

RESOLUTION NO. 6-80



A RESOLUTION APPROVING AND AUTHORIZING
EXECUTION OF ASSUMPTION AGREEMENT

LAKE SHASTINA COMMUNITY SERVICES DISTRICT

RESOLVED, by the Board of Directors of the Lake Shastina Community Services District, Siskiyou County, California, that that certain Assumption Agreement providing for repayment of a portion of the cost of the sewer facilities Backbone System by and between the Lake Shastina Community Services District and Mountain Home Properties, a copy of which has been presented to this Board, be, and it is hereby accepted and approved and the President is authorized to execute the Assumption Agreement on behalf of the District and the Secretary is directed to attest ^{her} his signature and affix the official seal of the District.

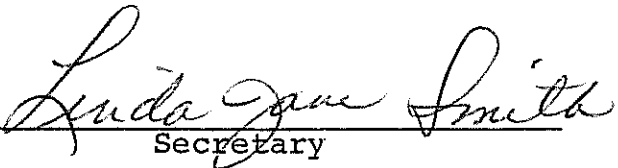
* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted by the Board of Directors of the Lake Shastina Community Services District, Siskiyou County, California, at a meeting thereof duly held on the 17th day of June, 1980, by the following vote:

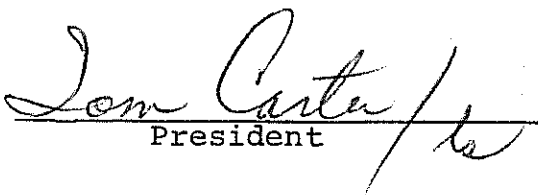
AYES, and in favor thereof, Directors: Carter, Erickson, Storey

NOES, Directors: Miralles

ABSENT, Directors: Applegate


Secretary

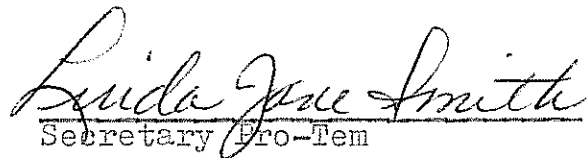
APPROVED:


President

In a Special CSD Meeting held on June 26, 1980 Resolution #6-80, "A Resolution Approving and Authorizing Execution of Assumption Agreement" and the attached "Assumption and Release Agreement" adopted by the CSD Board on June 17, 1980 was rescinded by the following vote:

AYES, and therefore in favor of, Directors Applegate, Erickson, Miralles.
NOES, Directors Carter and Storey.

Dated: June 28, 1980


Secretary Pro-Tem

ASSUMPTION AND RELEASE AGREEMENT

1. RECITALS

This Agreement is made with reference to, and in contemplation of, the following facts:

a. Formation of District

Pursuant to resolution of the Siskiyou County Board of Supervisors, the Lake Shastina Community Services District (hereinafter "the District") was duly organized.

b. Transfer of Sewer System Facilities

It is anticipated that all sewer system facilities existing within the Lake Shastina subdivisions (hereinafter "the sewer system") will be conveyed to, and owned, maintained and operated by the District. The sewer system is partially described in Exhibit "A" attached hereto and incorporated herein by reference, and includes a low pressure backbone collector system (hereinafter the "Backbone System") which was constructed by Garnet Construction Co. pursuant to an April 24, 1979 agreement between Garnet Construction Co., Tri-Co International, Inc. and the Lake Shastina Joint Services Committee.

c. Advance by MHP

Mountain Home Properties (hereinafter "MHP") advanced Lake Shastina Joint Services Committee \$301,127 to finance the installation of the Backbone System. It did so subject to certain conditions, including the right to be reimbursed up to the total amount of its advances, out of those portions of the connection fees de-

posited by Lake Shastina Joint Services Committee into its Revolving Fund in excess of \$20,000.

d. Backbone System

The Backbone System initially will serve relatively few lots; however, it is capable of being extended to accommodate approximately 900 lots within Units 1, 2, 3 and 4. Service laterals will be installed only as and when buildings are constructed, and pumps installed on the lots. Among other charges and fees a connection charge will be charged by the District, to the owner of each lot to be connected to the Backbone System, pursuant to District rules, regulations and ordinances.

e. Deeds

In connection with the conveyance of the sewer system to the District, MHP has been requested to execute, acknowledge and deliver to the District certain deeds describing portions of the sewer system. The District makes this agreement in consideration for MHP's doing so, and for other valuable consideration, receipt of which the District acknowledges.

