

FEE COLLECTION AND DISBURSEMENT AGREEMENT

This FEE COLLECTION AND DISBURSEMENT AGREEMENT (this "Agreement"), dated as of June 1, 2005, by and among the WEST BAY SANITARY DISTRICT ("West Bay"), a California Sanitation District; SAN MATEO COUNTY, a political subdivision of the State of California ("County"); and the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY ("CSCDA");

WITNESSETH:

WHEREAS, in connection with the extension of sanitary sewer services to certain owners of real property (each a "Property Owner") within the jurisdiction of West Bay, West Bay is entitled to receive from such property owners connection fees known as the "Los Trancos Woods Connection Fee" (the "Fees");

WHEREAS, the Fees are eligible for financing through CSCDA's Statewide Community Infrastructure Program ("SCIP"), in which the County is a participant;

WHEREAS, in order to allow the Fees to be financed through SCIP, West Bay has requested that CSCDA collect and fund the Fees from (i) the proceeds of bonds (the "Bonds") issued through SCIP to finance assessment liens levied on the property of such Property Owners and/or (ii) from prepayments of such assessment liens made by the Property Owners directly to CSCDA;

WHEREAS, CSCDA has established for West Bay an account with CSCDA held by Wells Fargo Bank, National Association, as trustee (the "SCIP Trustee") and administered by Bond Logistix LLC (the "SCIP Program Administrator") in which certain amounts collected by CSCDA on behalf of West Bay in connection with SCIP are to be held (the "West Bay SCIP Account");

WHEREAS, in accordance with West Bay's request, and in order to allow the Fees to be financed through SCIP, CSCDA has determined to collect and fund the Fees on West Bay's behalf and to remit the portion of the Fees financed with proceeds of the Bonds to the West Bay SCIP Account, and to make or cause to be made disbursements from such subaccount in accordance with properly executed requisitions of West Bay in the form attached as Exhibit A hereto;

NOW, THEREFORE, THE PARTIES HERETO MUTUALLY AGREE AS FOLLOWS:

Section 1. Definitions. As used herein, the following capitalized terms shall have the meanings ascribed to them below:

"Authorized Officer" means (a) when used with respect to CSCDA, any member of the governing board of CSCDA and such additional person or persons, if any, duly designated by CSCDA in writing to act on its behalf, and (b) when used with respect to West Bay, any person or persons duly designated by West Bay in writing to act on its behalf.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP, or any other nationally recognized firm appointed by CSCDA to serve as bond counsel in connection with the issuance of Bonds.

“Bonds” means bonds issued by CSCDA to finance development impact fees, including the Fees, in connection with SCIP.

“Capital Improvements” has the meaning given to that term in Section 7.

“County” means the County of San Mateo, California.

“CSCDA” means the California Statewide Communities Development Authority, its successors and assigns.

“Fees” means the “Sewer Construction Impact Fee” to be collected or charged by West Bay and collected from the Property Owners in connection with the extension of sanitary sewer services to such Property Owners, which Fees have been determined by Bond Counsel to be eligible for financing through SCIP.

“SCIP” means the Statewide Community Infrastructure Program, a program of CSCDA.

“SCIP Program Administrator” means Bond Logistix LLC, its successors and assigns or any other administrator appointed by CSCDA as the administrator of SCIP.

“SCIP Trustee” means Well Fargo Bank, National Association, its successors and assigns.

“West Bay” means the West Bay Sanitary District, a California Sanitation District.

“West Bay SCIP Account” means the County’s account with CSCDA held by the SCIP Trustee and administered by the SCIP Program Administrator in which certain amounts collected on behalf of the County in connection with SCIP are held.

Section 2. Collection of Fees; SCIP Financing.

(a) West Bay acknowledges that it has the authority to collect and use the Fees for its own benefit. West Bay acknowledges that the Fees may be financed through SCIP, and agrees to allow CSCDA to collect the Fees from time to time with respect to properties applying for SCIP financing on West Bay’s behalf (i) from Property Owners by direct prepayment of assessment liens levied on the property of such Property Owners, or (ii) from proceeds of the Bonds issued to finance the payment of such assessment liens.

