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PROJECT COOPERATION AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
BERNALILLO COUNTY
AND THE ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
FOR BLACK MESA DRAINAGE PROJECT
ALBUQUERQUE, NEW MEXICO

THIS AGREEMENT is entered into this 4th day of June, 2004 by and between the DEPARTMENT OF THE ARMY (hereinafter the "Government"), represented by the U.S. Army Engineer, Albuquerque District, (hereinafter the District Engineer), the Albuquerque Metropolitan Arroyo Flood Control Authority and Bernalillo County (hereinafter referred to as "AMAFCA" and "Bernalillo County" respectively, or as "the Non-Federal Sponsors" when considered collectively), represented by its President and County Manager, respectively.

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army is authorized to provide design and construction assistance for water-related environmental infrastructure and resource protection and development projects in Central New Mexico (hereinafter the "Section 593 Program") pursuant to Section 593 of the Water Resources Development Act of 1999 (Public Law 106-53);

WHEREAS, Section 593 of the Water Resources Development Act of 1999 (Public Law 106-53), provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development project, or separable element thereof, unless the project is publicly owned;

WHEREAS, the Black Mesa Drainage Project in Albuquerque, New Mexico (hereinafter the "Project", as defined in Article I.A. of this Agreement) has been identified as a project of the type authorized by Section 593 of the Water Resources Development Act of 1999 (Public Law 106-53);

WHEREAS, the Government and the Non-Federal Sponsors desire to enter into a Project Cooperation Agreement (hereinafter the "Agreement") for the design and construction of the Project;

WHEREAS, Section 593 of the Water Resources Development Act of 1999 (Public Law 106-53), specifies the cost-sharing requirements applicable to the Project and provides that total project costs shall be shared 75 percent Federal and 25 percent Non-Federal;

WHEREAS, Section 593 of the Water Resources Development Act of 1999 (Public Law 106-53), provides that the Secretary of the Army shall not provide assistance in the form of design and construction for any water-related environmental infrastructure and resource protection and development projects, or separable element thereof, until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project or separable element;

WHEREAS, pursuant to Section 593 of the Water Resources Development Act of 1999 (Public Law 106-53), the Secretary of the Army is authorized to provide assistance, which may be in the form of grants or reimbursements of the Federal share of project costs, to the Non-Federal Sponsors; and

WHEREAS, the Non-Federal Sponsor desires to perform certain work (hereinafter the "non-Federal design and construction work" as defined in Article I.C. of this Agreement) which is a part of the

Project;

WHEREAS, Section 102 of the Energy and Water Development Appropriations Act, 2000, Public Law 106-60, provides that credits and reimbursements afforded under certain general authorities and under specific project authority, such as Section 593, shall not exceed \$10,000,000 per project in each fiscal year, nor shall they exceed \$50,000,000 for all applicable projects in each fiscal year;

WHEREAS, the Government and the Non-Federal Sponsors have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost sharing and financing of the design and construction of the Project in accordance with the terms of this Agreement;

NOW, THEREFORE, the Government and the Non-Federal Sponsors agree as follows:

ARTICLE I - DEFINITIONS AND GENERAL PROVISIONS

For purposes of this Agreement:

A. The term "Project" shall mean design and construction of facilities to consolidate and remediate storm water drainage in the portion of Bernalillo County between Gun Club and Interstate 25 (I-25) west of the Rio Grande. This will be accomplished by collecting and conveying storm water drainage through the valley to a pump station and outlet structure near the I-25 crossing of the Rio Grande River. Facilities will include construction of an outlet manifold to three (3) existing AMAFCA dams, Don Felipe, Raymac and McCoy. Connection of the manifold will be made by underground pipe along Raymac to Los Padillas Drain. The existing Los Padillas Drain will be reconfigured to include a low flow and high flow section to convey storm waters to a new pump station and holding pond near the I-25 crossing. A new outlet to the Rio Grande will be constructed to release storm waters to the Rio Grande.

B. The term "total project costs" shall mean all costs incurred by the Non-Federal Sponsors or the Government in accordance with the terms of this Agreement directly related to design and construction of the Project. Subject to the provisions of this Agreement, the term shall include, but is not necessarily limited to: the Government's design costs; the Government's costs of preparation of environmental compliance documentation in accordance with Article II.A.2. of this Agreement; the Government's design costs during construction; the Non-Federal Sponsors' and the Government's costs of investigations to identify the existence and extent of hazardous substances in accordance with Article XV.A. of this Agreement; the Government's costs of historic preservation activities in accordance with Article XVIII.A. of this Agreement; the Non-Federal Sponsors' costs of historic preservation activities in accordance with Article XVIII.B. of this Agreement; the Government's actual construction costs; the costs of the non-Federal design and construction work for which the Government affords credit in accordance with Article II.D.4 of this Agreement; the Government's supervision and administration costs; the Non-Federal Sponsors' and the Government's costs of participation in the Project Coordination Team in accordance with Article V of this Agreement; the Government's costs of contract dispute settlements or awards; the value of lands, easements, rights-of-way, relocations, suitable borrow and dredged or excavated material disposal areas, and permit costs for which the Government affords credit in accordance with Article IV of this Agreement but not to exceed 25 percent of total project costs; and the Non-Federal Sponsors' and the Government's costs of audit in accordance with Articles X.B. and X.C. of this Agreement. The term does not include any costs for operation, maintenance, repair, rehabilitation, or replacement of the Project; any costs due to betterments; any costs of dispute resolution under Article VII of this Agreement; the Government's costs for archeological data recovery activities in accordance with Articles XVIII.C. and XVIII.D. of this Agreement; or the Non-Federal Sponsors' costs of negotiating this Agreement.

C. The term "non-Federal design and construction work" shall mean planning, design, construction, supervision and administration, and other activities associated with design and construction of the Project that are performed by the Non-Federal Sponsor after the effective date of this Agreement and after written approval by the District Engineer. The term does not include the design or construction of betterments or the provision of lands, easements, rights-of-way, relocations, or permits obtained on publicly owned or controlled lands that are associated with the non-Federal design and construction work.

D. The term "financial obligations for design and construction" shall mean a financial obligation of the Government or a financial obligation of the Non-Federal Sponsor for non-Federal design and construction work that results or would result in a cost that is or would be included in total project costs except for obligations pertaining to the provision of lands, easements, rights-of-way, the performance of relocations, or obtaining permits necessary for the construction, operation, and maintenance of the Project on publicly owned or controlled land.