2. REVOLVING FUND

The District agrees to deposit all connection charges received by the District for connections to the Backbone System into an account which will be denominated "Backbone System Revolving Fund". It will be segregated from all other funds and used for the cost of extension of the Backbone System and installation of service laterals connecting lots of the Backbone System.

3. REIMBURSEMENT

The District hereby agrees to pay to MHP all sums on deposit in the Backbone System Revolving Fund in excess of \$20,000. The amount due MHP shall be determined and paid annually on the last day of the District's fiscal year.

4. RELEASE

The District hereby fully and forever RELEASES, ACQUITS and DISCHARGES MHP, its officers, directors, shareholders, agents, employees, assigns, subsidiaries, parent corporations, sister corporations, affiliates, partners and each of them, of and from any and all liability, claims, demands, causes of action and rights (contingent, accrued, inchoate, known, unknown or otherwise) arising out of or based upon the design, installation, placement or location of the sewer system, or any defects, deficiencies or inadequacies in the sewer system.

5. FURTHER ASSURANCE

The District shall hereafter execute all documents and do all acts necessary, convenient or desirable to effect the provisions of this agreement.

6. SUCCESSORS

The provisions of this agreement shall be deemed to obligate, extend to and inure to the benefit of the successors, assigns and transferees of the District and MHP.

7. TERM OF REIMBURSEMENT OBLIGATIONS

The obligations of the District to reimburse MHP pursuant to the provisions of Section 3 above shall terminate sixty (60) years from the effective date of this agreement, or upon payment of said \$301,127, whichever is sooner. The obligations of District under Section 3 shall thereupon become null and void.

8. CALIFORNIA LAW

This agreement is made and entered into in the State of California and shall, in all respects, be interpreted, enforced and governed by and under the laws of that State.

9. ATTORNEYS' FEES

In the event litigation is commenced to enforce or construe any of the provisions of this agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit.

10. CAPTIONS

The captions by which the sections and subsections of this agreement are identified are for convenience only, and shall have no effect whatsoever upon its interpretation.

11. SEVERANCE

If any provision of this agreement is held to be illegal or invalid, by a court of competent jurisdiction, such provision shall be deemed to be severed and deleted; and, neither such provisions, nor its severance delation, shall effect the validity of the remaining provisions.

12. CONDITION

This agreement is conditioned upon the transfer to District of the sewer system, and shall be of no force and effect until such transfer has been accomplished as required by law.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year hereinbelow written.

DATED: June 17, 1980

LAKE SHASTINA COMMUNITY SERVICES DISTRICT

BY Tom Carter / s

BY Linda Jean Smith

MOUNTAIN HOME PROPERTIES

BY Nelson W. Richardson

BY Alicia Stabaugh

EXHIBIT "A"

PARCEL I:

All existing gravity and force main sewer lines, manholes and cleanouts lying within the exterior boundaries of the Lake Shastina Championship Golf Course lying within Sections 1, 2, 11 and 12, Township 42 North, Range 5 West, M.D.M., as said golf course is described as Parcels I and II in the Quit Claim Deed to Ten Weed Corporation, recorded March 10, 1977 in Volume 777 of Official Records of Siskiyou County, page 56.
Together with the right to repair, maintain or replace said facilities.

PARCEL II:

ALSO, all existing gravity and force main sewer lines, manholes and cleanouts lying within the exterior boundaries of the Lake Shastina Executive Golf Course and Clubhouse Area Golf Course lying within Section 1, Township 42 North, Range 5 West, M.D.M., as said golf course is described in the above mentioned Quit Claim Deed recorded in Volume 777 of Official Records of Siskiyou County, page 56.