(b) Fees funded from prepayments received by CSCDA from Property Owners shall be remitted directly to West Bay.

(c) Fees funded from proceeds of Bonds issued by CSCDA to finance such Fees shall be deposited by CSCDA directly in the West Bay SCIP Account.

Section 3. Approval of Fees.

(a) Each Authorized Officer of West Bay, or his designee, is authorized under this Agreement to approve the financing of Fees. No Fee may be financed through SCIP except with the written approval of an Authorized Officer of West Bay or his designee.

(b) West Bay acknowledges that it has agreed to the financing of the Fees in the expected amount of \$3,589,688 in connection with the issuance of Bonds to be delivered on or before September 1, 2005, and agrees to the collection, deposit and disbursement of such Fees as described herein.

Section 4. Agreement to Hold Fees in SCIP Account. CSCDA agrees to receive or cause to be received on behalf of West Bay by the SCIP Trustee the Fees funded from Bond proceeds. Such Fees shall be deposited in the West Bay SCIP Account and held there by the SCIP Trustee and segregated from all other funds, and except for investment purposes, shall not be commingled with any other funds held by the SCIP Trustee. Investment earnings on the West Bay SCIP Account shall be retained in such account for the benefit of West Bay except to the extent a portion of such earnings are requested to pay rebate or yield reduction payments to the U.S. Treasury pursuant to the Internal Revenue Code. Amounts on deposit in the West Bay SCIP Account shall be disbursed only in accordance with Section 5 of this Agreement.

Section 5. Disbursements from SCIP Account. CSCDA shall disburse or cause to be disbursed moneys on deposit in the West Bay SCIP Account only as provided herein. Moneys on deposit in the West Bay SCIP Account shall be disbursed pursuant to written requisitions of West Bay, in substantially the form attached hereto as Exhibit A and executed by an Authorized Officer of West Bay. CSCDA, the SCIP Program Administrator and the SCIP Trustee may conclusively rely on such requisitions for purposes of making such disbursements.

All disbursements from the West Bay SCIP Account to West Bay shall be made by wire transfer of immediately available funds to West Bay's bank account number at a bank located within the United States on file with the SCIP Trustee, unless another method of payment is requested in writing by West Bay.

Section 6. Construction of Capital Improvements. West Bay agrees that all Fees will be used by West Bay solely for paying the capital cost of public capital improvements to be owned and operated by West Bay. West Bay acknowledges that neither CSCDA nor the County has any obligation to acquire, construct, complete, operate or maintain any capital improvements funded by the Fees. West Bay agrees that it will construct such facilities as it shall deem necessary to provide sanitary sewer service to the Property Owners that have paid (by prepayment or Bond financing) the Fees through the SCIP Financing (except for the cost of sewer laterals or other improvements located on private property and required to connect to West Bay's system) and that neither CSCDA nor the County shall have any obligation to cover any shortfall in funding for any of such facilities.

Section 7. Term of this Agreement. This Agreement shall be in full force and effect from this date to and including its termination by mutual written agreement of the parties hereto. The Authority agrees to terminate this agreement upon request of West Bay upon delivery to CSCDA of an opinion Bond Counsel to the effect that the termination of this Agreement will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 8. Amendment of this Agreement. This Agreement may be amended only by a written instrument executed by the parties hereto; provided that any such amendment shall be conditioned upon delivery to CSCDA of an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 9. Successors in Interest. This Agreement and all of the provisions hereof shall be binding on the parties hereto and their successors and assigns.

Section 10. Third Party Beneficiaries. The SCIP Program Administrator is expressly declared to be a third party beneficiary of this Agreement.

Section 11. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 12. Choice of Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

Section 13. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

Section 14. Notices. Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to this Escrow Agreement shall be addressed to the appropriate party at the addresses set forth below.