E. The term "non-Federal proportionate share of financial obligations" shall mean the ratio of the Non-Federal Sponsors' total cash contribution required in accordance with Article II.D.2. of this Agreement to financial obligations for design and construction, as projected by the Government.

F. The term "period of design and construction" shall mean the time period from execution of this Agreement to the date that the U.S. Army Engineer for the Albuquerque District (hereinafter the "District Engineer") notifies the Non-Federal Sponsors in writing of the Government's determination that construction of the Project is complete.

G. The term "highway" shall mean any public highway, roadway, street, or way, including any bridge thereof.

H. The term "relocation" shall mean providing a functionally equivalent facility to the owner of an existing utility, cemetery, highway or other public facility, or railroad (including any bridge thereof) when such action is authorized in accordance with applicable legal principles of just compensation. Providing a functionally equivalent facility may take the form of alteration, lowering, raising, or replacement and attendant removal of the affected facility or part thereof.

I. The term "fiscal year" shall mean one fiscal year of the Government. The Government fiscal year begins on October 1 and ends on September 30.

J. The term "functional portion of the Project" shall mean a portion of the Project that is suitable for tender to the Non-Federal Sponsors to operate and maintain in advance of completion of the entire Project. For a portion of the Project to be suitable for tender, the District Engineer must notify the Non-Federal Sponsors in writing of the Government's determination that the portion of the Project is complete and can function independently and for a useful purpose, although the balance of the Project is not complete.

K. The term "betterment" shall mean a change in the design and construction of an element of the Project resulting from the application of standards that the Government determines exceed those that the Government would otherwise apply for accomplishing the design and construction of that element.

L. The term "Federal program funds" shall mean funds of grants provided directly to the Non-Federal Sponsors by a Federal agency, other than the Department of the Army, and any non-Federal matching share required therefore.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSORS

A. The Government, subject to receiving funds appropriated by the Congress of the United States (hereinafter, the "Congress") and using those funds and funds provided by the Non-Federal Sponsors, shall expeditiously design and construct the Project, except for the non-Federal design and construction work, applying those procedures usually applied to Federal projects, in accordance with Federal laws, regulations, and policies. The Non-Federal Sponsors shall expeditiously design and construct the non-Federal design and construction work in accordance with applicable Federal laws, regulations, and policies.

1. The Government shall not issue the solicitation for the first design contract for the Project or commence design of the Project using the Government's own forces until the Non-Federal Sponsors have confirmed in writing its willingness to proceed with the Project.

2. The Government shall develop and coordinate an Environmental Assessment and Finding of No Significant Impact or an Environmental Impact Statement and Record of Decision, as necessary, to inform the public regarding the environmental impacts of the Project in accordance with the National Environmental Policy Act of 1969 (hereinafter "NEPA"). However, the Government or the Non-Federal Sponsors shall not issue the solicitation for the first construction contract for the Project or commence construction of the Project using the Government's or the Non-Federal Sponsors' own forces until all applicable environmental laws and regulations have been complied with, including, but not limited to NEPA and Section 401 of the Federal Water Pollution Control Act (33 U.S.C. 1341).

3. The Government shall afford the Non-Federal Sponsors the opportunity to review and comment on the solicitations for all contracts, including relevant plans and specifications, prior to the Government's issuance of such solicitations. To the extent possible, the Government shall afford the Non-Federal Sponsors the opportunity to review and comment on all contract modifications, including change orders, prior to the issuance to the contractor of a Notice to Proceed. In any instance where providing the Non-Federal Sponsors with notification of a contract modification or change order is not possible prior to issuance of the Notice to Proceed, the Government shall provide such notification in writing at the earliest date possible. To the extent possible, the Government also shall afford the Non-Federal Sponsors the opportunity to review and comment on all contract claims prior to resolution thereof. The Government shall consider in good faith the comments of the Non-Federal Sponsors, but the contents of solicitations, award of contracts or commencement of design or construction using the Government's own forces, execution of contract modifications, issuance of change orders, resolution of contract claims, and performance of all work on the Project, except for the non-Federal design and construction work, shall be exclusively within the control of the Government.

4. At the time the District Engineer furnishes a contractor with the Government's Written Notice of Acceptance of Completed Work for each contract awarded by the Government for the Project, the District Engineer shall furnish the Non-Federal Sponsor with a copy thereof.

5. The Non-Federal Sponsors shall afford the Government the opportunity to review and comment on the solicitations for all contracts for the non-Federal design and construction work, including relevant plans and specifications, prior to the Non-Federal Sponsors' issuance of such solicitations. To the extent possible, the Non-Federal Sponsors shall afford the Government the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Government with notification of a contract modification is not possible prior to execution of the contract modification, the Non-Federal Sponsors shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsors also shall afford the Government the

opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsors shall consider in good faith the comments of the Government, but the contents of solicitations, award of contracts or commencement of design or construction using the Non-Federal Sponsors' own forces, execution of contract modifications, issuance of change orders, resolution of contract claims, and performance of all work on the non-Federal design and construction work shall be exclusively within the control of the Non-Federal Sponsors.

6. At the time the Non-Federal Sponsors furnish a contractor with a notice of acceptance of completed work for each contract awarded by the Non-Federal Sponsors for the non-Federal design and construction work, the Non-Federal Sponsors shall furnish the Government with a copy thereof.

7. Notwithstanding paragraphs A.3. and A.5. of this Article, if the award of any contract for design or construction of the Project, or continuation of design or construction of the Project using the Government's or the Non-Federal Sponsors' own forces would result in total project costs exceeding \$8,160,000, the Government and the Non-Federal Sponsors agree to defer award of that contract, award of all remaining contracts for design or construction of the Project, and continuation of design or construction of the Project using the Government's or the Non-Federal Sponsors' own forces until such time as the Government and the Non-Federal Sponsors agree in writing to proceed with further contract awards for the Project or the continuation of design or construction of the Project using the Government's or the Non-Federal Sponsors' own forces, but in no event shall the award of contracts or the continuation of design or construction of the Project using the Government's or the Non-Federal Sponsors' own forces be deferred for more than three years. Notwithstanding this general provision for deferral, the Government may award a contract or contracts, or continue with design or construction of the Project using the Government's own forces, after consultation with the Non-Federal Sponsors and after the Assistant Secretary of the Army (Civil Works) makes a written determination that the award of such contract or contracts or continuation of design or construction of the Project using the Government's own forces must proceed in order to comply with law or to protect human life or property from imminent and substantial harm.