EXCEPTING FROM the above parcels I and II, those sewer facilities located in the golf courses restrooms facilities, as well as the sewer lines and appurtenances leading from said restrooms facilities to the main sewer lines.

RESERVING the right to hookup the above mentioned restrooms facilities to the sewer facilities conveyed by this grant.

Together with the right to repair, maintain or replace said facilities.

EXHIBIT "A"

All that property situated in the County of Siskiyou, State of California, described as:

PARCEL I

All buildings, pumps, motors, and control equipment, and all other related equipment and appurtenances of the existing sewage ejector stations within the exterior boundaries of the Lake Shastina Community Services District as said District boundaries are set forth in the resolution organizing said District recorded March 5, 1979 in Volume 849 of Official Records of Siskiyou County, page 144.

PARCEL II

All existing gravity and force main sewer lines, manholes, cleanouts, and other sewer appurtenances within the exterior boundaries of, or serving lots within the exterior boundaries of Lake Shastina Community Services District as said District boundaries are set forth in the resolution organizing said District recorded March 5, 1979 in Volume 849 of Official Records of Siskiyou County, page 144.

PARCEL III

All Low pressure sewer lines, manholes, cleanouts and other sewer appurtenances within the exterior boundaries of the Lake Shastina Community Services District as said District boundaries are set forth in the resolution organizing said District recorded March 5, 1979 in Volume 849 of Official Records of Siskiyou County, page 144.

PARCEL IV

A non-exclusive easement for ingress, egress, and maintenance and repair of all existing sewage facilities over, across, and under the common areas owned by the Grantors herein.

PARCEL V

The Northwest one-quarter of the Southwest one-quarter of Section 24, Township 43 North, Range 5 West, M.D.M., in the County of Siskiyou, State of California.

TOGETHER WITH an easement for sanitary sewer purposes, and ingress and egress, located in Section 24, Township 43 North, Range 5 West, M.D.M., in the County of Siskiyou, State of California being 20 feet in width and lying 10 feet on each side of the following described center line: BEGINNING at a point on the Section line common to said Sections 24 and 25 which bears North 89°31'26" East, 23.20 feet from the Southwest corner of said Section 24; thence, North 0°27'27" East, 507.22 feet; thence, North 89°57'27" East, 2,570.00 feet; thence, within the Montague Irrigation District Easement (80 foot wide irrigation ditch easement) North 15°25'51" East, 137.32 feet; thence, leaving said irrigation ditch easement North 61°59'20" West, 1,501.72 feet to a point on the southerly line of the Sewer Lagoon Parcel which bears South 88°25'55" West, 51.50 feet from the Southeast corner of said Sewer Lagoon Parcel, said point being the point of Termination of this easement.

The sidelines of said easement are to be lengthened or shortened to extend from the Easterly right of way line of Big Springs Road (County Road 80 feet wide) to the southerly line of the Sewer Lagoon Parcel.

PARCEL VI

All that portion of Section 36, Township 43 North, Range 5 West, and Section 31, Township 43 North, Range 4 West, M.D.M., Siskiyou County, California, described as follows:

Commencing at the Northeast corner of Lot 661 of Lake Shastina Unit No.4 as shown on the map recorded in Town Map Book 5 at pages 18 through 28, Siskiyou County Records; thence, along the Easterly line of said Lot 661, South $0^{\circ}44'34''$ West, 19.72 feet; thence, South $89^{\circ}15'26''$ East, 60.00 feet to a line which is 20.00 feet Easterly of and parallel to the centerline of Big Springs Road, as measured at right angles to said centerline; thence, along said parallel line; North $0^{\circ}44'34''$ East, 332.13 feet; thence leaving said parallel line, North $89^{\circ}31'46''$ East, 270.06 feet to the TRUE POINT OF BEGINNING; thence, North $0^{\circ}44'34''$ East 10.00 feet; thence, North $89^{\circ}31'46''$ East, 1005.00 feet; thence, South $0^{\circ}28'14''$ East, 356.00 feet; thence, South $89^{\circ}31'46''$ West, 642.46 feet; thence, along a curve whose radius point bears North $89^{\circ}14'39''$ West, being concave Westerly, having a radius of 1760.00 feet; through a central angle of $18^{\circ}51'01''$, an arc distance of 579.04 feet; thence, along a tangent line, South $19^{\circ}36'22''$ West, 170.00 feet; thence, North $70^{\circ}23'38''$ West, 370.00 feet; thence North $19^{\circ}36'22''$ East, 170.00 feet; thence, along a tangent curve being concave Westerly, having a radius of 1390.00 feet, through a central angle of $18^{\circ}51'48''$, an arc distance of 457.63 feet; thence, along a tangent line, North $0^{\circ}44'34''$ East, 337.85 feet to the True Point of Beginning.

