

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 JACKSON ROAD  
RANCHO MURIETA, CA. 95683



## SPECIAL BOARD

June 28, 2013

District Administration Building

9:30 a.m.

**NOTICE IS HEREBY GIVEN** that the Board of Directors of the Rancho Murieta Community Services District will hold a Special Meeting on June 28, 2013 at 9:30 a.m., at the Rancho Murieta Community Services District Board Room at 15160 Jackson Road, Rancho Murieta.

## AGENDA

1. **CALL TO ORDER, ROLL CALL** - Determination of Quorum - President Pasek (**Roll Call**) 9:30
2. **ADOPT AGENDA** (*Motion*) 9:35  
*The running times listed on this agenda are only estimates and may be discussed earlier or later than shown. At the discretion of the Board, an item may be moved on the agenda and or taken out of order. **TIMED ITEMS** as specifically noted, such as Hearings or Formal Presentations of community-wide interest, will not be taken up earlier than listed.*
3. **COMMENTS FROM THE PUBLIC** 9:40  
*The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcome, subject to reasonable time limitations for each speaker.*  
*If you wish to address the Board at this time, as a courtesy, please state your name and address, and reserve your comments to no more than 3 minutes so that others may be allowed to speak. No action will be taken. (5 min.)*
4. **WORKSHOP AND DISCUSSION OF PROPOSED FINANCING AND SERVICES AGREEMENT FOR WATER SERVICE FOR DEVELOPMENT WITHIN THE DISTRICT** 9:45  
(Discussion/Action) (120 min.)
5. **CLOSED SESSION** 11:45  
*Under Government Code 54957: Public Employee Performance Review: Title: General Manager.*
6. **REPORT BACK FROM CLOSED SESSION** 12:45
7. **DIRECTOR COMMENTS/SUGGESTIONS** 12:50
8. **ADJOURNMENT** (*Motion*) 12:55

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the District Office at 916-354-3700 or fax 916-354-2082. Requests must be made as soon as possible and at least two (2) full business days before the start of the meeting.

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is June 26, 2013. Posting locations are: 1) District Office; 2) Plaza Foods; 3) Rancho Murieta Association; 4) Murieta Village Association.

## MEMORANDUM

Date: July 27, 2013  
To: Board of Directors  
From: Edward R. Crouse, General Manager  
Jonathan P. Hobbs, General Counsel  
Subject: Financing and Services Agreement

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### INTRODUCTION AND RECOMMENDATION

Staff recommends that the Board consider the proposed Financing and Services Agreement (“FSA”), receive any public comment, and provide direction to staff. A developer’s representative, Les Hock, will be present to address the Board and answer any questions.

If the Board is interested in proceeding with the FSA, staff recommends that it release a draft for public comment and bring the matter back for consideration at the July or August Board meeting. A summary of the FSA is set forth below.

### FSA SUMMARY

The purpose of the FSA is to finance, design and construct water treatment and recycled water facilities to serve existing and proposed development in the District. The water treatment facilities would consist of an expansion of the existing facilities to provide for 900 existing Equivalent Dwelling Units (EDU’s) of water, fifty (50) Public EDUs, at least fifty (50) EDU’s of borrowed capacity from the previous Greens and Crest developments within the District, fifteen (15) EDU’s for the Escuela school site, and 670 EDU’s for the 670 Group. Therefore, total capacity of the water treatment improvements will be approximately sixteen hundred and eighty-five (1685) EDUs.

The estimated cost of the water treatment facilities will be about \$6 million dollars, all subject to later confirmation and competitive bids. To fund the 900 EDU’s of existing capacity, the District would contribute up to \$3 million, using approximately \$1.5M from existing reserves and fund the additional \$1.5M from rates over time, with an estimated time-frame of thirty (30) years. Developers would fund their share of the improvements by electing at the outset to be “participating” or “reimbursing” landowners (at their choice) for design and construction. Participating landowners would advance the costs and be reimbursed later from reimbursing landowners. All landowners will be responsible to pay their pro-rata cost share per the FSA. Two (2) properties, Riverview and Lakeview, would satisfy their obligations by a prior Letter of Credit (“LOC”), which the District would access. If the LOC is not accessible or insufficient to cover these costs, Riverview and Lakeview owners must pay their share to have water capacity. Should the District choose to develop the water treatment improvements before the developers, the District may do so, accessing the LOC.

