ATTACHMENT III

North Tahoe Public Utility District Assurances

a. North Tahoe Public Utility District September 22, 2006 Letter (SEP implementation schedule)

b. North Tahoe Public Utility District October 10, 2006 Resolution (Use, maintenance, storage, training, and capital replacement for portable sewer bypass hose reel system)

c. Settlement Agreement Between North Tahoe Public Utility District and the Dischargers

ATTACHMENT III.a

North Tahoe Public Utility District
September 22, 2006 Letter
(SEP implementation schedule)

NORTH TAHOE PUBLIC UTILITY DISTRICT

September 22, 2006

Mr. Robert S. Dodds
Assistant Executive Officer
Regional Water Quality Control Board
Lahontan Region
2501 Lake Tahoe Boulevard
South Lake Tahoe, California 96150

Re: Regional Board ACL Complaint No. R6T-2005-0029 (C. Geoffrey and Christine Davis, Hans and Margaret Coffeng, and Pacific Built, Inc.)

Dear Bob,

This is to confirm our conversation earlier today concerning the ordering, delivery and training relative to the Sewer Bypass Hose Reel System.

The NTPUD will order the system no later than 30 days after receipt of payment of the SEP sum. The manufacturer informs me that the equipment should arrive no later than 120 days after receipt of the order[1]. The manufacturer also informs me that they will conduct training within 45 days after the equipment is delivered.

If you have any questions or require anything additional, please let me know.

Sincerely yours,

Neil A. Eskind

NAE:c
cc: Steven R. Rogers, General Manager/CEO

[1] The hose is made in Norway and the trailer and reel custom made in Minnesota.

PO Box 139, Tahoe Vista, CA 96148 • (530) 546-4212 • FAX (530) 546-2652 • 875 National Ave.
e-mail: ntpud@ntpud.org • website: www.ntpud.org

RESOLUTION 2006-16
OF THE BOARD OF DIRECTORS
OF THE NORTH TAHOE PUBLIC UTILITY DISTRICT
SUPPORTING SETTLEMENT OF ADMINISTRATIVE CIVIL LIABILITY COMPLAINT R6T-2005-0029 AND CONFIRMING TIME FRAME FOR SUPPLEMENTAL ENVIRONMENTAL PROJECT EQUIPMENT ORDERING DELIVERY AND TRAINING

WHEREAS, the California Regional Water Quality Control Board Region, will be considering the settlement of ACL Complaint R6T-2005-0029 on October 11, 2006; and

WHEREAS, the proposed settlement includes a Supplemental Environmental Project (SEP) which would provide funds to the North Tahoe Public Utility District for the purpose of acquisition of certain equipment beneficial to the environment; and

WHEREAS, it is appropriate for the District to express its support for the settlement and to confirm the time frame for the ordering, delivery and training relative to the SEP equipment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TAHOE PUBLIC UTILITY DISTRICT, as follows:

1. The District hereby supports the proposed settlement as being in the best interests of the environment and the protection of the waters of Lake Tahoe and respectfully requests that the Regional Board also support the proposed settlement.

2. The District hereby confirms that, should the proposed settlement be accepted by the Regional Board, the District will order the SEP equipment within 30 days after receipt of the payment of the SEP sum, that delivery of the SEP equipment is expected no later than 120 days after the manufacturer's receipt of this order, and that manufacturer supplied training on the use of the SEP equipment will take place within 45 days after the SEP equipment is delivered.

