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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MENDOCINO

MENDOCINO COUNTY RUSSIAN RIVER)
FLOOD CONTROL AND WATER)
CONSERVATION IMPROVEMENT DISTRICT,)

No. 42059

Plaintiff,)

JUDGMENT

vs.)

REDWOOD VALLEY COUNTY WATER)
DISTRICT,)

Defendants.)

In the above entitled cause Plaintiff MENDOCINO COUNTY
RUSSIAN RIVER FLOOD CONTROL AND WATER CONSERVATION IMPROVEMENT
DISTRICT and Defendant REDWOOD VALLEY COUNTY WATER DISTRICT,
having stipulated through their respective counsel that
judgment be entered herein,

IT IS HEREBY ADJUDGED, ORDERED AND DECREED:

1. In this judgment plaintiff shall be referred to as
"MENDOCINO" and defendant shall be referred to as "REDWOOD".

2. The parties hereto are now operating under the
terms of a Memorandum of Guarantees of February 28, 1972, a
copy of which is marked "Exhibit A" attached to the com-
plaint on file herein, and an Interim Agreement of October

1 14, 1972, a copy of which is marked "Exhibit B" attached to
2 the complaint on file herein; that this judgment, upon
3 becoming effective, shall supercede such Memorandum of
4 Guarantees and such Interim Agreement, and they shall there-
5 after be inoperative.

6 3. MENDOCINO is entitled to 8,000 feet of water
7 stored at Lake Mendocino pursuant to State Water Rights
8 Board Decision D-1030. Surplus water referred to herein is
9 that portion, if any, of said 8,000 acre feet which is not
10 put to beneficial use within the lands situated in the
11 MENDOCINO district.

12 4. MENDOCINO shall sell to REDWOOD so much of such
13 surplus water as REDWOOD desires to purchase, up to and
14 including the entire amount of such surplus water, at a
15 price and on terms as herein specified:

16 a. The purchase price of surplus water drawn by
17 REDWOOD in the 1979-1980 fiscal year is Seven Dollars
18 (\$7.00) per acre foot;

19 b. The purchase price of surplus water drawn in
20 subsequent years shall be determined as follows: The
21 cost of operation of MENDOCINO shall be divided by
22 8,000 acre feet (or such other sum as is reserved to
23 MENDOCINO pursuant to State Water Rights Board Decision
24 D-1030, or amendments thereto) to determine the cost of
25 each acre foot. REDWOOD shall pay to MENDOCINO for all
26 surplus water drawn at such cost per acre foot.

27 c. The cost of operation of MENDOCINO shall
28 include annual bond interest and annual bond redemption

1 cost, ordinary administration and maintenance expenses
2 (based upon operations substantially the same in nature
3 and amount as the operations now conducted by MENDOCINO)
4 and such cost of operation shall not include any expenditures
5 for capital improvements or the operation of new capital
6 improvements, unless such capital improvements and
7 their operation provide a direct benefit to REDWOOD
8 proportional to REDWOOD's share of the water drawn.

9 d. REDWOOD shall report to MENDOCINO at least
10 once each month, and at such other reasonable times as
11 MENDOCINO might require, the volume of water drawn by
12 REDWOOD from Lake Mendocino. REDWOOD shall permit
13 MENDOCINO to examine the meters located at the intake
14 pumps upon notice and during normal business hours.
15 REDWOOD consents to Pacific Gas and Electric Company
16 furnishing to MENDOCINO, at MENDOCINO's sole cost and
17 expense, information pertaining to electric power
18 delivered by Pacific Gas and Electric Company to REDWOOD
19 at its Lake Mendocino pumping plant.

20 e. Payments shall be made by REDWOOD to MENDOCINO
21 on August 1, 1980 for all surplus water drawn in the
22 fiscal year 1979-1980; and, thereafter payments shall
23 be made by REDWOOD to MENDOCINO on August 1 for all
24 surplus water drawn in the preceding fiscal year. In
25 the event of any disagreement as to the quantity of
26 water drawn pursuant to this agreement, or as to the
27 amount due, it shall be determined by arbitration as

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1 provided in Paragraph 7 hereof.

2 5. REDWOOD shall have the physical control of the
3 taking of water from Lake Mendocino and shall bear all
4 expenses of such taking, including but not limited to the
5 furnishing and maintenance of intake facilities at the Lake,
6 and shall abide by the rules and regulations of the Corps of
7 Engineers in the installation and maintenance thereof.
8 Provided, further, that REDWOOD shall hold MENDOCINO harm-
9 less from any and all liability for personal injury or
10 property damage arising out of taking delivery of water
11 hereunder and arising out of the operation of REDWOOD,
12 unless such injury or damages caused are by the fault of
13 MENDOCINO, its employees or agents.

14 6. REDWOOD promises and agrees to pay to MENDOCINO:

15 a. A sum of money calculated pursuant to "Exhibit
16 A" attached hereto, updated to July 1, 1980;

17 b. The sum of money so calculated shall be paid
18 as soon as reasonably possible, but in no event later
19 than July 1, 1983.

20 7. MENDOCINO shall notify REDWOOD in writing, at such
21 time as no surplus water is available. If a disagreement
22 exists as to the existence of surplus water, such disagree-
23 ment within five (5) days after such notification by MENDOCINO
24 to REDWOOD shall be referred to a board of three (3) arbi-
25 trators; one selected by MENDOCINO, one selected by REDWOOD,
26 and a third selected by those two arbitrators, who shall be
27 an engineer. The decision of the board of arbitrators shall
28 be rendered in writing, signed by at least two (2) arbitrators,

1 within two (2) days after the appointment of the third
2 arbitrator. This judgment shall be construed to be an order
3 to arbitrate pursuant to California Code of Civil Procedure,
4 Section 1281.2; and, except as herein otherwise ordered, the
5 arbitration shall be pursuant to the pertinent provisions of
6 the California Code of Civil Procedure. At such time as it
7 is determined by the arbitrator that no surplus water is
8 available, REDWOOD shall cease to draw water which is a part
9 of MENDOCINO's entitlement of 8,000 acre feet stored at Lake
10 Mendocino.