Also, that portion of sewer line easement appurtenant to the above described parcel lying outside the boundaries of the Lake Shastina Community Services District and being more particularly described in the deed to the Lake Shastina Property Owners Association, et al recorded August 15, 1977 in Volume 790 of Official Records of Siskiyou County, page 390.

PARCEL VII:

The existing sewer line and appurtenances crossing the parcel shown on the map filed in the Siskiyou County Recorder's Office on March 9, 1979 in Record Survey Book 9, page 143, said map showing property located in Section 30, Township 43 North, Range 4 West, M.D.M., and in Sections 24 and 25, Township 43 North, Range 5 West, M.D.M., said sewer line located in the easement reserved by Twelve Weed Corporation, in the Deed to Flying L. Ranch, a general partnership, recorded in the Siskiyou County Recorder's Office on December 15, 1978 in Volume 841 of Official Records of Siskiyou County, page 682.

Together with the right, as to the above 7 parcels, to repair, maintain or replace said facilities.

EXHIBIT "A"

All that real property situated in the County of Siskiyou, State of California, described as:

A non-exclusive easement for the installation, removal, ingress, egress, servicing and future servicing of sewer lines for the Lake Shastina Project to the North Sewage Treatment Site. This easement being situated in Sections 24 and 25, Township 43 North, Range 5 West, M.D.M. Said easement is 50 feet in width bordering the right-of-way of Big Springs Road and is 30 feet in width from Big Springs Road to the North Sewer Treatment Site and is more fully described as follows:

COMMENCING at the most Northerly corner of Lot 38 of Lake Shastina Unit No. 3, as recorded in T.M.B. 4 at pages 169-172; thence North $35^{\circ}33'35''$ East, 40.00 feet to the Northeasterly right-of-way line of Big Springs Road; thence South $54^{\circ}26'25''$ East, 152.40 feet to the TRUE POINT OF BEGINNING; thence South $54^{\circ}26'25''$ East, 7.84 feet along the Northeasterly right-of-way line of Big Springs Road to the BEGINNING of a tangent curve to the right with a radius of 1,500.00 feet; thence continuing 1,088.79 feet along the arc of said curve through a central angle of $41^{\circ}35'19''$; thence South $12^{\circ}51'06''$ East, 814.79 feet to Parcel B, Tract No. 1000-8-2 as recorded in T.M.B. 5 at pages 121-124; thence departing Big Springs Road, 31.42 feet along the arc of a curve concave to the Southeast with a radius of 20.00 feet and a central angle of $90^{\circ}00'00''$, said curve being the Southerly right-of-way line of Rancho Road and the Northerly line of Parcel B; thence continuing North $77^{\circ}08'54''$ East, 30.00 feet; thence North $12^{\circ}51'06''$ West, 80.00 feet to the Northwesterly right-of-way line of Rancho Road; thence departing said Rancho Road North $12^{\circ}51'06''$ West, 714.79 feet to the BEGINNING of a tangent curve to the left with a radius of 1,550.00 feet; thence 1,125.08 feet along the arc of said curve through a central angle of $41^{\circ}35'19''$; thence North $54^{\circ}26'25''$ West, 35.63 feet; thence North $25^{\circ}08'05''$ West, 5,454.10 feet to the Southeasterly corner of the Northwest quarter of the Southwest quarter of Section 24, Township 43 North, Range 5 West, M.D.M., said corner being the Southeasterly corner of the Sewage Treatment Site; thence South $88^{\circ}25'55''$ West, 32.73 feet along the Southerly line of said Northwest quarter of the Southwest quarter of Section 24; thence South $25^{\circ}08'05''$ East, 5,515.89 feet to the North-easterly right-of-way line of Big Springs Road and the TRUE POINT OF BEGINNING.

