

AGREEMENT

BETWEEN

**THE U.S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION**

AND

STATE OF LOUISIANA

**IMPLEMENTING THE COASTAL PRAIRIE
CONSERVATION RESERVE ENHANCEMENT PROGRAM (LA CREP II)**

This Agreement is between the U.S. Department of Agriculture (USDA), the Commodity Credit Corporation (CCC), and the State of Louisiana acting by and through the Louisiana Department of Agriculture and Forestry (LDAF) and the Office of Soil and Water Conservation (OSWC), collectively referred to as the State, to implement CCC's Conservation Reserve Enhancement Program (CREP) in connection with CCC's Conservation Reserve Program (CRP). The primary objective of this LA CREP II is to assist in the maintenance and/or improvement of current water quality conditions through the reduction of agricultural sources of sediment, nutrients, and waterborne pathogens within the following major watershed area commonly referred to as the "Coastal Prairie Region" (see attached project area map in Exhibit 1).

I. GENERAL PROVISIONS

The purpose of this Agreement is to allow, where deemed desirable by USDA, CCC, and the State, certain acreage in the listed major Louisiana watershed to be enrolled in LA CREP II.

This LA CREP II Agreement (Agreement) is designed to help reduce the delivery of agricultural non-point source pollution through the establishment of native grasses, shallow water areas for wildlife, and rare and declining habitat areas to improve both subsurface and surface water quality in the affected watershed (Exhibit 1).

The LA CREP II will seek to enroll up to 15,050 acres into the CRP. This LA CREP II is consistent with the goals and objectives of USDA and CCC as established for the CRP. The State, through the Louisiana Department of Agriculture and Forestry, Louisiana Department of Wildlife and Fisheries, and private organizations such as Ducks Unlimited and the Nature Conservancy will offer incentives to participants for the installation of needed conservation practices. LA CREP II contracts will be for a period of 14 to 15 years.

Specifically, the LA CREP II will focus on enrolling up to 15,050 acres into native grasses, shallow water areas for wildlife, rare and declining habitat areas, and conservation practices to restore coastal prairie to reduce non-point source pollution delivery to surface waters from agricultural lands. Further, the State seeks to improve drinking water supplies and establish, preserve and/or enhance wildlife habitat leading to an increased population and diversity of birds, mammals and aquatic organisms. The specific goals of the LA CREP II when fully enrolled are:

1. Reduce by 30 percent, from current levels, the sediment loading to streams, bayous, and lakes by assisting participants with the installation of conservation measures which reduce erosion rates, with an emphasis on those lands that are highly erosive and are eroding at a rate equal to or above soil loss tolerance level.
2. Reduce runoff containing dissolved nitrogen and phosphorus by a reduction of 160,000 to 480,000 tons from current levels over ten years. Agricultural chemical inputs expected to be eliminated over the life of the project include 9,600 tons of nitrogen, 4,080 tons of phosphorous and potash, 1,360 tons of fungicides and 260,000 gallons of herbicides.
3. Minimize declining water levels by reducing ground-water consumption by 15.6 billion gallons per year from current levels through the conversion of approximately 15,050 acres of rice land to native coastal prairie warm season grasses.
4. Increase the native Coastal Prairie acreage by 500 percent, from less than 500 acres currently to over 2,500 acres. Coastal Prairie is considered to be one of the most endangered plant communities in North America and provides habitat for several declining neo-tropical bird species.

The intended outcome of this Agreement, in particular, is to enhance the ability of producers to enroll certain acreage in the LA CREP II; where deemed desirable by USDA-CCC and the State. This Agreement is not intended and does not supersede any earlier CREP agreements between the parties, or rules or regulations which have been, or may be, promulgated by either USDA-CCC or the State.

II. AUTHORITY

The CCC has the authority under provisions of the Food Security Act of 1985, as amended (1985 Act) (16 U.S.C. 3830 et seq.) and the regulations at 7 CFR Part 1410 to perform all its activities contemplated by this Agreement.

Various participating agencies of the State of Louisiana are provided statutory authority to perform all activities contemplated by this Agreement. The State is authorized to enter into this Agreement by provisions of the Louisiana Constitution Article 7, Section 14. Other authorities may also apply.

