

**PRE-ANNEXATION AGREEMENT REGARDING PROPOSED UNDERGROUND
UTILITY DISTRICT AND POSSIBLE ROAD IMPROVEMENTS IN THE
SOUTH LAKEPORT AREA OF THE COUNTY OF LAKE**

This Agreement is made and entered into this 17th day of April, 2001 by and between the County of Lake (hereinafter referred to as "County") and the City of Lakeport (hereinafter referred to as "City").

RECITALS

WHEREAS, County has initiated the formation of an underground utility district for South Main Street-Soda Bay Road in the unincorporated area south of the present city limits of City; and

WHEREAS, should said district be formed and the utilities undergrounded, County may, if funding is available, construct road improvements in said area contemporaneous with the undergrounding of the utilities; and

WHEREAS, said area is within the sphere of influence of City and City has previously indicated the possible annexation of all or a portion of said area in the future; and

WHEREAS, County, prior to taking final action to form said district and to plan future road improvements, desires that City agree to negotiate a future agreement for sharing in the costs of said project, to include any possible road improvements, or the sharing of future tax revenues similar to the February 18, 1997 Agreement between County and City for Revenue Redistribution should City annex all or portion of said area within a certain timeframe set forth below; and

WHEREAS, County and City desire to set forth hereinbelow their Agreement in this regard.

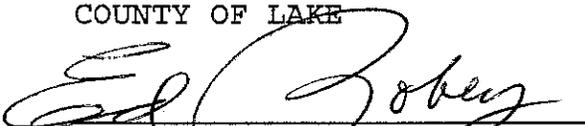
NOW, THEREFORE, based upon the foregoing recitals, the parties hereto agree as follows:

1. In the event City files an application to annex any portion of the above-referenced area along South Main Street-Soda Bay Road adjacent to its present southerly boundary within six (6) years of the date of this Agreement, City agrees to enter into negotiations with County and after conducting good faith negotiations, enter into an agreement with County for sharing the costs and expenses of any undergrounding of utilities and road improvements that have been or will be constructed in said area by County, said sharing to be through either a partial reimbursement of said costs and expenses from appropriate funding sources or an agreement for future tax revenue sharing after any such annexation, said sharing to be on a reasonably apportioned basis depending upon the date of annexation and the date of this Agreement similar to the February 18, 1997 Agreement between County and City for Revenue Redistribution.

2. In the event that County and City are unable to reach an agreement as required in Paragraph 1 above after a reasonable period of good faith negotiations, both parties agree to submit the matter to mediation in an effort to resolve remaining disputes over the terms of said Agreement.
3. In the event City files an application for such annexation during the time period set forth above, City agrees that LAFCO may impose as a condition of said annexation the consummation of the Agreement set forth in paragraph 1 above.
4. County agrees that no significant road repairs and/or improvements, i.e. paving, curb and gutter, sidewalk, and the installation of turn lanes will be made by County within the unincorporated area of South Main Street-Soda Bay Road until the completion of each phase of the utility under-grounding project, contingent upon the availability of Rule 20A funding.
5. This Agreement shall continue in full force and effect until the parties hereto have performed their obligations hereunder.
6. This Agreement may only be modified by a written amendment hereto, executed by both parties.
7. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.
8. This Agreement shall be governed by the laws of the State of California. It constitutes the entire Agreement between the parties regarding its subject matter. This Agreement supercedes all proposals, oral and written, and all negotiations, conversations or discussions heretofore and between the parties related to the subject matter of this Agreement.

COUNTY OF LAKE

CITY OF LAKEPORT


 CHAIR, Board of Supervisors

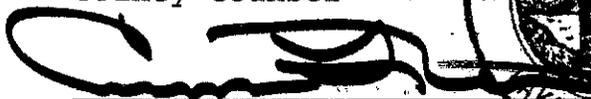

 MAYOR, Robert Rumfelt

APPROVED AS TO FORM:

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CAMERON L. REEVES
 County Counsel

STEVEN J. BROOKES
 City Attorney

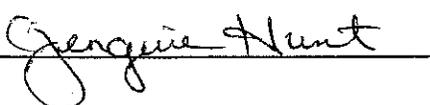






ATTEST: KELLY F. COX
 Clerk of the Board
 of Supervisors

ATTEST: City Clerk, Deputy

By: 

By: 