The wastewater disposal facilities are similarly constructed by the same general procedure. Developers will decide whether to be participating or reimbursing landowners. The District holds certain irrigation easements, and the FSA provides that the Developers will convey an additional easement needed in conjunction with development.

Upon execution of the FSA by the developers, they will receive conditional will-serve commitments from the District. Final will-serves will be contingent upon the developer's compliance with the terms of the FSA. All developers will be obligated to pay their fair-share commitment before receiving will-serves necessary for final maps or development entitlements. Developers may, if they choose, finance improvements through a CFD.

The FSA also provides for the payment of certain fees. There is a \$225 per EDU one time irrigation facilities maintenance fee to cover District maintenance costs pending build out. There is a \$7,721 per EDU Bundled Fee, which includes a water augmentation fee (subject to credit for installation of "purple pipe" for reclaimed water), capital improvements fee, water meter fee, water and sewer inspection fees, and security fee. There is also a \$5,900 per EDU reimbursement fee to reimburse prior developers for prior infrastructure.

The FSA also provides that there will be no service for delinquent landowners. The FSA runs with the land and reimbursement rights are personal. The FSA has a 30-year term.

The District has received indications that most of the landowners listed in the FSA are agreeable to the FSA, but the District has not received confirmation from all landowners. In the event that not all landowners agree to proceed with the FSA, the Board could direct staff to prepare a revised FSA with those landowners wishing to proceed now, requiring such interested landowners to build the entirety of the facilities, subject to reimbursement from other parties later, should those other parties wish to join the FSA.

RECORDING REQUESTED BY AND  
WHEN RECORDED, MAIL TO:

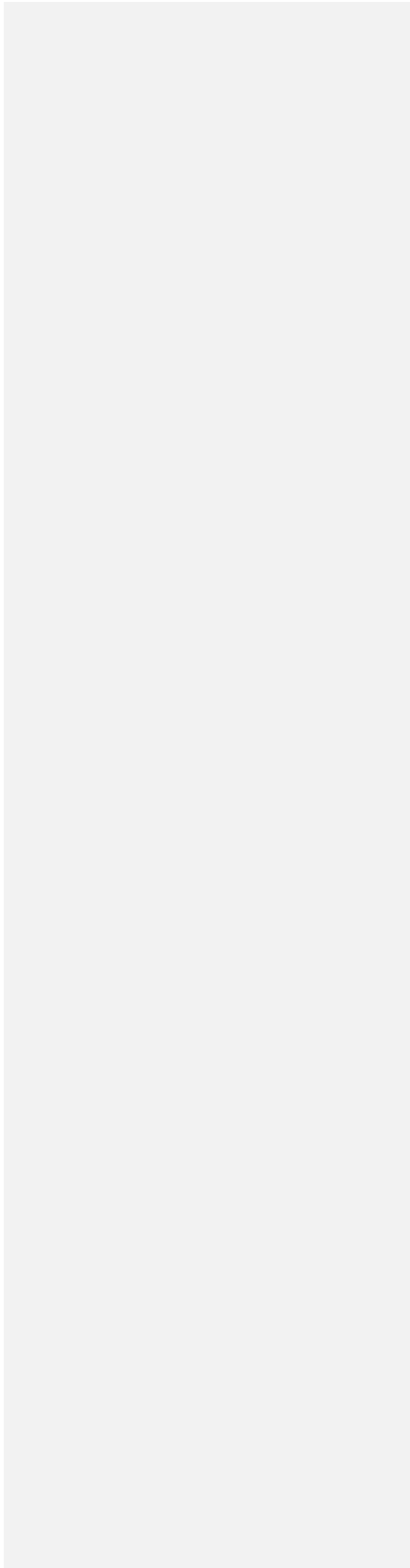
General Manager  
Rancho Murieta Community  
Services District  
15160 Jackson Road  
Rancho Murieta, CA 95683

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(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