III. PROGRAM ELEMENTS

USDA-CCC and the State agree that:

- A. The LA CREP II will consist of a Federal continuous sign-up CRP component and State of Louisiana in-kind assistance and services. This Agreement contemplates the enrollment in LA CREP II of up to 15,050 acres of certain environmentally sensitive acreage within the project area.
- B. Land that meets the eligibility criteria set forth in this Agreement and in the Farm Service Agency (FSA) National CRP Directives may be considered for enrollment in this LA CREP II.
- C. The following CRP cropland practices are approved for enrollment in this LA CREP II:

Practice CP2	Establishment of Permanent Native Grasses and Legumes	11,000 acres
Practice CP9	Shallow Water Areas for Wildlife	1,550 acres
Practice CP25	Rare and Declining Habitat	2,500 acres

For Practices CP2 and CP25, land must be within a designated State Priority Area to be eligible for enrollment under the provisions of this CREP Agreement.

Every offer will have not less than 10 percent but no greater than 20 percent of the offered acreage suitable for the establishment of CP25.

For purposes of the LA CREP II, all eligible offers will be eligible for enrollment on a year-round continuous signup basis. Eligible offers for enrollment will be accepted on a first come – first served basis until the enrollment ceiling is reached or authority to enter into new CRP contracts expires, whichever comes first.

- D. All practices will be implemented in accordance with National CRP Directives, USDA policies for similar enrollments, and applicable regulations.
- E. No acreage may be enrolled unless it equals or exceeds 0.1 acre, and is completely located within the LA CREP II project area as shown in Exhibit 1.
- F. Continuous CRP contracts for acres enrolled in this LA CREP II will be for a minimum of 14 years, but may not exceed a maximum of 15 years.
- G. Enrolled acreage for all LA CREP II approved practices must be established at planting rates and species combinations as specified in National CRP Directives or as written into the Conservation Plan of Operation (CPO) by USDA's Natural Resources Conservation Service (NRCS) or other technical service provider (TSP).
- H. CRP contracts for practice CP9, Shallow Water Area will be limited to a maximum of 45 acres per FSA tract.

- I. Practice Incentive Payments (PIP) eligibility will apply to eligible practices as provided for under National CRP Directives.
- J. Eligible producers may also offer eligible acreage for enrollment into the CRP during general or continuous CRP enrollment periods.
- K. CRP contracts executed under this Agreement will be administered in accordance with the CRP regulations at 7 CFR Part 1410, the provisions of this Agreement, and National CRP Directives. In the event of a conflict, the CRP regulations will be controlling. No lands may be enrolled under this program until the USDA's CREP Program Manager approves a detailed Louisiana amendment to the National CRP directives which provides a thorough description of this program and its applicable practices, and the appropriate level of environmental analysis has been completed as required by the National Environmental Policy Act of 1969 as amended, related Statutes, Executive Orders, Departmental Regulations, and in accordance with 7 CFR Part 799.

IV. FEDERAL COMMITMENTS

USDA and CCC agree to:

- A. Cost-share with participants up to 50 percent of the eligible reimbursable costs of all approved CRP conservation practices. Cost-share from all sources will not exceed 100 percent of the participants' out of pocket expenses.
- B. Make an Annual Rental Payment to participants under the CRP contract. The annual payment will be the sum of two components. The two components will consist of a base Soil Rental Rate (Paragraph IV. C) and an Incentive Payment (Paragraph IV. D). All such rental payments will be subject to payment limitation laws and regulations.
- C. Determine the base Soil Rental Rate for the purposes of this section by calculating the normal CRP weighted average soil rental rate for the three predominant soil types using the current posted applicable local soil rental rates.
- D. Make, as part of the Annual Rental Payment for the purposes of this section, an Incentive Payment of 50 percent (.5 times weighted average soil rental rate) of the base CRP contract annual rental rate per acre otherwise applicable to the land to be enrolled in the CREP (as calculated under Paragraph IV.C. without regard to other incentive payments), for all practices offered and eligible for LA CREP II; such payment will be considered to be, and treated as, a rental payment for payment limitation purposes.
- E. Make a one-time Practice Incentive Payment (PIP) to be calculated for enrollment under Practice CP9 equal to 40 percent of the eligible reimbursable cost of the practice under the terms of the FSA National CRP Directives. This payment will be considered to be, and treated as, a rental payment for payment limitation purposes.

- F. Administer CRP contracts for lands approved under this LA CREP II.
- G. Develop and review CRP Conservation Plans of Operation (CPOs) to address identified natural resource problems by devoting eligible land to approved CRP practices for applicants offering to enroll eligible acreage in the LA CREP II.
- H. Conduct normal annual compliance reviews in accordance with FSA National CRP Directives to ensure compliance with the CRP contract.
- I. Provide information to landowners concerning the LA CREP II Coastal Prairie Project.
- J. Permit successors-in-interest to lands already enrolled in this LA CREP II to continue in the same manner as allowed for under normal CRP contracts.