8. As of the effective date of this Agreement, \$19,000,000 Federal funds have been appropriated for the Section 593 Program, of which \$1,000,000 appropriated for the Section 593 Program is currently projected to be available for the Project. The Government makes no commitment to seek additional Federal funds for the Section 593 Program. Notwithstanding any other provision of this Agreement, the Government's financial participation in the Project, when added to the costs incurred by the Government for other projects of the Section 593 Program, shall not exceed the total amount of Federal funds that have been appropriated and hereafter may be appropriated for the Section 593 Program. In the event that the Federal share of a forthcoming financial obligation for total project costs would be limited by this paragraph, the parties shall proceed in accordance with Article XIV.B. of this Agreement.

B. The Non-Federal Sponsors may request the Government to accomplish betterments. Such requests shall be in writing and shall describe the betterments requested to be accomplished. If the Government in its sole discretion elects to accomplish the requested betterments or any portion thereof, it shall so notify the Non-Federal Sponsors in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such writing and this Agreement, this Agreement shall control. The Non-Federal Sponsors shall be solely responsible for all costs due to the requested betterments and shall pay all such costs in accordance with Article VI.C. of this Agreement.

C. When the District Engineer determines that the entire Project is complete or that a portion of the Project has become a functional portion of the Project, the District Engineer shall so notify the Non-

Federal Sponsors in writing and furnish the Non-Federal Sponsors with an Operation, Maintenance, Repair, Replacement, and Rehabilitation Manual (hereinafter the "OMRR&R Manual") and with copies of all of the Government's Written Notices of Acceptance of Completed Work for all contracts for the Project or the functional portion of the Project that have not been provided previously. Upon such notification, the Non-Federal Sponsors shall operate, maintain, repair, replace, and rehabilitate the entire Project or the functional portion of the Project in accordance with Article VIII of this Agreement.

D. The Non-Federal Sponsors shall contribute 25 percent of the total project costs in accordance with the provisions of this paragraph.

1. In accordance with Article III of this Agreement, the Non-Federal Sponsors shall provide all lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas that the Government determines the Non-Federal Sponsors must provide for the construction, operation, and maintenance of the Project, and shall perform or ensure performance of all relocations that the Government determines to be necessary for the construction, operation, and maintenance of the Project. The Non-Federal Sponsors also shall obtain all permits necessary for the construction, operation, and maintenance of the Project on publicly owned or controlled lands.

2. If the Government projects that the value and permit costs included in total project costs for the Non-Federal Sponsors' contributions under paragraph D.1. of this Article and the value of the Non-Federal Sponsors' contributions under paragraph D.4. of this Article and Articles V, X, and XV.A. of this Agreement will be less than 25 percent of total project costs, the Non-Federal Sponsors shall provide an additional cash contribution, in accordance with Article VI.B. of this Agreement, in the amount necessary to make the Non-Federal Sponsors' total contribution equal to 25 percent of total project costs.

3. If the Government determines that the value and permit costs included in total project costs for the Non-Federal Sponsors' contributions provided under paragraph D.1. of this Article and the value of the Non-Federal Sponsors' contributions under paragraph D.4. of this Article and Articles V, X, and XV.A. of this Agreement have exceeded 25 percent of total project costs, the Government shall reimburse the Non-Federal Sponsors for any such value in excess of 25 percent of total project costs subject, however, to the availability of funds and to the limitation on credit for lands, easements, rights-of-way, and relocations, which may not exceed 25 percent of total project costs.

4. The Government, subject to the limitations of this paragraph, shall afford credit toward the Non-Federal Sponsors' share of total project costs for the costs incurred by the Non-Federal Sponsors for non-Federal design and construction work. To afford such credit, the Government shall apply the credit amount toward any additional cash contribution required under paragraph D.2. of this Article. The Non-Federal Sponsors in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the amount of costs to be included in total project costs for non-Federal design and construction work.

a. The affording of such credit shall be subject to an on-site inspection by the Government to verify that the work was accomplished in a satisfactory manner and is suitable for inclusion in the Project. The actual amount of credit shall be subject to an audit in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

b. The Non-Federal Sponsors' cost for the design portion of non-Federal design and construction work shall be based on actual costs incurred by the Architect-Engineer plus reasonable profit.

c. The amount of credit for which the Non-Federal Sponsors may be eligible

pursuant to this Agreement is not subject to interest charges, nor is it subject to adjustment to reflect changes in price levels between the time the non-Federal design and construction work is completed and the time the credit is afforded.

d. The Government shall not afford credit for, nor include in total project costs, any costs of non-Federal design and construction work paid by the Non-Federal Sponsors using Federal program funds unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

e. Crediting or reimbursement is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a et seq.), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 et seq.) and the Copeland Anti- Kickback Act (formerly 40 U.S.C. 276c)). Crediting or reimbursement may be withheld, in whole or in part, as a result of the Non-Federal Sponsors' failure to comply with its obligations under these laws.

f. Reimbursement by the Government pursuant to this paragraph, together with reimbursements by the Government pursuant to agreements for other projects under the Section 593 Program, is subject to the applicable limitations contained in Section 102 of the Energy and Water Development Appropriations Act, 2000, Public Law 106-60.

E. The Non-Federal Sponsors may request the Government to provide lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas or perform relocations on behalf of the Non-Federal Sponsors. Such requests shall be in writing and shall describe the services requested to be performed. If in its sole discretion the Government elects to perform the requested services or any portion thereof, it shall so notify the Non-Federal Sponsors in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such writing and this Agreement, this Agreement shall control. The Non-Federal Sponsors shall be solely responsible for all costs of the requested services and shall pay all such costs in accordance with Article VI.C. of this Agreement. Notwithstanding the provision of lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas or performance of relocations by the Government, the Non-Federal Sponsors shall be responsible, as between the Government and the Non-Federal Sponsors, for the costs of cleanup and response in accordance with Article XV.C. of this Agreement.

F. The Government shall perform a final accounting in accordance with Article VI.D. of this Agreement to determine the contributions provided by the Non-Federal Sponsors in accordance with paragraphs B., D., and E. of this Article and Articles V, X, and XV.A. of this Agreement and to determine whether the Non-Federal Sponsors have met their obligations under paragraphs B., D., and E. of this Article.

G. The Non-Federal Sponsors shall establish such legal and institutional structures as are necessary to ensure effective long-term operation of the project.