11 8. At any time requested by REDWOOD, MENDOCINO will
12 make application and do all things reasonably necessary to
13 obtain water allocated to MENDOCINO under the 1969 Water
14 Plan, or otherwise obtain water for the benefit of REDWOOD
15 from the Warm Springs Project, or elsewhere, and REDWOOD will
16 cooperate in all such applications and do all things necessary
17 to accomplish the foregoing objectives.

18 a. If water so supplied for and obtained is used
19 solely by REDWOOD, the reasonable cost of such appli-
20 cations, as they are incurred by MENDOCINO, and the
21 cost of such water, shall be paid by REDWOOD to MENDOCINO.
22 MENDOCINO shall make no additional charge to REDWOOD
23 for such water. If the application is unsuccessful,
24 the reasonable cost of such application shall be paid
25 by REDWOOD to MENDOCINO.

26 b. If water so applied for and obtained by
27 MENDOCINO is used by both MENDOCINO and REDWOOD, the
28 cost of application and water shall be divided between

1 them in the same proportions as they shall use such
2 water. If the application is unsuccessful, the reasonable
3 cost of such application shall be equitably divided
4 between them.

5 c. The provisions of this paragraphs shall not
6 apply to payments for surplus water as heretofore
7 defined.

8 9. MENDOCINO and REDWOOD shall each use their best
9 effort to effectuate a joint powers agreement or pool con-
10 cept for the most effective utilization of the available
11 water resources. Such joint powers agreement or pool con-
12 cept may include MENDOCINO, REDWOOD, Marin Municipal Water
13 District, North Marin County Water District, Sonoma County
14 Water Agency, and other suitable agencies or entities.
15 MENDOCINO and REDWOOD shall each extend to the other their
16 full cooperation in creating such joint powers agreement or
17 pool concept.

18 10. Except as to the provisions of Paragraphs 8 and 9,
19 the terms of this agreement and judgment entered thereon
20 shall apply solely to REDWOOD's purchase and withdrawal of
21 surplus waters from MENDOCINO's 8,000 acre foot entitlement.
22 It is recognized by the parties that REDWOOD now has, and
23 may hereafter acquire, rights to withdraw other water from
24 Lake Mendocino. Should any disagreements arise between the
25 parties as to whether REDWOOD has withdrawn or is with-
26 drawing surplus water, or water under other rights from Lake
27 Mendocino, it shall be determined by arbitration as provided
28 in Paragraph 7.

1 11. This judgment, and any action taken pursuant to
2 this judgment, shall not make REDWOOD a part of MENDOCINO.

3 12. This judgment shall be effective forthwith and
4 shall remain in full force and effect until either:

5 a. It is altered or amended or terminated by a
6 written agreement between MENDOCINO and REDWOOD, which
7 agreement specifically recites that it is intended to
8 alter, amend or terminate this judgment;

9 b. Either party moves that the Court terminate
10 the judgment insofar as it applies to surplus water on
11 the grounds that no surplus water remains available for
12 purchase and sale and the Court so finds and orders.

13 c. Either party moves that the Court terminate
14 the remaining provisions of the judgment on the grounds
15 that their purpose has been fulfilled and the Court so
16 finds and orders.

17 Presented and signed May 24, 1980.


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20 Roy G. McFarland
21 Judge of the Superior Court
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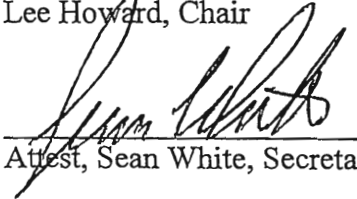
**Agreement between the Redwood Valley County Water District
and the Mendocino County Russian River Flood Control and Water Conservation
Improvement District Altering and Amending Stipulated Judgment 42059**

The Board of Directors of Redwood Valley County Water District (Redwood) through approval of Resolution No. 2010-1 has authorized President Don Butow to enter into a written agreement with the Mendocino County Russian River Flood Control and Water Conservation Improvement District (District). The Board of Trustees of the District through approval of Resolution No.10-03 have authorized President Lee Howard to enter into a written agreement with Redwood. The agreement alters and amends the 1980 Stipulated Judgment 42059 as follows:

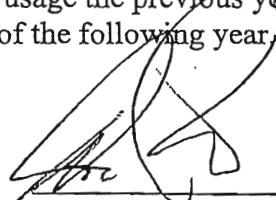
- Section 4 b. shall be amended to allow the District to establish the purchase price for surplus water delivered in 2009 by dividing the cost of operations for 2009 by 4,000 AF. This amendment shall apply only to 2009. After establishing the cost for 2009 the method for establishing cost shall revert to the formula in the Judgment.
- Section 4 d. shall be altered to allow the District to examine the electrical meter located at the intake pump power transformer compound and in addition to examine the water meter located in the meter vault at the intersection of Road D and Colony Drive.
- Section 4 e. shall be altered to establish a water accounting year from January 1 through December 31 with a bill for water usage the previous year to be presented by the District to Redwood on February 1 of the following year



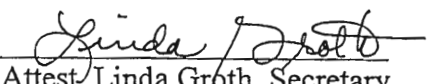
 Lee Howard, Chair



 Attest, Sean White, Secretary



 Don Butow, President



 Attest, Linda Groth, Secretary