EXCEPTING that portion of the above described easement lying within the Montague Irrigation District easement (80 foot wide irrigation ditch easement); and also that portion underlying the Taylor Irrigation Ditch parcel 50 feet wide, as described in Volume 452 of Official Records of Siskiyou County, page 222.

This easement being the same easement described in the deed from Twelve Weed Corporation, to Flying L. Ranch, a General Partnership, recorded in Volume 841 of Official Records of Siskiyou County, page 642, as "That certain existing sewer easement located over the land herein conveyed which is appurtenant to the remaining lands of the grantor."

EXHIBIT "A"

All that property situated in the County of Siskiyou, State of California,
described as:

All existing gravity and force sewer lines, manholes, cleanouts, buildings,
pumps, motors and other related equipments used for sanitary sewer purposes
lying within the Public Campground Parcel and within the 20 foot sanitary
sewer easement leading thereto, as shown on the map filed in the Siskiyou
County Recorder's Office on July 5, 1978 in Record Survey Book 9, page 85,
all lying in Section 11, Township 42 North, Range 5 West, M.D.M.

Together with the right to repair, maintain or replace said facilities

EXHIBIT "A"

Easement for future sewer line 15' in width located northerly of and parallel to the northerly line of lots 170 thru 202 and lot 222 as shown on the map of Unit 1, Lake Shastina Subdivision as recorded in Townmap Book 4 Pages 125 to 130 in the Official Records of Siskiyou County.

Said easement to be more precisely defined at the time of construction of said future sewer lines.

Director Miralles reminded the Board that he has previously said that this is something the Board should not do before we have another attorney's opinion, since the LSPOA attorney's opinion is that this is not a legal obligation. In addition, Miralles believes a conflict of interest exists on the part of two of the CSD Board members in that they originally signed the obligation at a time when they were POA Board members.

Nelson Richardson (in audience) stated that Mountain Home Properties' Counsel Reg Vitek said that the "Assumption Agreement" was discussed with LSPOA Counsel Rau this past Monday and Rau has no objections with the Agreement.

Director Miralles requested that these Minutes state that he feels that Director Carter should not vote on this "Assumption Agreement" as he signed the original debt for LSPOA.

Counsel Kimbell: This gives the District the position of assuming the liability of a debt that may not exist.

Director Storey: JSC entered into this debt to build the sewer system and he feels the debt is owed.

President Carter: This Board needs to resolve this tonight.

Director Miralles moved the Board adopt a resolution not to accept this "Assumption Agreement" until Counsel is consulted in an Executive Session.

There was no second.

Director Storey moved the Board adopt CSD Resolution #6-80 entitled "A Resolution Approving and Authorizing Execution of Assumption Agreement" and the attached "Assumption and Release Agreement."

At this time President Carter requested Director Storey take his position as President of the Board. Director Storey complied with Carter's request.

Director Carter seconded the motion.

Discussion followed and Attorney Kimbell stated he did not understand the necessity of adopting this Resolution #6-80 if Exhibit "E," the Mountain Home Properties' debt, is already included in the "Conveyance Agreement."

Storey asked for further discussion? There was none.

AYES, and therefore in favor of, Directors Carter, Erickson, Storey.

NOES, Director Miralles.

The motion carried.

Again Director Miralles asked that these Minutes state that he feels there is a conflict of interest in Mr. Carter's voting on this Resolution #6-80.

At 10:20 p.m., the CSD Board adjourned temporarily to hold an Executive Session. President Carter stated the public meeting would be reconvened following this Session.

At 11:20 p.m., the CSD Board reconvened the public meeting and President Carter announced that CSD Counsel Kimbell had been instructed by the Board to make changes in the "Sewer Conveyance Agreement" the Board had agreed upon during the Executive Session and to deliver a copy of them to LSPOA Attorney Rau for his consideration.