H. The Non-Federal Sponsors and the Government, in consultation with appropriate Federal and State officials, shall develop a facilities or resource protection and development plan, including appropriate engineering plans and specifications.

I. The Non-Federal Sponsors shall not use Federal program funds to meet the Non-Federal Sponsors' share of total project costs under this Agreement unless the Federal agency providing the

Federal program funds verifies in writing that the expenditure of such funds is expressly authorized by statute.

ARTICLE III - LANDS, RELOCATIONS, DISPOSAL AREAS, AND PUBLIC LAW 91-646 COMPLIANCE

A. The Government, after consultation with the Non-Federal Sponsors, shall determine the lands, easements, and rights-of-way required for the construction, operation, and maintenance of the Project, including those required for relocations, borrow materials, and dredged or excavated material disposal. The Government in a timely manner shall provide the Non-Federal Sponsors with general written descriptions, including maps as appropriate, of the lands, easements, and rights-of-way that the Government determines the Non-Federal Sponsors must provide, in detail sufficient to enable the Non-Federal Sponsors to fulfill their obligations under this paragraph, and shall provide the Non-Federal Sponsors with a written notice to proceed with acquisition of such lands, easements, and rights-of-way. Prior to the end of the period of construction, the Non-Federal Sponsors shall acquire all lands, easements, and rights-of-way set forth in such descriptions. Furthermore, prior to issuance of the solicitation for each construction contract, the Non-Federal Sponsors shall provide the Government with authorization for entry to all lands, easements, and rights-of-way the Government determines the Non-Federal Sponsors must provide for that contract. For so long as the Project remains authorized, the Non-Federal Sponsors shall ensure that lands, easements, and rights-of-way that the Government determines to be required for the operation and maintenance of the Project and that were provided by the Non-Federal Sponsors are retained in public ownership for uses compatible with the authorized purposes of the Project.

B. The Government, after consultation with the Non-Federal Sponsors, shall determine the improvements required on lands, easements, and rights-of-way to enable the proper disposal of dredged or excavated material associated with the construction, operation, and maintenance of the Project. Such improvements may include, but are not necessarily limited to, retaining dikes, waste weirs, bulkheads, embankments, monitoring features, stilling basins, and de-watering pumps and pipes. The Government in a timely manner shall provide the Non-Federal Sponsors with general written descriptions of such improvements in detail sufficient to enable the Non-Federal Sponsors to fulfill its obligations under this paragraph, and shall provide the Non-Federal Sponsors with a written notice to proceed with construction of such improvements. Prior to the end of the period of construction, the Non-Federal Sponsors shall provide all improvements set forth in such descriptions. Furthermore, prior to issuance of the solicitation for each Government construction contract, the Non-Federal Sponsors shall prepare or ensure the preparation of plans and specifications for all improvements the Government determines to be required for the proper disposal of dredged or excavated material under that contract, submit such plans and specifications to the Government for approval, and provide such improvements in accordance with the approved plans and specifications.

C. The Government, after consultation with the Non-Federal Sponsors, shall determine the relocations necessary for construction, operation, and maintenance of the Project, including those necessary to enable the removal of borrow materials and the proper disposal of dredged or excavated material. The Government in a timely manner shall provide the Non-Federal Sponsors with general written descriptions, including maps as appropriate, of such relocations in detail sufficient to enable the Non-Federal Sponsors to fulfill their obligations under this paragraph, and shall provide the Non-Federal Sponsors with a written notice to proceed with such relocations. In accordance with the construction schedule, the Non-Federal Sponsors shall perform or ensure the performance of all relocations as set forth in such descriptions. Furthermore, prior to issuance of the solicitation for each Government construction contract, the Non-Federal Sponsors shall prepare or ensure the preparation of plans and specifications for, and perform or ensure the performance of, all relocations the Government determines

to be necessary for that contract.

D. The Non-Federal Sponsors in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the value of any contribution provided during the period of construction pursuant to paragraphs A., B. or C. of this Article. Upon receipt of such documents the Government, in accordance with Article IV of this Agreement and in a timely manner, shall determine the value of such contribution, include such value in total project costs, and afford credit for such value toward the Non-Federal Sponsors' share of total project costs.

E. The Non-Federal Sponsors shall comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 C.F.R. Part 24, in acquiring lands, easements, and rights-of-way required for the construction, operation, and maintenance of the Project, including those necessary for relocations, borrow materials, and dredged or excavated material disposal, and shall inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - CREDIT FOR VALUE OF LANDS, RELOCATIONS, AND DISPOSAL AREAS

A. To the extent that the value is included in total project costs pursuant to Article I.B. of this Agreement, the Non-Federal Sponsors shall receive credit toward their share of total project costs for the value of the lands, easements, and rights-of-way, and suitable borrow and dredged or excavated material disposal areas that the Non-Federal Sponsors must provide for construction, operation, and maintenance of the Project pursuant to Article III of this Agreement, and for the value of the relocations that the Non-Federal Sponsors must perform or for which it must ensure performance pursuant to Article III of this Agreement. The Non-Federal Sponsors shall also receive credit for the reasonable costs incurred by the Non-Federal Sponsors that are associated with obtaining permits pursuant to Article II.D.1. of this Agreement that are necessary for the construction, operation, or maintenance of the Project on publicly owned or controlled lands. The credit to be afforded the Non-Federal Sponsors for such contributions may not exceed 25 percent of total project costs. However, the Non-Federal Sponsors shall not receive credit for the value of any lands, easements, rights-of-way, relocations, or borrow and dredged or excavated material disposal areas that have been provided previously as an item of cooperation for another Federal project. The Non-Federal Sponsors also shall not receive credit for the value of lands, easements, rights-of-way, relocations, or borrow and dredged or excavated material disposal areas to the extent that such items are provided using Federal program funds unless the Federal granting agency verifies in writing that such credit is expressly authorized by statute.

B. For the sole purpose of affording credit in accordance with this Agreement, the value of lands, easements, and rights-of-way, including those necessary for relocations, borrow materials and dredged or excavated material disposal, shall be the fair market value of the real property interests, plus certain incidental costs of acquiring those interests, as determined in accordance with the provisions of this paragraph.

1. Date of Valuation. The fair market value of lands, easements, or rights-of-way owned by a Non-Federal Sponsor on the effective date of this Agreement shall be the fair market value of such real property interests as of the date the Non-Federal Sponsors provide the Government with authorization for entry thereto. The fair market value of lands, easements, or rights-of-way acquired by the Non-Federal Sponsors after the effective date of this Agreement shall be the fair market value of such real property interests at the time the interests are acquired.