PASSED AND ADOPTED THIS 10th DAY OF OCTOBER, 2006, BY THE FOLLOWING ROLL CALL VOTE:

AYES: **DIRECTORS BERGMANN, MOONEY, LEWIS**
NOES: **DIRECTORS**
ABSENT: **DIRECTORS LANINI, SCHWARTZ**

S. Lane Lewis, President
Board of Directors

ATTEST:

Leon C. Schegg
Acting Clerk of the Board

ATTACHMENT III.b

North Tahoe Public Utility District October 10, 2006 Resolution (Use, maintenance, storage, training, and capital replacement for portable sewer bypass hose reel system)

RESOLUTION 2006-14
OF THE BOARD OF DIRECTORS
OF THE NORTH TAHOE PUBLIC UTILITY DISTRICT
ESTABLISHING A POLICY FOR USE, STORAGE, MAINTENANCE, TRAINING AND CAPITAL REPLACEMENT RELATIVE TO THE PROPOSED SEWER BYPASS HOSE REEL SYSTEM SUPPLEMENTAL ENVIRONMENTAL PROJECT

WHEREAS, the parties to the District force main breach which took place on July 19, 2005 have proposed a Supplemental Environmental Project (SEP) whereby the District would be provided funding for a Sewer Bypass Hose Reel System as part of the resolution of a proceeding before the California Regional Water Quality Control Board, Lahontan Region; and

WHEREAS, while the District is not a party to said proceeding, the California Regional Water Quality Control Board, Lahontan Region has requested that the District adopt a policy relative to the use, maintenance and training of the proposed Sewer Bypass Hose Reel System; and

WHEREAS, the Board believes that adopting such a policy is appropriate.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TAHOE PUBLIC UTILITY DISTRICT, as follows:

1. The District hereby adopts that POLICY FOR USE, STORAGE, MAINTENANCE, TRAINING AND CAPITAL REPLACEMENT RELATIVE TO THE PROPOSED SEWER BYPASS HOSE REEL SYSTEM SUPPLEMENTAL ENVIRONMENTAL PROJECT attached hereto.

2. Said policy shall become effective upon the District's acquisition of said Sewer Bypass Hose Reel System pursuant to the terms of the proposed SEP.

3. Said policy shall be subject to revision as determined by the District for the protection of the water quality of Lake Tahoe.

PASSED AND ADOPTED THIS 10th DAY OF OCTOBER, 2006, BY THE FOLLOWING ROLL CALL VOTE:

AYES: DIRECTORS BERGMANN, MOONEY, LEWIS
NOES: DIRECTORS
ABSENT: DIRECTORS LANINI, SCHWARTZ

S. Lane Lewis, President
Board of Directors

ATTEST:

Leon C. Schegg, Acting Clerk of the Board

POLICY FOR USE, STORAGE, MAINTENANCE, TRAINING AND CAPITAL REPLACEMENT RELATIVE TO THE PROPOSED SEWER BYPASS HOSE REEL SYSTEM SUPPLEMENTAL ENVIRONMENTAL PROJECT

Purpose: This Policy is intended to establish guidelines for the use, storage, maintenance, training and capital replacement of that certain Sewer Bypass Hose Reel System ("subject equipment") proposed as a Supplemental Environmental Project (SEP) pursuant to CRWQCB, Lahontan Region Administrative Civil Liability Complaint No. R6T-2005-0029.

Equipment Summary: The subject equipment consists of five 660-foot sections of 10-inch lay flat hose, one 535-foot section of 10–inch lay flat hose, one 600-foot section of lay flat 8-inch hose, one trailer with hydraulic power unit, two A-frame hose reels which carry the hose, and appurtenant pieces of equipment.

Ownership: The subject equipment shall be the property of the NTPUD. Any special fittings or ancillary equipment purchased by a Mutual Aid entity for adaptation of the hose reel system to specific pumps, fittings, or other equipment owned by that entity shall be and remain the property of that entity, whether stored with the subject equipment or not, however the NTPUD shall not have any special responsibility for the protection of the property of others.

Use:

Agency Availability: The subject equipment shall be primarily available to the NTPUD and other sewer entities signatory to the Tahoe Truckee Area Emergency Contingency Plan – Agreement for Mutual Emergency Aid, pursuant to the terms and conditions of said Agreement for Mutual Emergency Aid.