## **FINANCING AND SERVICES AGREEMENT**





## FINANCING AND SERVICES AGREEMENT

This Financing and Services Agreement ("**Agreement**") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2013, by and among the Rancho Murieta Community Services District ("**District**"), a community services district organized under the laws of the State of California, CSGF Rancho Murieta, LLC ("**Residences East**"), a Delaware limited liability company; BBC Murieta Land, LLC ("**Residences West**"), a California limited liability company; Murieta Retreats, LLC ("**Retreats**"), a California limited liability company; Elk Grove Bilby Partners, LP ("**Lakeview**") a California limited partnership; PCCP CSGF RB PORTFOLIO, LLC ("**Riverview**"), a Delaware limited liability company; and, Consumnes River Land, LLC ("**Gardens**"), a Delaware limited liability company. Residences East, Residences West, Retreats, Riverview, Lakeview, and Gardens are sometimes individually referred to herein as a "**Landowner**" and sometimes collectively referenced herein as "**Landowners**." The District, Residences East, Residences West, Retreats, Lakeview, Riverview and Gardens are also sometimes individually referred to herein as a "**Party**" and sometimes collectively referenced herein as "**Parties**."

### **RECITALS**

A. District is authorized to provide certain services to residents of District, including, without limitation, obtaining a supply of raw water, the storage of raw water, the treatment and distribution of potable water, the collection, treatment and disposal of wastewater, the management and control of storm water runoff and drainage, the provision of security services, the provision of public park and recreational services and the administrative support required therefore.

B. Landowners own or have a legal interest in certain lands within the boundaries of District, and such lands have been granted land use entitlements by the County of Sacramento or are the subject of currently pending planning applications with the County of Sacramento, including Tentative Subdivision Maps. The Retreats, as described in Exhibit A-1 and shown on Exhibit A-2 ("**Retreats**"), is owned by Murieta Retreats, LLC. The Residences of Murieta Hills - East, as described in Exhibit B-1 and shown on Exhibit B-2 ("**Residences - East**"), is owned by CSGF Rancho Murieta LLC. The Residences of Murieta Hills - West, as described in Exhibit C-1 and shown on Exhibit C-2 ("**Residences - West**"), is owned by BBC Murieta Land, LLC. The Murieta Gardens Shopping Center, as described in Exhibit D-1 and shown on Exhibit D-2 ("**Murieta Gardens Shopping Center**") is owned by Consumnes River Land, LLC. The Murieta Gardens Residential Project, as described in Exhibit E-1 and shown on Exhibit E-2 ("**Murieta Gardens Residential Project**") is owned by Consumnes River Land, LLC. Riverview, as described in Exhibit F-1 and shown on Exhibit F-2 ("**Riverview**") is owned by PCCP CSGF RB PORTFOLIO, LLC. Lakeview, as described in Exhibit G-1 and shown on Exhibit G-2 ("**Lakeview**") is owned by Elk Grove Bilby Partners LP.

C. The lands described in and shown on Exhibits A-1, A-2, B-1, B-2, C-1 C-2, D-1, D-2, E-1, E-2, F-1, F-2, G-1 and G-2 are collectively referred to herein as the "**Property**" or "**Properties**". All such Exhibits are specifically incorporated herein by reference.

D. Landowners wish to obtain a commitment in the form of "will serve" letters from the District that the services provided by District will be available to the residents, owners, and occupants of the Property.

E. The existing facilities of District with respect to the disposal of recycled water and with respect to water treatment are inadequate to serve the future residents, owners, and occupants of the Property.

F. District and Landowners desire to provide for the reconstruction and expansion of the current water treatment plant, which will serve the existing residents of Rancho Murieta, as well as the future residents, owners, and occupants of the Property; and further desire to provide recycled water disposal facilities, and to finance such facilities, which will serve the Property and the future residents, owners, and occupants of the Property.

G. Obtaining will serve letters from the District is contingent on providing certain funding for the reconstruction and expansion of the water treatment plant and recycled water disposal facilities. Since not all Landowners are in the same position with respect to the timing of development of their Property, the Landowners desire to establish a mechanism to: (i) provide funding of certain Agreement processing costs set forth in Section 3.6 below by all Landowners; (ii) provide funding for design and construction of facilities by the Landowners who are then ready to proceed with construction ("**Participating Landowners**") and (iii) provide that the remaining Landowners reimburse the Participating Landowners for their proportionate share of such costs prior to approval of each final subdivision map for their Property ("**Reimbursing Landowners**") as more particularly set forth herein. The Landowners acknowledge that District shall not provide District's consent to approval of a final map for any Property, and shall not provide any water or sewer service to any Property, unless and until the Fund Manager (defined in Section 3.2 herein) has sent written confirmation of payment in full of all amounts due hereunder for such Property. For any Properties not requiring a final map, any provisions herein for District to withhold consent to a final map shall mean District shall withhold consent to any other final development approval and/or water and sewer service to such Property unless and until the Fund Manager provides the written confirmation of payment in full of all amounts due from such Property.