West Bay: West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025
Attention: Timothy Clayton

County: County of San Mateo

Attention: _____

CSCDA:

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814
Attention: Treasurer

IN WITNESS WHEREOF, West Bay, County and the California Statewide
Communities Development Authority have caused this Agreement to be executed each on its
behalf by an authorized representative as of the day and year first above written.

WEST BAY SANITARY DISTRICT

Authorized Officer

COUNTY OF SAN MATEO

Authorized Officer

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY COMMUNITY

Member

EXHIBIT A

SCIP Disbursement Form

To: Bond Logistix LLC
777 S. Figueroa St., Suite 3200
Los Angeles, California 90017
Attention: Daniel Chang
Fax: 213-612-2499
Phone: 213-612-2205

Re: Statewide Community Infrastructure Program

The undersigned, a duly authorized officer of WEST BAY SANITARY DISTRICT hereby requests a withdrawal from the West Bay Sanitary District SCIP Account, as follows:

Request Date: _____

Fee Sub-account to be drawn from: _____

Withdrawal Amount: _____

The undersigned hereby certifies as follows:

1. The Withdrawal is being made in accordance with a permitted use of such monies pursuant to the SCIP program documents, and the Withdrawal is not being made for the purpose of reinvestment.
2. None of the items for which payment is requested have been reimbursed previously from other sources of funds.
3. If the Withdrawal Amount is greater than the funds held in SCIP on behalf of the West Bay Sanitary District, the Program Administrator is authorized to amend the amount requested to be equal to the amount of such funds.
4. To the extent the Withdrawal is being made prior to the date bonds have been issued on behalf of SCIP, this withdrawal form serves as the declaration of official intent of the West Bay Sanitary District, pursuant to Treasury Regulations 1.150-2, to reimburse with respect expenditures made from the Fee Sub-account listed above in the amount listed above.

Unless amended by prior written notice to the Program Administrator, the Withdrawal Amount shall be forwarded to the financial institution and account provided to the Program Administrator as part of the County's SCIP enrollment materials. Wire Instructions for such account are confirmed below.

Dated: _____

WEST BAY SANITARY DISTRICT

By : _____

Title: _____

Wire Instructions: _____

RESOLUTION NO. 1567 (2005)

**IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT
COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

WHEREAS the District Board of West Bay Sanitary District finds and determines as follows:

- A. Owners of certain property in the Los Trancos Woods Area of San Mateo County have made application to the California Statewide Communities Development Authority, Statewide Community Infrastructure Program (SCIP) to issue bonds for the construction of Sanitary Sewers in the Los Trancos Woods Area, and
- B. Said Property Owners have agreed to the placement of liens against the property to be served, and
- C. To process said bond applications and liens, it is necessary for the local agency to adopt a resolution establishing a Supplemental Connection Fee to be charged against each property,

THEREFORE the District Board of the West Bay Sanitary District **HEREBY ESTABLISHES:**

The Los Trancos Woods Area Supplemental Connection Fee in the amount of Sixty Six Thousand, Four Hundred, Seventy Eight Dollars and Twenty Cents (\$66,478.20). Said Supplemental Connection Fee shall be applied to all properties whose owners are also applicants to the California Statewide Communities Development Authority, Statewide Community Infrastructure Program.

The anticipated number of Property Owner/Applicants is sixty (60). The minimum number of Property Owner/ Applicants required to complete the Bond Application is fifty four (54). This supplemental fee is based upon fifty four Property Owner/Applicants successfully completing Bond Application.

In the event greater than fifty four Property Owner/Applicants make successful application, the actual Supplemental Connection Fee shall be the total sum of \$3,589,688.00 divided by the number of successful Property Owner/Applicants.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 23rd day of May, 2005 by the following vote:

AYES: KNIGHT, LOMAX, SHEPHERD, WALKER
NOES: - NONE -
ABSTAIN: - NONE -
ABSENT: CARCIONE

Carcione

County,

Attest: /s/ David A. Walker

/s/ John

President of the District Board of the West
Bay Sanitary District of San Mateo

State of California

Secretary of the District Board of the West
Bay Sanitary District of San Mateo County,
State of California