Purposes of Use: The subject equipment is for emergency use. Emergency use shall include but not be limited to the immediate deployment to mitigate an active sewage discharge or for back-up purposes in a standby location where the failure of existing facilities or equipment could result in an imminent sewage discharge. In the latter event, the subject equipment shall be maintained in an immediately transportable configuration and shall not be deployed without a sewage discharge starting or becoming immediately imminent.

A sewage discharge will be considered imminent if a sewer line has suffered exterior damage due to natural forces (e.g. earthquake, flood, landslide, etc.), the sewer has been damaged by exterior forces (e.g. auger impact, backhoe/excavator bucket impact, etc.) or other conditions which lead to a conclusion that the integrity of the pipeline is compromised, regardless of whether sewage is being discharged or not, and the failure of the pipeline would cause a sewage discharge requiring immediate bypass to prevent a discharge to receiving waters or the environment.

Storage: The NTPUD shall store the subject equipment at its facilities. The hose shall be kept covered as protection from the elements.

Maintenance: The subject equipment shall be maintained by the NTPUD under a maintenance schedule appropriate to manufacturer's recommendations. This shall include visual inspection, cleaning and pressure testing after each use.

Training: Upon receipt of the subject equipment, at a time frame convenient to the NTPUD, the manufacturer and as many of the entities signatory to the Tahoe Truckee Area Emergency Contingency Plan as can attend, an initial manufacturer training session shall be arranged, including the following topics: operations including but not limited to transport, deployment, coupling, operation, repair, maintenance, retrieval, storage of the lay flat hose, and operational safety measures, and the maintenance and operation of the engine, hydraulic units, trailer, reels, couplings, and all appurtenant equipment. Training will also include the shortening of hose lengths to suit deployment requirements.

The supplier will provide the NTPUD manufacturer's instructions to document the training procedures and act as an on-going training guide for subsequent refresher and new employee training.

The NTPUD will provide a hands-on bypass hose reel use training at least annually. Such training may include the deployment of the sewer bypass hose reel system in an actual field operation such as a sewer line maintenance activity to replicate actual field deployment, operation, dewatering, cleanup, hose observation and testing during retrieval operations. Such training will be scheduled and sufficient advance notice given to all Mutual Aid entities that the training is being provided. Such training may be in conjunction with local or regional training sessions by professional organizations such as the California Water Environment Association.

Capital Replacement: Once placed into service the NTPUD shall develop and maintain an unrestricted capital reserve sufficient in amount to maintain and replace the subject equipment. The reserve shall be funded by the NTPUD and by equipment use, maintenance and replacement charges to Agreement for Mutual Aid users.

Service Life: The subject equipment is expected to have a long service life. However, nothing shall prohibit the NTPUD from replacing all or part of the equipment with equipment from a different manufacturer or of a different configuration as technology evolves such that the resulting equipment shall perform sewer bypass operations to the same or greater quantity, distance, and operating pressure, and within the same or lesser deployment time.

ATTACHMENT III.c

Settlement Agreement Between North Tahoe Public Utility District and the Dischargers

COMPROMISE AGREEMENT AND MUTUAL RELEASE

North Tahoe Public Utility District (hereinafter referred to as "PLAINTIFF") and Pacific Built, Inc., a California corporation, C. Geoffrey Davis and Christine Davis, Hans Coffeng and Margaret Coffeng, and Larry Allen Henry (hereinafter collectively referred to as "DEFENDANTS"), in consideration of the promises made herein on the stated terms and conditions, agree as follows:

1. This Agreement consists of a compromise and settlement by the parties of PLAINTIFF's claims against DEFENDANTS arising from events described in Paragraph 2 below, and a release given by each party hereto to each other party hereto, so as to relinquish those claims, and only those claims, described in Paragraph 3 below (hereinafter referred to as "RELEASED CLAIMS"). This shall be a mutual release of the RELEASED CLAIMS, and by executing this Agreement, each party hereto intends to and does hereby extinguish the RELEASED CLAIMS but no other claims. This Agreement is not an admission of liability by any party hereto, and it shall not be treated for any purpose as an admission of liability, which liability is expressly denied.