H. The Landowners shall initially elect whether to be a Participating Landowner for purposes of design of the WTP Improvements (defined in Section 1.3(A) below) and the remaining Landowners shall be Reimbursing Landowners for WTP Improvement design costs. Following completion of the design documents and prior to the District advertising for bids for the WTP Improvements, the Landowners shall then each elect whether to be a Participating Landowner for purposes of construction of the WTP Improvements and such Participating Landowners shall post security as required by Section 1.3(F) below, and the remaining Landowners shall be Reimbursing Landowners hereunder for the WTP Improvement construction costs. For the recycled water disposal facilities, Landowners shall initially elect whether to be a Participating Landowner for the permitting and design costs of the recycled water facilities and the remaining Landowners shall be Reimbursing Landowners hereunder for the recycled water facility design and permitting costs. Following completion of the design and permitting, the Landowners shall then each elect whether to be a Participating Landowner for construction of the recycled water facilities and such Participating Landowners shall post

security as required by Section 2.4 (D) below and the remaining Landowners shall be Reimbursing Landowners for the construction of the recycled water facilities. It is the intent of this Agreement that, subject to the terms and conditions in this Agreement, Landowners will be able to elect whether to contribute and advance fund costs as a Participating Landowner separately for (i) the design costs of the WTP Improvements, (ii) the construction costs of the WTP Improvements (iii) the design and permitting of the recycled water facilities and (iv) the construction of the recycled water facilities, such that any Landowner may elect to be a Participating Landowner for none, some, or all of the foregoing categories of funding. As an example of the foregoing, but not in limitation thereof, any Landowner may elect to be a Participating Landowner for the design and construction WTP Improvements and the design and permitting costs for the recycled water facilities, but choose to be a Reimbursing Landowner for the construction costs of the recycled water facilities. This Agreement also provides a mechanism for reimbursement from those Landowners that have not previously contributed to the irrigation easement from the Van Vleck Ranch previously acquired by certain Landowners in Section 2.2.

I. For the WTP Improvements, the Parties acknowledge that certain obligations for funding of the WTP Improvements have been satisfied through a prior contract and funding arrangement with District as more particularly described in Section 1.3(J) below. Therefore, Riverview and Lakeview shall not be obligated to provide security or funding for the WTP Improvements, but shall each be considered a Participating Landowner for purposes of the WTP Improvements upon such election.

J. The Landowners and District desire to enter into this Agreement to set forth their respective obligations and timing for advance funding of the necessary facilities to serve the Property and the terms upon which District will provide will serve letters for the Property.

K. This Agreement is solely a financing agreement and is not a “project” under CEQA and, therefore, is not subject to CEQA review. The environmental impacts of the projects contemplated by this Agreement have been or will be properly reviewed and assessed by District pursuant to the California Environmental Quality Act (“CEQA”).

L. The following terms shall have the meanings set forth below.

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Advancing Landowners</b>	4.3(A)	Refers to Current Landowners, or any of them, who advance a Delinquent Landowner’s Pro-Rata Share due under this Agreement
<b>Agreement</b>	Pre-Recital	This Financing and Services Agreement entered into on the date signed by the District
<b>Bundled Fee</b>	3.7(A)	Landowners shall pay <del>\$7,619,007,721.00</del> per EDU to District for all development on the Property pursuant to Section 3.7