2. General Valuation Procedure. Except as provided in paragraph B.3. of this Article, the fair market value of lands, easements, or rights-of-way shall be determined in accordance with paragraph B.2.a. of this Article, unless thereafter a different amount is determined to represent fair market value in accordance with paragraph B.2.b. of this Article.

a. The Non-Federal Sponsors shall obtain, for each real property interest, an appraisal that is prepared by a qualified appraiser who is acceptable to the Non-Federal Sponsors and the Government. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government. The fair market value shall be the amount set forth in the Non-Federal Sponsors' appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsors' appraisal, the Non-Federal Sponsors may obtain a second appraisal, and the fair market value shall be the amount set forth in the Non-Federal Sponsors' second appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsors' second appraisal, or the Non-Federal Sponsors choose not to obtain a second appraisal, the Government shall obtain an appraisal, and the fair market value shall be the amount set forth in the Government's appraisal, if such appraisal is approved by the Non-Federal Sponsors. In the event the Non-Federal Sponsors do not approve the Government's appraisal, the Government, after consultation with the Non-Federal Sponsors, shall consider the Government's and the Non-Federal Sponsors' appraisals and determine an amount based thereon, which shall be deemed to be the fair market value.

b. Where the amount paid or proposed to be paid by the Non-Federal Sponsors for the real property interest exceeds the amount determined pursuant to paragraph B.2.a. of this Article, the Government, at the request of the Non-Federal Sponsors, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsors, may approve in writing an amount greater than the amount determined pursuant to paragraph B.2.a. of this Article, but not to exceed the amount actually paid or proposed to be paid. If the Government approves such an amount, the fair market value shall be the lesser of the approved amount or the amount paid by the Non-Federal Sponsors, but no less than the amount determined pursuant to paragraph B.2.a. of this Article.

3. Eminent Domain Valuation Procedure. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted after the effective date of this Agreement, the Non-Federal Sponsors shall, prior to instituting such proceedings, submit to the Government notification in writing of their intent to institute such proceedings and an appraisal of the specific real property interests to be acquired in such proceedings. The Government shall have 60 days after receipt of such a notice and appraisal within which to review the appraisal, if not previously approved by the Government in writing.

a. If the Government previously has approved the appraisal in writing, or if the Government provides written approval of, or takes no action on, the appraisal within such 60-day period, the Non-Federal Sponsors shall use the amount set forth in such appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

b. If the Government provides written disapproval of the appraisal, including the reasons for disapproval, within such 60-day period, the Government and the Non-Federal Sponsors shall consult in good faith to promptly resolve the issues or areas of disagreement that are identified in the Government's written disapproval. If, after such good faith consultation, the Government and the Non-Federal Sponsors agree as to an appropriate amount, then the Non-Federal Sponsors shall use that amount as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If, after such good faith consultation, the Government and the Non-Federal Sponsors cannot agree as to an appropriate amount, then the Non-Federal Sponsors may use the amount set forth in its

appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

c. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted in accordance with sub-paragraph B.3. of this Article, fair market value shall be either the amount of the court award for the real property interests taken, to the extent the Government determined such interests are required for the construction, operation, and maintenance of the Project, or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

4. Incidental Costs. For lands, easements, or rights-of-way acquired by the Non-Federal Sponsors within a five-year period preceding the effective date of this Agreement, or at any time after the effective date of this Agreement, the value of the interest shall include the documented incidental costs of acquiring the interest, as determined by the Government, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Such incidental costs shall include, but not necessarily be limited to, closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, and mapping costs, as well as the actual amounts expended for payment of any relocation assistance benefits provided in accordance with Article III.E. of this Agreement.

C. After consultation with the Non-Federal Sponsors, the Government shall determine the value of relocations in accordance with the provisions of this paragraph.

1. For a relocation other than a highway, the value shall be only that portion of relocation costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and by the salvage value of any removed items.

2. For a relocation of a highway, the value shall be only that portion of relocation costs that would be necessary to accomplish the relocation in accordance with the design standard that the State of New Mexico would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

3. Relocation costs shall include, but not necessarily be limited to, actual costs of performing the relocation; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with performance of the relocation, but shall not include any costs due to betterments, as determined by the Government, nor any additional cost of using new material when suitable used material is available. Relocation costs shall be subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

4. Inclusion of the value of relocations in total project costs is subject to satisfactory compliance with applicable federal labor laws covering non-Federal construction, including, but not limited to 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 726c)). Crediting may be withheld, in whole or in part, as a result of the non-Federal Sponsors' failure to comply with its obligations under these laws.

D. The value of the improvements made to lands, easements, and rights-of-way for the proper disposal of dredged or excavated material shall be the costs of the improvements, as determined by the Government, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Such costs shall include, but not necessarily be limited to, actual costs of providing the improvements; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with providing the improvements, but shall not include any costs due to betterments, as determined by the Government.

E. Any credit to be afforded by the Government to the Non-Federal Sponsors for costs incurred by the Non-Federal Sponsors pursuant to Article II.D.1. of this Agreement that are associated with obtaining permits necessary for the construction, operation, and maintenance of the Project on publicly owned or controlled lands shall be subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

ARTICLE V - PROJECT COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsors and the Government, not later than 30 days after the effective date of this Agreement, shall appoint named senior representatives to a Project Coordination Team. Thereafter, the Project Coordination Team shall meet regularly until the end of the period of design and construction. The Government's Project Manager and a counterpart named by the Non-Federal Sponsors shall co-chair the Project Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsors' counterpart shall keep the Project Coordination Team informed of the progress of the design and construction and of significant pending issues and actions, and shall seek the views of the Project Coordination Team on matters that the Project Coordination Team generally oversees.

C. Until the end of the period of design and construction, the Project Coordination Team shall generally oversee the Project, including issues related to design; completion of all necessary NEPA coordination; development of plans and specifications; scheduling; real property and relocation requirements; real property acquisition; contract awards and modifications; contract costs; the application of and compliance with the 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 726c)) for relocations; the Government's cost projections; final inspection of the construction or functional portions of the Project; preparation of the proposed OMRR&R Manual; anticipated requirements and needed capabilities for performance of operation, maintenance, repair, replacement, and rehabilitation of the Project; and other related matters. This oversight shall be consistent with a project management plan developed by the Government after consultation with the Non-Federal Sponsors.