2. (a) On July 19, 2005, while installing a pier piling for C. Geoffrey Davis and Christine Davis, and Hans Coffeng and Margaret Coffeng pursuant to plans allegedly prepared by Larry Allen Henry, a certain sewer force main owned by PLAINTIFF was struck by Pacific Built, Inc.

(b) Subsequently, the Assistant Executive Officer of the California Regional Water Quality Control Board, Lahontan Region (hereinafter "LAHONTAN"), issued a Complaint for Administrative Civil Liability, No. R6T-2005-0029, against Pacific Built, Inc., a California corporation, C. Geoffrey Davis and Christine Davis, Hans Coffeng and Margaret Coffeng (hereinafter "ACL COMPLAINT"). PLAINTIFF and Larry Allen Henry are not parties to the ACL COMPLAINT.

(c) On May 11, 2006, PLAINTIFF filed a complaint against DEFENDANTS in the Superior Court in and for the County of Placer, California (hereinafter "COURT"), designated with the Case Number T CV 1122 (hereinafter "COURT COMPLAINT"), alleging certain negligent acts by or on the part of DEFENDANTS.

(d) Subsequently, Pacific Built, Inc., a California corporation, C. Geoffrey Davis and Christine Davis and Hans Coffeng and Margaret Coffeng proposed to LAHONTAN a settlement intended to resolve both the ACL COMPLAINT and the COURT COMPLAINT. This proposal entails resolution of the ACL COMPLAINT upon a payment in the sum of $26,840 to the Waste Discharge Permit Fund and a separate payment in the sum of $298,160 directly to PLAINTIFF to fund a certain Supplemental Environmental Project (hereinafter "SEP"). As specified herein, PLAINTIFF and DEFENDANTS agree that the payment of this $298,160 to PLAINTIFF to fund the SEP shall operate to fully resolve the COURT COMPLAINT. This proposed resolution of both the ACL COMPLAINT and the COURT COMPLAINT is supported by PLAINTIFF.

(e) On October 11, 2006, LAHONTAN is scheduled to consider whether or not to approve the proposed settlement of the ACL COMPLAINT through the payment in the sum of $26,840 to the Waste Discharge Permit Fund and the separate payment in the sum of $298,160 directly to PLAINTIFF to fund the SEP, which latter payment of $298,160 would as specified herein operate to fully resolve the COURT COMPLAINT.

(f) This Compromise Agreement and Mutual Release, and its enforceability for any and all purposes, is expressly contingent upon LAHONTAN approving the proposed settlement of the ACL COMPLAINT through the payment in the sum of $26,840 to the Waste Discharge Permit Fund and the separate payment in the sum of $298,160 directly to PLAINTIFF to fund the SEP, and also issuing or otherwise adopting an order to that effect. Should LAHONTAN not approve the proposed settlement of the ACL COMPLAINT, and thereby preclude PLAINTIFF and DEFENDANTS from being able to resolve the COURT COMPLAINT as specified herein, this Compromise Agreement and Mutual Release shall be null and void for any and all purposes.

3. RELEASED CLAIMS

(a) In consideration of DEFENDANTS' payment of $298,160 to PLAINTIFF, PLAINTIFF hereby compromises, settles and releases all RELEASED CLAIMS. These RELEASED CLAIMS consist of any and all past, present and future claims, demands, obligations, or causes of action related to compensatory, punitive or other damages, including but not limited to costs, losses, expenses, and compensation, whether based on tort, contract, or other theories of recovery, which PLAINTIFF has or which may later accrue to or be acquired by PLAINTIFF against DEFENDANTS, DEFENDANTS' predecessors and successors in interest, heirs, assigns, past, present, and future officers, directors, shareholders, agents, employees, parent and subsidiary organizations, affiliates, and/or partners and which were, or could have been, alleged against DEFENDANTS in the COURT COMPLAINT, and PLAINTIFF further agrees that this compromise, settlement and release shall constitute a bar to any further legal proceedings in connection with such RELEASED CLAIMS. However, PLAINTIFF's RELEASED CLAIMS do not, and are not intended to, include PLAINTIFF's prospective claims for indemnity, contribution and/or comparative fault as against DEFENDANTS in connection with any legal action or proceeding which has or may be commenced by the County of Placer or other third party arising out of or in connection with the events described in Paragraph 2(a) above.