V. STATE COMMITMENTS

The State, through the Louisiana Department of Agriculture and Forestry, other State agencies, Soil and Water Conservation Districts (SWCD), and private partners agree to:

- A. Contribute not less than 20% of the overall cost of the project provided further that at least half of that requirement must be met by cash contributions. For purposes of this overall 20 percent obligation, the State's contribution will be deemed to include contributions from their private partners. In-kind and direct assistance costs from the State that may be attributed to the attainment of the LA CREP II Coastal Prairie goals may be used towards the 20 percent obligation. A budget and report monitoring the State's compliance with its 20 percent obligation will be established and maintained by the State CREP Coordinator as directed by the Louisiana Commissioner of Agriculture. The State's cash contributions include a one-time up front Best Management Practice (BMP) Payment of \$61.10 per acre with a total associated project cost of \$919,555. In addition, the State will provide cost-share assistance above and beyond the 50 percent federal practice cost-shares for practice establishment costs totaling \$1,755,000.
- B. Be responsible for:
 - (1) paying all costs associated with the CREP annual water quality monitoring program.
 - (2) providing additional technical assistance, where resources are available, in the development of Conservation Plans of Operation (CPO).
 - (3) providing additional technical assistance, where resources are available, in the location, design, and engineering of shallow water areas for wildlife as constructed.
 - (4) providing resources for the importation of all applied LA CREP II practices into a comprehensive LA CREP II Coastal Prairie Geographic Information System (GIS) for monitoring the attribute contributions of conservation efforts within the CREP area.

- (5) entering into a Memorandum of Understanding with private partners to coordinate the portion of the program that will provide cash payments and non-state funding for outreach and education.
- C. Make a one-time State Best Management Practice (BMP) Payment of \$61.10 per acre for all LA CREP II approved contracts.
 - D. Make a one-time State Habitat Incentive Cost-Share Payment (SHIP) at a 50 percent cost-share rate for CP25 acres. This SHIP payment is in addition to Federal 50 percent cost-share.
 - E. Make a one-time State Habitat Incentive Cost-Share Payment (SHIP) at a 40 percent cost-share rate for CP2 acres. This SHIP payment is in addition to Federal 50 percent cost-share.
 - F. Seek applicants willing to offer eligible and appropriate land for enrollment in the LA CREP II by and through normal outreach activities that include print and voice media, publications, presentations, as well as public meetings for announcement of program availability.
 - G. Assist local Soil and Water Conservation Districts (SWCD) and other conservation partners, where resources are available, in providing technical assistance, subject to NRCS approval, to develop Conservation Plans of Operation (CPO) for applicants offering to enroll eligible acreage in the LA CREP II.
 - H. Establish a LA CREP II advisory group to meet at least annually to review the program in the State, including its functioning and technical aspects, and make recommendations on ways that the program can maximize participation and environmental benefits.
 - I. Appoint a State CREP Coordinator responsible for administering the State's obligations under this Agreement. This person will be appointed by the Louisiana Commissioner of Agriculture.
 - J. Implement a communication plan for outreach to landowners and provide public information and education regarding the LA CREP II.
 - K. Ensure that the LA CREP II is coordinated with other agricultural and natural resource conservation programs at the State and Federal level.
 - L. By January 1 of each year, beginning in calendar year 2012, provide a report to the USDA-CCC summarizing the status of enrollments under this LA CREP II and progress on fulfilling the other commitments of this project. The annual report to FSA will include: level of program participation; the results of the annual water quality monitoring program in terms of accomplishing program objectives; a summary of non-Federal CREP program expenditures; and, recommendations to improve the program.
 - M. By January 1 of each year, beginning in calendar year 2012, submit information to the USDA-CCC summarizing the State's overall costs for the project. The State will provide

such additional monetary contribution, as may be needed so that its contribution to the cost of the program meet the requirements of this agreement, include the cash requirement. Costs may include funds expended for program administration, technical assistance in the field, local program assistance, and State and local expenditures for agricultural non-point source pollution related to goals in the project area. The State of Louisiana will use its best efforts to secure funding for its obligations under this Agreement and to contribute at least 20 percent of the overall costs of the LA CREP II Coastal Prairie.

- N. Temporarily release participants from any contractual or easement restriction on crop production during the CRP contract period if such release is determined necessary by the U.S. Secretary of Agriculture in order to address a national emergency.