D. Except for the non-Federal design and construction work, the Project Coordination Team may make recommendations to the District Engineer on matters related to the Project that the Project Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Government in good faith shall consider the recommendations of the Project Coordination Team. The Government, having the legal authority and responsibility for design and construction of the Project except for the non-Federal design and construction work, has the discretion to accept or reject, in whole or in part, the Project Coordination Team's recommendations. Further, the Project Coordination Team may make recommendations to the Non-Federal Sponsors on matters related to the non-Federal design and construction work that the Project Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Non-Federal Sponsors in good faith shall consider the recommendations of the Project Coordination Team. The Non-Federal Sponsors, having the legal authority and responsibility for design and construction of the non-Federal design and construction work, have the discretion to accept or reject, in whole or in part, the Project Coordination Team's recommendations except as related to compliance with applicable Federal, State, or local laws or regulations as otherwise provided in this Agreement.

E. The Non-Federal Sponsors' costs of participation in the Project Coordination Team shall be included in total project costs and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government's costs of participation in the Project Coordination Team shall be included in total project costs and shared in accordance with the provisions of this Agreement.

ARTICLE VI - METHOD OF PAYMENT

A. The Government shall maintain current records of contributions provided by the parties and current projections of total project costs and costs due to betterments. By June 30 of 2004 and at least quarterly thereafter, the Government shall provide the Non-Federal Sponsors with a report setting forth all contributions provided to date and the current projections of total project costs, of total costs due to betterments, of the components of total project costs, of each party's share of total project costs, of the credit to be afforded for the value of lands, easements, rights-of-way, relocations, and permit costs in accordance with Article IV of this Agreement, of the credit to be afforded for non-Federal design and construction work, of the Non-Federal Sponsors' total cash contributions required in accordance with Articles II.B., II.D., II.E., and XVIII.D. of this Agreement, of the non-Federal proportionate share of financial obligations, and of the funds the Government projects to be required from the Non-Federal Sponsor for the upcoming fiscal year. On the effective date of this Agreement, total project costs are projected to be \$8,160,000, and the Non-Federal Sponsors' cash contribution required under Article II.D. of this Agreement is projected to be \$1,580,000. Such amounts are estimates subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsors.

B. The Non-Federal Sponsors shall provide the cash contribution required under Article II.D.2. and XVIII.D. of this Agreement in accordance with the provisions of this paragraph.

1. Not less than 30 calendar days prior to the scheduled date for either issuance of the solicitation for the first contract for design of the Project or commencement of design of the Project using the Government's own forces, the Government shall notify the Non-Federal Sponsors in writing of such scheduled date and the funds the Government, after consideration of any credit to be afforded pursuant to Article II.D.4. of this Agreement, determines to be required from the Non-Federal Sponsors to meet: (a) the non-Federal proportionate share of financial obligations incurred prior to the commencement of the period of design and construction; (b) the projected non-Federal proportionate share of financial obligations through the first fiscal year; and (c) the Non-Federal Sponsors' share of the projected financial obligations for archeological data recovery activities pursuant to Article XVIII.D. of this Agreement through the first fiscal year. Not later than such scheduled date, the Non-Federal Sponsors shall provide the Government with the full amount of the required funds by delivering a check payable to "FAO, USAED, ALBUQUERQUE DISTRICT" to the District Engineer, or verifying to the satisfaction of the Government that the Non-Federal Sponsors have deposited the required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsors, or by presenting the Government with an irrevocable letter of credit acceptable to the Government for the required funds, or by providing an Electronic Funds Transfer of the required funds in accordance with procedures established by the Government.

2. Thereafter, until the construction of the Project is complete, the Government shall notify the Non-Federal Sponsors in writing, no later than 60 calendar days prior to the beginning of each fiscal year in which the Government projects that it will make financial obligations for design and construction of the Project, of the funds the Government, after consideration of any credit to be afforded pursuant to Article II.D.4. of this Agreement, determines to be required from the Non-Federal Sponsors to

meet: (a) the non-Federal proportionate share of financial obligations incurred prior to the commencement of the period of design and construction; (b) the projected non-Federal proportionate share of financial obligations for that fiscal year; and (c) the Non-Federal Sponsors' share of the projected financial obligations for archeological data recovery activities pursuant to Article XVIII.D. of this Agreement for that fiscal year. No later than 30 calendar days prior to the beginning of that fiscal year, the Non-Federal Sponsors shall make the full amount of the required funds for that fiscal year available to the Government through any of the payment mechanisms specified in paragraph B.1. of this Article.

3. The Government shall draw from the funds provided by the Non-Federal Sponsors such sums as the Government deems necessary to cover: (a) the non-Federal proportionate share of financial obligations incurred prior to the commencement of the period of design and construction; (b) the non-Federal proportionate share of financial obligations as financial obligations for design and construction are incurred; and (c) the Non-Federal Sponsors' share of financial obligations for archeological data recovery activities pursuant to Article XVIII.D. of this Agreement as those financial obligations are incurred. If at any time the Government determines that additional funds will be needed from the Non-Federal Sponsors to cover the Non-Federal Sponsors' share of such financial obligations in the current fiscal year, the Government shall notify the Non-Federal Sponsors in writing of the additional funds required and provide an explanation of why additional funds are required. Within 60 calendar days from receipt of such notice, the Non-Federal Sponsors shall provide the Government with the full amount of the additional required funds through any of the payment mechanisms specified in paragraph B.1. of this Article.

C. In advance of the Government incurring any financial obligation associated with additional work under Article II.B. or II.E. of this Agreement, the Non-Federal Sponsors shall provide the Government with the full amount of the funds required to pay for such additional work through any of the payment mechanisms specified in paragraph B.1. of this Article. The Government shall draw from the funds provided by the Non-Federal Sponsors such sums as the Government deems necessary to cover the Government's financial obligations for such additional work as they are incurred. In the event the Government determines that the Non-Federal Sponsors must provide additional funds to meet its cash contribution, the Government shall notify the Non-Federal Sponsors in writing of the additional funds required. Within 30 calendar days thereafter, the Non-Federal Sponsors shall provide the Government with the full amount of the additional required funds through any of the payment mechanisms specified in paragraph B.1. of this Article.

