmanship and will be maintained for a period of one year from the date that the District accepts the completed improvements.

2. NCIHA has on deposit with District funds which were furnished to District to construct water lines to serve Mooretown, which exceed the amount required by the District to secure the one year guarantee and maintenance agreement.

5. By this agreement the parties intend to utilize a portion of the deposited funds to satisfy the Developer's obligation as described in recital number 1, above.

AGREEMENT:

Based on the above-recited facts and the terms and conditions as further stated herein the parties hereby agree as follows:

1. For a period of one year ("the Warranty Period"), commencing on the date that South Feather Water and Power Agency dates and signs the acceptance of the Offer of Dedication for the above-referenced, Developer shall repair any failure of the improvements due to natural phenomenon or catastrophe, faulty materials, poor workmanship or defective equipment which occurs during the guarantee period, provided District gives Developer written notice of the failure within thirty days of District obtaining knowledge of its occurrence.

2. To secure the performance of its obligations under paragraph 1, Developer authorizes District to withhold 25% of the cost of the water system facilities for the 50-lot subdivision installed on the Mooretown Rancheria Hallmark Property. The parties agree that this amount is \$70,709 ("Security Deposit"). District shall separately account for the Security Deposit that shall accrue interest at the District's average rate of return on its invested funds. Immediately upon the expiration of the Warranty Period, District shall pay to Developer any unused portion of the Security Deposit, including accrued interest, and furnish Developer with a statement setting for the interest calculation.

3. Immediately upon receipt of a written notice of failure from the District, Developer shall proceed diligently to repair any such failure without expense to District. If Developer fails to satisfactorily repair any such defect or damage within 30 days of its receipt of such notice, District may use all or part of the Security Deposit to repair the defect or damage. If District uses the Security Deposit, it shall furnish Developer with a written statement setting for the material and labor costs for the repair.

4. Whenever notice is permitted or required under this Agreement, it shall be deemed given and received upon its actual receipt, if sent by personal delivery or overnight courier, or forty-eight hours after it is deposited in the United States mail with proper first class postage affixed thereto and addressed as follows:

Developer

Northern Circle Indian
Housing Authority
Attention: Darlene Tooley
694 Pinoleville Drive
Ukiah, Ca. 95482

District

South Feather Water & Power Agency
Attention: Michael Glaze
P.O. Box 581
2310 Oro Quincy Highway
Orville, CA 95966

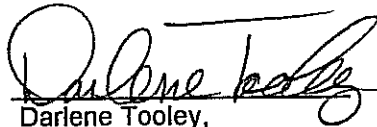
5. This Agreement may be executed in one or more duplicate originals each bearing the original signatures of the parties and when so executed, each such duplicate original shall be admissible in any administrative or judicial proceeding as proof of the terms of this Agreement.

WHEREFORE, the parties have entered this Agreement on the date first written above.

Northern Circle Indian Housing Authority

South Feather Water & Power Agency

By:



Darlene Tooley,
Executive Director

By:

Michael Glaze,
General Manager