VI. MISCELLANEOUS PROVISIONS

- A. All CRP contracts executed under this Agreement will be subject to all limitations set forth in the regulations at 7 CFR Part 1410 including, but not limited to, such matters as economic use, transferability, violations, and contract modifications. Agreements between participants and the applicable agencies of Louisiana may impose additional conditions not in conflict with those applicable under the regulations at 7 CFR Part 1410, but only as approved by USDA.
- B. Neither Louisiana, nor the USDA, will assign or transfer any rights or obligations under this Agreement without prior written approval of the other party.
- C. Louisiana and the USDA agree that, to the extent possible under applicable law, each party will be solely responsible for its own acts, omissions, and the results thereof, and will not be responsible for the results thereof caused by the acts or omissions of the other party.
- D. Louisiana and the USDA agree to share appropriate data in strict accordance with the procedures, restrictions and exemptions established under the Freedom of Information Act, federal privacy laws, including Section 1619 of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246, section 1619), Section 2004 of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171, section 2004), and other applicable laws, with the State to facilitate State monitoring efforts according to the provisions in the Memorandum Of Understanding between the Louisiana State FSA Office and the State of Louisiana CREP Cooperators.
- E. USDA may enter into CRP contracts under this CREP with fully eligible persons and land provided that the CREP project enrollment limit has not been reached, and that such actions are otherwise authorized by law.
- F. All financial commitments of the USDA/CCC and Louisiana are subject to the availability of funds. In the event either party is subject to a funding limitation or cannot otherwise secure the necessary funding for this Agreement, it will notify the other party within 30 days and any necessary modifications will be made to this Agreement.

- G. This Agreement may be terminated by either party at any time after written notice. Such termination of this Agreement will not alter responsibilities regarding existing contractual obligations established under the LA CREP II and the Louisiana program between participants and USDA or CCC, or between participants and Louisiana.
- H. The Deputy Administrator for Farm Programs, Farm Service Agency or the Deputy Administrator's designee or successor has delegated authority to carry out this Agreement and, with the Commissioner of the Louisiana Department of Agriculture or the Commissioner's designee or successor, may further amend this Agreement consistent with the provisions of the 1985 Act, as amended, and the regulations at 7 CFR Part 1410. The provisions of this Agreement may only be modified by written agreement between the parties.
- I. If any clause of this agreement will be found by a competent court of the federal or state jurisdiction to be void, that clause will be stricken from the agreement and the rest and remainder of the agreement will remain in effect if the parties agree or, if both parties will agree, the entire agreement may be voided, upon mutual consent of the parties.
- J. The United States Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.)

Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., STOP 9410, Washington, DC 20250-9410 or call toll-free at 866-632-9992 (English) or 800-877-8339 (TDD) or 866-377-8642 (English Federal-relay) or 800-845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

Special accommodations will be made for the physically handicapped, hearing or vision impaired person upon request. If accommodations are required, please contact your local FSA office.

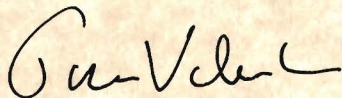
Exhibit 1: LA CREP II Coastal Prairie - Project Area
(Mermentau River Watershed)

LA CREP II HUC Codes (12 digit)



IT IS SO AGREED

FOR THE U.S. DEPARTMENT OF AGRICULTURE AND THE COMMODITY CREDIT CORPORATION



Tom Vilsack
Secretary
U.S. Department of Agriculture and
Chairman of the Board
Commodity Credit Corporation

2/4/11

Date

FOR THE STATE OF LOUISIANA



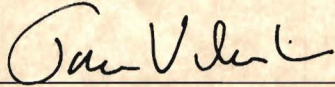
Mike Strain, DVM
Commissioner of Agriculture
State of Louisiana

1-18-11

Date

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FOR THE U.S. DEPARTMENT OF AGRICULTURE AND THE COMMODITY CREDIT CORPORATION



Tom Vilsack
Secretary
U.S. Department of Agriculture and
Chairman of the Board
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FOR THE STATE OF LOUISIANA



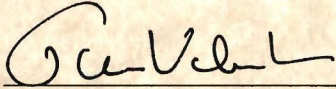
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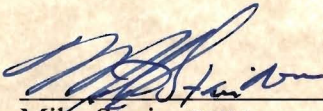


Tom Vilsack
Secretary
U.S. Department of Agriculture and
Chairman of the Board
Commodity Credit Corporation

2/4/11

Date

FOR THE STATE OF LOUISIANA



Mike Strain, DVM
Commissioner of Agriculture
State of Louisiana

1-18-11

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