D. Upon completion of the project or termination of this Agreement, and upon resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsors with the results of the final accounting. The final accounting shall determine total project costs, each party's contribution provided thereto, and each party's required share thereof. The final accounting also shall determine costs due to betterments and the Non-Federal Sponsors' cash contribution provided pursuant to Article II.B. of this Agreement.

1. In the event the final accounting shows that the total contribution provided by the Non-Federal Sponsors is less than its required share of total project costs plus: (a) costs due to any betterments provided in accordance with Article II.B. of this Agreement, and (b) costs due to any archeological data recovery activities provided in accordance with Article XVIII.D. of this Agreement, the Non-Federal Sponsors shall, no later than 90 calendar days after receipt of written notice, make a cash payment to the Government of whatever sum is required to meet the Non-Federal Sponsors' required share of total project costs plus: (a) costs due to any betterments provided in accordance with Article II.B. of this Agreement, and (b) costs due to any archeological data recovery activities provided in accordance with Article XVIII.D. of this Agreement, by delivering a check payable to "FAO, USAED, Albuquerque District" to the District Engineer or providing and Electric Funds Transfer in accordance with procedures

established by the Government.

2. In the event the final accounting shows that the total contribution provided by the Non-Federal Sponsors exceeds its required share of total project costs plus: (a) costs due to any betterments provided in accordance with Article II.B. of this Agreement, and (b) costs due to any archeological data recovery activities provided in accordance with Article XVIII.D. of this Agreement, the Government shall, subject to the availability of funds, refund the excess to the Non-Federal Sponsors no later than 90 calendar days after the final accounting is complete. In the event existing funds are not available to refund the excess to the Non-Federal Sponsors, the Government shall seek such appropriations as are necessary to make the refund.

ARTICLE VII - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. The parties shall each pay 50 percent of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VIII – OPERATION, MAINTENANCE, REPAIR, REHABILITATION, AND REPLACEMENT (OMRR&R)

Upon notification in accordance with Article II.C. of this Agreement and for so long as the Project remains authorized, the Non-Federal Sponsors, shall operate, maintain, repair, replace, and rehabilitate the entire Project or the functional portion of the Project, at no cost to the Government, in a manner compatible with the Project's authorized purposes and in accordance with applicable Federal and State laws as provided in Article XI of this Agreement and specific directions prescribed by the Government in the OMRR&R Manual and any subsequent amendments thereto.

ARTICLE IX - INDEMNIFICATION

The Non-Federal Sponsors shall hold and save the Government free from all damages arising from the design, construction, operation, and maintenance of the Project and any Project-related betterments, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE X - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsors shall develop procedures for keeping books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsors shall maintain such books, records, documents, and other evidence in accordance with these procedures and for a minimum of three years after the period of construction and resolution of all relevant claims arising

therefrom. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsors shall each allow the other to inspect such books, documents, records, and other evidence.

B. Pursuant to 32 C.F.R. Section 33.26, the Non-Federal Sponsors are responsible for complying with the Single Audit Act Amendments of 1996, 31 U.S.C. Sections 7501-7507, as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsors and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsors and independent auditors any information necessary to enable an audit of the Non-Federal Sponsors' activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the Project shall be included in total project costs and cost shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. Section 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsors are required to conduct under the Single Audit Act Amendments of 1996. Any such Government audits shall be conducted in accordance with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in total project costs and cost shared in accordance with the provisions of this Agreement.

ARTICLE XI - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsors and the Government agree to comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant thereto, Army Regulations 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army"; and all applicable federal labor standard requirements including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C 327 *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 726c)).

ARTICLE XII - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsors all act in an independent capacity, and none are to be considered the officer, agent, or employee of the any of the other.

B. In the exercise of its rights and obligations under this Agreement, no party shall provide, without the consent of the other parties, any contractor with a release that waives or purports to waive any rights such other party may have to seek relief or redress against such contractor either pursuant to any cause of action that such other party may have or for violation of any law.

ARTICLE XIII - OFFICIALS NOT TO BENEFIT

No member of or delegate to the Congress, nor any resident commissioner or director, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

ARTICLE XIV - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsors fails to fulfill their obligations under Article II.B., II.D., II.E., VI, or XVIII.D. of this Agreement, the District Engineer shall terminate this Agreement or suspend future performance under this Agreement unless he determines that continuation of work on the Project is in the interest of the United States or is necessary in order to satisfy agreements with any other non-Federal interests in connection with the Project.

B. If the Government fails to receive annual appropriations in amounts sufficient to meet Project expenditures for the then-current or upcoming fiscal year, the Government shall so notify the Non-Federal Sponsors in writing, and 60 calendar days thereafter either party may elect without penalty to terminate this Agreement or to suspend future performance under this Agreement. In the event that either party elects to suspend future performance under this Agreement pursuant to this paragraph, such suspension shall remain in effect until such time as the Government receives sufficient appropriations or until either the Government or the Non-Federal Sponsors elects to terminate this Agreement.

C. If after completion of the design phase of the Project the parties mutually agree in writing not to proceed with the construction phase of the Project, the parties shall conclude their activities relating to the Project and conduct an accounting in accordance with Article VI.D. of this Agreement.

D. In the event that either party elects to terminate this Agreement pursuant to this Article or Article XV of this Agreement, both parties shall conclude their activities relating to the Project and proceed to a final accounting in accordance with Article VI.D. of this Agreement.

E. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article XV of this Agreement shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13-week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3-month period if the period of delinquency exceeds 3 months.

ARTICLE XV - HAZARDOUS SUBSTANCES

A. After execution of this Agreement and upon direction by the District Engineer, the Non-Federal Sponsors shall perform, or cause to be performed, any investigations for hazardous substances that the Government or the Non-Federal Sponsors determines to be necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter "CERCLA"), 42 U.S.C. Sections 9601-9675, that may exist in, on, or under lands, easements, and rights-of-way that the Government determines, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project. However, for lands that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the District Engineer provides the Non-Federal Sponsors with prior specific written direction, in which case the Non-Federal Sponsors shall perform such

investigations in accordance with such written direction. All actual costs incurred by the Non-Federal Sponsor for such investigations for hazardous substances shall be included in total project costs and cost shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

B. In the event it is discovered through any investigation for hazardous substances or other means that hazardous substances regulated under CERCLA exist in, on, or under any lands, easements, or rights-of-way that the Government determines, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project, the Non-Federal Sponsors and the Government shall provide prompt written notice to each other, and the Non-Federal Sponsors shall not proceed with the acquisition of the real property interests until both parties agree that the Non-Federal Sponsor should proceed.