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>CEQA</b>	Recital K	California Environmental <del>Quality</del> Quality Act
<b>CFD #2</b>	3.1(A)	A potential financing mechanism for the WTP Improvements and the Landowner Irrigation Facilities by formation of a Community Facilities District the boundaries of which shall be coincident with the boundaries of the projects (Mello-Roos Financing)
<b>CFD Participating Landowner</b>	3.1(A)	Parties electing, in each Party's sole and absolute discretion, to participate in CFD #2
<b><u>Core Facilities</u></b>	<b><u>1.3(A)</u></b>	<b><u>WTP Improvements necessary to serve the 900 EDU's of existing capacity, the 50 public EDU's, the 50 EDU's of borrowed capacity, 99 EDU's for Lakeview, 140 EDU's for Riverview, and the 15 EDU's for the Escuela-Escuela school site.</u></b>
<b>Delinquent Landowner</b>	4.1(A)	Refers to any Participating Landowner who fails, beyond any applicable notice and cure periods, to contribute its Percentage Share of Advance Funding and its Pro-Rata Share for the costs of the WTP Improvements, the Landowner Irrigation Facilities, or other facilities, or who fails to pay any other costs including, without limitation, all agreement processing costs, and such Landowner has not provided adequate security upon which District may draw, or such security is inaccessible to District
<b>District</b>	Pre-Recital	Rancho Murieta Community Services District, a community services district organized under the laws of the State of California
<b>District Irrigation Easement</b>	2.2(B)	Irrigation Easement (attached as Ex I and Ex J to this Agreement) wherein certain Landowners previously acquired and paid for an irrigation easement from Van Vleck Ranch
<b>District Irrigation Facilities</b>	2.4(A)	Recycled water irrigation facilities to be installed on the District Irrigation Easement to serve the existing residents of the District

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>District Irrigation Facilities Costs</b>	2.4(A)	The cost of the recycled water irrigation facilities to be installed on the District Irrigation Easement to serve the existing residents of the District estimated to be \$2,100,000.00, which includes sixty percent (60%) of the Shared Transmission Facilities Costs
<b>EDU</b>	1.1(A)	Equivalent Dwelling Units
<del><b>Escuela Escuela School Site</b></del>	<del>1.1(A)</del>	<del>That certain real property within the District located at _____ and identified as APN _____073-0190-025.</del>
<b>Estimated Irrigation Facilities Costs</b>	2.4(D)	The full estimated amount of the Landowner Irrigation Facilities Costs and the Shared Transmission Facilities Costs
<b>Estimated WTP Improvement Cost</b>	1.3(F)	Pre-bid Estimate of the WTP Improvements, minus the Letter of Credit amount for Riverview and Lakeview and the Existing District WTP Funding
<b>Existing District WTP Funding</b>	1.3(K)	District funds previously collected from existing development for the rehabilitation and/or expansion of the water treatment plant toward the actual costs of the WTP Improvements in the amount of \$1,500,00.00
<b>FN</b>	1.3(A)	FN Projects, Inc., a party to the Shortfall Agreement between the District and Winncrest Homes, Inc., dated January 15, 1991
<b>Fund Manager</b>	3.2(A)	A project fund manager retained as a consultant to administer all funds and securities deposited by the Parties with the District.
<b>Future District WTP Funding</b>	1.3(K)	District shall contribute additional funds up to One Million Five Hundred Thousand Dollars (\$1,500,000) from future reserve fund fees, as set forth at paragraph 1.3(K).
<b>Gardens</b>	Pre-Recital	Cosumnes River Land, LLC a Delaware limited liability company, and that certain property owned by Gardens, known as Murieta Gardens Shopping Center as described in Ex D-1 and shown on Ex D-2 and Murieta Gardens Residential Project as described in Ex E-1 and shown on Ex E-2

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Irrigation Advance Funding</b>	2.4(D)	At any time following an election by one or more Landowners to be Participating Landowners, each Participating Landowner shall deposit its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of an advance funding amount equal to the Reimbursing Landowner's Pro-Rata Share of the Estimated Irrigation Facilities Costs
<b>Irrigation Easement Agreement</b>	2.2(A)	That Grant and Agreement Regarding Irrigation Easement (attached as Ex I and Ex J to this Agreement) wherein certain Landowners previously acquired and paid for an irrigation easement from Van Vleck Ranch
<b>Irrigation Facilities Maintenance Cost</b>	2.5(A)	Cost of maintaining Landowner Irrigation Facilities from completion through estimated build-out of the Property
<b>Irrigation Facilities Quarterly Payment</b>	2.4(E)	On a quarterly basis each Participating Landowner shall be invoiced for its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of Irrigation Advance Funding for the next ninety (90) day period
<b>Irrigation Facilities Shortfall</b>	2.4(F)	The amount the cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities exceeds the Estimated Irrigation Facilities Costs
<b>Irrigation Facilities Shortfall Notice</b>	2.4(F)	The District's notice, with reasonable supporting documentation, that an Irrigation Facilities Shortfall exists and the amount of such Irrigation Facilities Shortfall
<b>LAIF</b>	2.4(B)	Local Agency Investment Fund
<b>Lakeview</b>	Recital H.1.	Owners of the Lakeview property, as described in Ex G-1 and shown on Ex G-2
<b>Landowner Irrigation Easement</b>	2.2(A)	References an area of approximately sixty (60) acres and is anticipated to be of sufficient size to dispose of the full amount of recycled water estimated to be generated by the Property when applied at agronomic rates and in accordance with the requirements of the Regional Water Quality Control Board
<b>Landowner Irrigation Facilities</b>	2.4(A)	Recycled water irrigation facilities to be installed on the Landowner Irrigation Easement