(b) In consideration of the promises made herein by PLAINTIFF, DEFENDANTS hereby compromise, settle and forever release all RELEASED CLAIMS. These RELEASED CLAIMS consist of any and all past, present and future claims, demands, obligations or causes of action related to compensatory, punitive or other damages, including but not limited to costs, losses, expenses and compensation, whether based on tort, contract or other theories of recovery, which DEFENDANTS have or which may later accrue to or be acquired by DEFENDANTS as against PLAINTIFF, PLAINTIFF's predecessors and successors in interest, heirs, assigns, past, present, and future officers, directors, shareholders, agents, employees, parent and subsidiary organizations, affiliates and/or partners and which were, or could have been alleged against PLAINTIFF in response to, or in connection with, the COURT

COMPLAINT or the ACL COMPLAINT, or both, and DEFENDANTS further agree that this compromise, settlement and release shall constitute a bar to any further legal proceedings in connection with such RELEASED CLAIMS. DEFENDANTS further agree that these RELEASED CLAIMS specifically include any claims for indemnity, contribution and/or comparative fault which DEFENDANTS could have asserted against PLAINTIFF pursuant to California Water Code section 13350, subdivision (i) or other provisions of California law, in connection with or as a result of the ACL COMPLAINT or its related proceedings. However, DEFENDANTS' RELEASED CLAIMS do not, and are not intended to, include DEFENDANTS' prospective claims for indemnity, contribution and/or comparative fault as against PLAINTIFF in connection with any legal action or proceeding which has or may be commenced by the County of Placer or other third party arising out of or in connection with the events described in Paragraph 2(a) above.

4. DEFENDANTS agree to pay said $298,160 to PLAINTIFF within 30 days of receipt of a signed order which provides that LAHONTAN has approved the aforementioned proposed settlement of the ACL COMPLAINT. It should be noted that Larry Allen Henry is not contributing any funds nor is he required to do so.

5. (a) PLAINTIFF agrees to dismiss with prejudice the COURT COMPLAINT against DEFENDANTS within seven days after receipt of said payment of $298,160.

(b) PLAINTIFF agrees to order the equipment comprising the aforementioned Supplemental Environmental Project within 30 days after receipt of DEFENDANTS' payment of $298,160. PLAINTIFF estimates that said equipment will be delivered to PLAINTIFF within 120 days of placing the order for same and PLAINTIFF agrees to conduct training on the use of said equipment within 45 days after said equipment is received.

6. (a) Each party hereto acknowledges and agrees that the release it gives to each other party upon executing this Agreement applies to all RELEASED CLAIMS, as described in Paragraph 3 above, including those injuries, damages, or losses to that party's person and property, real or personal, whether those injuries, damages, or losses are known or unknown, foreseen or unforeseen, or patent or latent, which that party may have against each other party with respect to the RELEASED CLAIMS, and each party hereby waives application of California Civil Code Section 1542 with respect to the RELEASED CLAIMS.

