

SURETY DEPOSIT AGREEMENT

This Surety Deposit Agreement ("Agreement") is entered into as of August 19, 2008, by and between the County of Santa Barbara, California ("County"), and, the Goleta Water District ("District") as described further below.

RECITALS

WHEREAS, the Santa Barbara County Sheriff's Department is constructing a new facility for the Isla Vista Foot Patrol at 6504 Trigo Road; and

WHEREAS, the District requires that the County update the main water line on the 6500 block of Trigo Road from a four inch main to an eight inch main (the "project"); and

WHEREAS, the District requires the County to place as a surety for the project a deposit of \$262,500 with the District to ensure completion of the project to District standards and specifications, including satisfactory operation for a one-year period following completion; and

WHEREAS, the County desires to enter into an agreement with the District to ensure the proper treatment and eventual return of the surety deposit;

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants as set forth below, the parties agree as follows:

The County will deposit with the District a sum of \$262,500 as a surety in lieu of a Letter of Credit for the water main project on the 6500 block of Trigo Road near the new Isla Vista Foot Patrol station at 6504 Trigo Road.

Within three days of receipt of the money, the District will invest the money in equal amounts in three separate 90-day Certificates of Deposit with three separate financial institutions as stipulated in California Government Code 53630 that will automatically renew unless the District determines that it may need to incur costs and use the surety deposit to complete the project or the District determines the project is complete, in which case the District will return the applicable portions of the surety deposit to the County including interest earned to date according to the schedule described below, and the remaining Certificates of Deposit will automatically renew.

If the District determines that it may need to incur costs and use the surety deposit to make the project meet the District's standards and specifications, as described in the District's standards and specifications manual, the District will provide reasonable notice to the County, the District will discuss the issues with the County, and the District will provide a reasonable opportunity for the County to resolve the issues prior to incurring costs or using the surety deposit. Following those steps, and as a last resort, if the project does not meet the District's Standards and Specifications and the District must

and does incur costs to make the project meet such Standards and Specifications, the District may use the security deposit to make the project meet such Standards and Specifications. The District may only make a claim to use the surety deposit for work directly related to the project.

Schedule for Return of Surety Deposit

One-Third (1/3rd) of the deposit (\$87,500) plus earned interest on the whole deposit at the Date of Acceptance of the project, or at the date of maturity of the applicable Certificate of Deposit, whichever is later. "Date of Acceptance" is defined as the date the project is deemed complete by the District in respect to its Standards and Specifications. The District agrees to not unreasonably delay the Date of Acceptance and to promptly provide written evidence of the Date of Acceptance to the County.

One-Third (1/3rd) of the deposit (\$87,500) plus earned interest on the remaining deposit at 90 days after the Date of Acceptance, or at the date of maturity of the applicable Certificate of Deposit, whichever is later, so long as the project continues to perform satisfactorily pursuant to District Standards and Specifications as of 90 days after the Date of Acceptance.

One-Third (1/3rd) of the deposit (\$87,500) plus all remaining earned interest at one year after the Date of Acceptance, or at the date of maturity of the applicable Certificate of Deposit, whichever is later, so long as the project continues to perform satisfactorily pursuant to District Standards and Specifications as of one year after the Date of Acceptance. If the project does not perform satisfactorily pursuant to District Standards and Specifications as of that date, the District will return this portion of the deposit when the project performs satisfactorily pursuant to District Standards and Specifications.

If any provision in this Agreement is held invalid, the remaining provisions remain in effect. This Agreement may be executed in any number of counterparts, and all such counterparts shall together constitute one and the same instrument. This Agreement constitutes the entire agreement of the parties hereto in conjunction with the matters considered herein, and supersedes any previous agreement or understandings. It may not be modified except in writing executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of August 19, 2008.

**ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD**

COUNTY OF SANTA BARBARA

By: SALUD CARBAJAL

**By: _____
Deputy**

**_____
Chair, Board of Supervisors**

Date: _____

**APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL**

**APPROVED AS TO ACCOUNTING FORM:
ROBERT W GEIS, CPA
AUDITOR-CONTROLLER**

**By: _____
Deputy County Counsel**

**By: _____
Deputy**

GOLETA WATER DISTRICT

By: _____

Title: Administrative Manager / CFO

Date: August 14, 2008