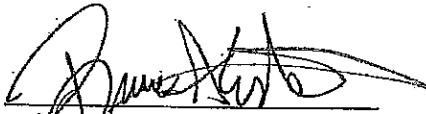


AMENDEMENT NUMBER 1 TO
PROJECT COOPERATION AGREEMENT
BETWEEN
THE DEPARTMENT OF ARMY AND
CITY OF ALAMOGORDO, NEW MEXICO
FOR CONSTRUCTION OF THE
ALAMOGORDO, NEW MEXICO PROJECT

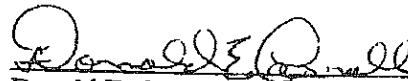
Pursuant to Article II A.3. of the Project Cooperation Agreement signed 9 July 1999, the U.S. Army Corps of Engineers and the City of Alamogordo agree to change the construction cost from \$55,200,000 to \$72,000,000. This amendment is entered into this 14 day of December, 2007. All other provisions in the Project Cooperation Agreement still apply.

DEPARTMENT OF THE ARMY



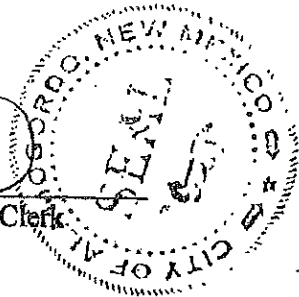
E.A. Estok
Lieutenant Colonel, U.S. Army
District Commander

CITY OF ALAMOGORDO



Donald E. Carroll
Mayor, Alamogordo
New Mexico

ATTEST:


Renee L. Cantin, City Clerk

APPROVED AS TO FORM:

William H. Brogan, City Attorney

1. Proposed Increase in Total Project Cost from \$55,200,000 (1996 cost estimate) to \$72,000,000 (2007 cost estimate with sunk costs) .

Project Cooperation Agreement Article II – Obligations of the Government and the Non-Federal Sponsor A.3 (See PCA language)

2. The increase in the total project cost is due to increase in fuel, concrete and steel costs (increase almost 100%), changes in design requirements, inflation and damages to constructed structures due to flooding events.

3. Non-Federal share increase \$3,400,000

4. Project duration extended from 2011 to 2014

PROJECTED FUNDING STREAM FOR ALAMOGORDO, NEW MEXICO PROJECT (August 2007; for planning purposes only)

Project (Total Cost)	Cost Sharing	In Fy08 \$4.2 m	Total Sunk Costs (thru 08)	Thru FY08	FY09	FY10	FY11	FY12	FY13	RMNG
South \$28,000,000	F N	19300 8700	28000	19300 8700	0 0	0 0	0 0	0 0	0 0	0 0
McKinley \$12,000,000	F N	9000 3000	0	0 0	3300 1100	3300 1100	2400 800	0 0	0 0	0 0
North \$9,000,000	F N	7000 2000	0	0 0	0 0	0 0	900 300	3300 1100	2000 600	800 0
E&D \$13,000,000	F N	12500 500	10226	10145 81	500 70	500 70	500 70	500 70	300 120	55 19
S&A \$4,000,000	F N	4000 0	2168	400 0	400 0	400 0	400 0	400 0	200 0	32 0
Contingency \$3,000,000	F N	2200 800	0	0 0	0 0	0 0	0 0	0 0	1700 450	500 350
Real Estate \$2,400,000	F N	0 2400	1200	0 1200	0 300	0 300	0 300	0 300	0 0	0 0
Relocations \$600,000	F N	0 600	300	0 300	0 100	0 100	0 100	0 0	0 0	0 0
Total \$72,000,000	F N	54,000 18,000		31613 10281	4200 1570	4200 1570	4200 1570	4200 1470	4200 1170	1387 369
Total Non-Federal	C L	15000 3000	8781	8781 1500	1170 400	1170 400	1170 400	1170 300	1170 0	369 0

All numbers not in first column are in 1000s of dollars
 F = Federal; N = Non-Federal, C = Cash, L = Lands, Easements, Rights of Way, Relocations and Damages