(b) Each party hereto certifies that it has read the following provisions of California Civil Code Section 1542:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

(c) Each party hereto understands and acknowledges that the significance and consequence of this waiver of California Civil Code Section 1542 with respect to the RELEASED CLAIMS is that even if a party should eventually suffer additional damages arising out of or connected with the RELEASED CLAIMS described in Paragraph 3, that party will not be able to make any claim for such additional damages against any other party hereto. Furthermore, each party hereto acknowledges that it intends these consequences as to the RELEASED CLAIMS even as to claims for damages which may exist as of the date of this release but which are not presently known to exist, and which, if known, would materially affect that party's decision to execute this release of the RELEASED CLAIMS described in Paragraph 3 above, regardless of whether that party's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

7. Each party represents and warrants that in executing this Agreement, they have relied upon legal advice from the attorney of their choice; that the terms of this Agreement have been read and the consequences (including risks, complications, and costs) have been completely explained to them by their own attorney; and that they fully understand the terms of this Agreement.

8. Each party acknowledges and warrants that its execution of this release is free and voluntary.

9. (a) PLAINTIFF shall direct its attorney to execute a dismissal with prejudice of the COURT COMPLAINT described in Paragraph 2, file it with the COURT and deliver an endorsed/filed copy to DEFENDANTS' respective counsel.

(b) Each party to this Agreement shall cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

10. Each party to this Agreement shall bear all attorneys' fees and costs arising from that party's own counsel in connection with the COURT COMPLAINT, this Agreement and performance of the promises contained herein, the RELEASED CLAIMS referred to herein, the dismissal of the COURT COMPLAINT, and all matters related to this compromise and settlement. This paragraph shall not be applicable to any and all claims not released herein.

11. This Agreement contains the entire agreement between PLAINTIFF on the one hand and DEFENDANTS on the other, with respect to the RELEASED CLAIMS.

12. This Agreement may be executed in counterparts and subject to the conditions as set forth in Paragraph 2(f) above, it shall become effective upon execution by PLAINTIFF and all DEFENDANTS.

13. This Agreement is entered into, and shall be construed and interpreted in accordance with, the laws of the State of California.

14. Each person executing this Agreement represents and warrants that he or she has the actual authority to do so.

Dated: 10/10/06

Pacific Built, Inc., a California corporation

By _____, President

Dated: _____

_____
C. Geoffrey Davis

Dated: _____

_____
Christine Davis

Dated: _____

_____
Margaret Coffeng

Dated: _____

_____
Larry Allen Henry

Dated: _____

North Tahoe Public Utility District

By: _____

14. Each person executing this Agreement represents and warrants that he or she has the actual authority to do so.

Dated: _____ Pacific Built, Inc., a California corporation

By _____

Dated: _____ _____
C. Geoffrey Davis

Dated: _____ _____
Christine Davis

Dated: _____ _____
Margaret Coffeng

Dated: 10/10/06 _____
Larry Allen Henry

Dated: _____ North Tahoe Public Utility District

By: _____

14. Each person executing this Agreement represents and warrants that he or she has the actual authority to do so.

Dated: _____ Pacific Built, Inc., a California corporation

By _____

Dated: _____ _____
C. Geoffrey Davis

Dated: _____ _____
Christine Davis

Dated: _____ _____
Margaret Coffeng

Dated: _____ _____
Larry Allen Henry

Dated: 10/10/06 North Tahoe Public Utility District

By: _____

14. Each person executing this Agreement represents and warrants that he or she has the actual authority to do so.

Dated: _____ Pacific Built, Inc., a California corporation

By _____

Dated: 10/10/06 _____
C. Geoffrey Davis

Dated: _____ _____
Christine Davis

Dated: _____ _____
Margaret Coffeng

Dated: _____ _____
Larry Allen Henry

Dated: _____ North Tahoe Public Utility District

By: _____

14. Each person executing this Agreement represents and warrants that he or she has the actual authority to do so.

Dated: _____ Pacific Built, Inc., a California corporation

By _____

Dated: _____ _____
C. Geoffrey Davis

Dated: 10-10-2006 Christine Davis
Christine Davis

Dated: _____ _____
Margaret Coffeng

Dated: _____ _____
Larry Allen Henry

Dated: _____ North Tahoe Public Utility District

By: _____