C. The Government and the Non-Federal Sponsors shall determine whether to initiate construction of the Project, or, if already in construction, whether to continue with work on the Project, suspend future performance under this Agreement, or terminate this Agreement for the convenience of the Government, in any case where hazardous substances regulated under CERCLA are found to exist in, on, or under any lands, easements, or rights-of-way that the Government determines, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project. Should the Government and the Non-Federal Sponsors determine to initiate construction or continue with construction after considering any liability that may arise under CERCLA, the Non-Federal Sponsors shall be responsible, as between the Government and the Non-Federal Sponsors, for the costs of clean-up and response, to include the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall not be considered a part of total project costs. In the event the Non-Federal Sponsors fails to provide any funds necessary to pay for clean up and response costs or to otherwise discharge the Non-Federal Sponsors' responsibilities under this paragraph upon direction by the Government, the Government may, in its sole discretion, either terminate this Agreement for the convenience of the Government, suspend future performance under this Agreement, or continue work on the Project.

D. The Non-Federal Sponsors and the Government shall consult with each other in accordance with Article V of this Agreement in an effort to ensure that responsible parties bear any necessary clean up and response costs as defined in CERCLA. Any decision made pursuant to paragraph C. of this Article shall not relieve any third party from any liability that may arise under CERCLA.

E. As between the Government and the Non-Federal Sponsors, the Non-Federal Sponsors shall be considered the operator of the Project for purposes of CERCLA liability. To the maximum extent practicable, the Non-Federal Sponsors shall operate, maintain, repair, replace, and rehabilitate the Project in a manner that will not cause liability to arise under CERCLA.

ARTICLE XVI - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and either delivered personally or by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsors:

County Manager
County of Bernalillo
2400 Broadway, SE
Albuquerque, New Mexico 87102

And

Executive Engineer
AMAFCA
2600 Prospect N.E.
Albuquerque, New Mexico 87107

If to the Government:

District Engineer
US Army Corps of Engineers
4101 Jefferson Plaza Northeast
Albuquerque, New Mexico 87109-3435

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XVII - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XVIII - HISTORIC PRESERVATION

A. The Government, as it determines necessary for the Project except for the non-Federal design and construction work, shall perform any identification, survey, or evaluation of historic properties. Any costs of identification, survey, and evaluation of historic properties incurred by the Government shall be included in total project costs and shared in accordance with the provisions of this Agreement.

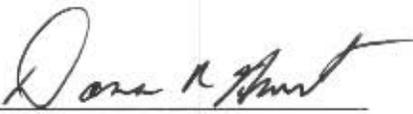
B. The Non-Federal Sponsor, as it determines necessary for the non-Federal design and construction work, shall perform any identification, survey, or evaluation of historic properties. Any costs of identification, survey, and evaluation of historic properties incurred by the Non-Federal Sponsor shall be included in total project costs and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

C. As specified in Section 7(a) of Public Law 93-291 (16 U.S.C. Section 469c(a)), the costs of data recovery activities associated with historic preservation shall be borne entirely by the Government and shall not be included in total project costs, up to the statutory limit of one percent of total project costs for the Project.

D. The Government shall not incur costs for archeological data recovery that exceed the statutory one percent limit specified in paragraph C. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived (and the Secretary of the Interior has concurred in the waiver) that limit in accordance with Section 208(3) of Public Law 96-515 (16 U.S.C. Section 469c-2(3)). Any costs of archeological data recovery that exceed the one percent limit shall not be included in total project costs, but shall be cost shared between the Non-Federal Sponsors and the Government consistent with the minimum non-Federal cost sharing requirements for the Project as follows: 25 percent borne by the Non-Federal Sponsors, and 75 percent borne by the Government.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Engineer.

THE DEPARTMENT OF THE ARMY THE COUNTY OF BERNALILLO NEW MEXICO

BY: 
DANA R. HURST
Lieutenant Colonel, EN
District Engineer

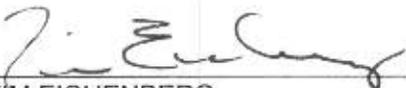
BY: 
THADDEUS LUCERO
Bernalillo County Manager

*A.D.E.
6/1/04*

DATE: 6/4/04

DATE: 6/2/04

THE ALBUQUERQUE METROPOLITAN ARROYO
FLOOD CONTROL AUTHORITY

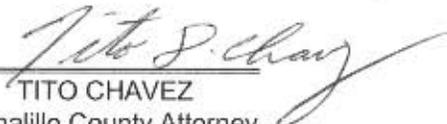
By: 
TIM EICHENBERG
President and Chairman
Board of Directors

DATE: 5-27-04

CERTIFICATE OF AUTHORITY

I, Tito Chavez, do hereby certify that I am the principal legal officer of the County of Bernalillo, New Mexico, that the County of Bernalillo is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army, the County of Bernalillo, New Mexico and the Albuquerque Metropolitan Arroyo Flood Control Authority in connection with the Black Mesa Drainage Project and to pay damages in accordance with the terms of this Agreement, if necessary, in the event of the failure to perform, as required by Section 221 of Public Law 91-611 (42 U.S.C. Section 1962d-5b), and that the persons who have executed this Agreement on behalf of the Bernalillo County have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 1st day of June 2004.



TITO CHAVEZ
Bernalillo County Attorney

CERTIFICATE OF AUTHORITY

I, Sam Bregman, do hereby certify that I am the principal legal officer of the Albuquerque Metropolitan Arroyo Flood Control Authority, that the Albuquerque Metropolitan Arroyo Flood Control Authority is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army, the County of Bernalillo, New Mexico and the Albuquerque Metropolitan Arroyo Flood Control Authority in connection with the Black Mesa Drainage Project and to pay damages in accordance with the terms of this Agreement, if necessary, in the event of the failure to perform, as required by Section 221 of Public Law 91-611 (42 U.S.C. Section 1962d-5b), and that the persons who have executed this Agreement on behalf of the Bernalillo County have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 27th day of May 2004.



SAM BREGMAN

Attorney for the Albuquerque Metropolitan Arroyo
Flood Control Authority Attorney

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



THADDEUS LUCERO
Bernalillo County Manager

DATE: 6/2/04

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



TIM EICHENBERG

President and Chairman

Board of Directors

The Albuquerque Metropolitan Arroyo
Flood Control Authority

DATE: 5-27-04