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Landowner Irrigation Facilities Costs</b>	2.4(A)	The costs of engineering, construction management, construction, plan check and inspection, change orders and District administrative costs related to the recycled water irrigation facilities to be installed on the Landowner Irrigation Easement, including forty percent (40%) of the Shared Transmission Facilities Costs (currently estimated to be \$1,750,000.00)
<b>Landowner(s)</b>	Recital B	Those owners of the property described in and shown as Exhibits A-1, A-2; B-1, B-2; C-1, C-2; D-1, D-2; E-1, E-2; F-1, F-2, G-1 and G-2.
<b>Letter of Credit</b>	1.3(J)	Prior owner has provided District with Letter(s) of Credit, in the total amount of \$4,200,000.00 pursuant to the provisions of the Shortfall Agreement
<b>Murieta Gardens Residential Project</b>	Recital B	That certain property owned by Gardens, as described in Ex E-1 and shown on Ex E-2
<b>Murieta Gardens Shopping Center</b>	Recital B	That certain property owned by Gardens, as described in Ex D-1 and shown on Ex D-2
<b>Original Cost Per EDU</b>	1.3(B)	The actual cost of the WTP Improvements paid by Landowners divided by seven hundred twenty (720) EDUs, adjusted annually in proportion to the annual increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items and Major Group figures published by the U.S. Dept. Of Labor, Bureau of Labor Statistics
<b>Participating Landowners</b>	Recital G and H	Those Landowners who are ready to proceed with design and/or construction and elect to provide funding for design and/or construction of the WTP Improvements and/or the recycled water facilities
<b>Percentage Share</b>	1.3(D)	An amount equal to the percentage of funds contributed by such Participating Landowner to the total funds contributed by all Participating Landowners for the specified funding costs or improvements



<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Permitting/Design Advance Funding</b>	2.3(A)	Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities
<b>Pre-bid Estimate</b>	1.3(E)	District shall provide Landowners with a pre-bid estimate prior to the advertisement for bids
<b>Property</b>	Recital C	Those lands described in <del>ii</del> and shown on Exhibits A-1, A-2; B-1, B-2; C-1, C-2; D-1, D-2; E-1, E-2; F-1, F-2, G-1 and G-2.
<b>Pro-Rata Share</b>	1.1(B) (C) (D) and (E)	Each Landowner's proportional share for costs for each facility
<b>Public EDUs</b>	1.1(F)	50 EDUs to be used for schools, fire stations, parks, or other public community facilities
<b>Reimbursement Fee</b>	3.7(C)	The amount to be reimbursed to successor-in-interests and assignees of Winncrest and FN for infrastructure previously funded by Winncrest and FN pursuant to the Shortfall Agreement
<b>Reimbursing Landowners</b>	Recital G	Those Landowners who are not Participating Landowners. Reimbursing Landowners agree to reimburse the Participating Landowners for their proportionate share of such costs prior to approval of each final subdivision map for their property or for any properties not requiring a final map, prior to any other final development approval and/or water and sewer service to such Property.
<b>Residences East</b>	Recital B	CSGF Rancho Murieta, LLC, a Delaware limited liability company and shall mean that certain property known also as Residences of Murieta Hills – East referenced in Ex B-1 and Ex B-2
<b>Residences West</b>	Recital B	BBC Murieta Land, LLC, a California limited liability company and that certain property known also as Residences of Murieta Hills – West, owned by Residence West and described in Ex C-1 and Ex C-2

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Retreats</b>	Recital B	Murieta Retreats, LLC, a California limited liability company and that certain property owned by Retreats as described in Ex A-1 and Ex A-2
<b>Riverview</b>	Recital B	PCCP CSGF RB PORTFOLIO, LLC Delaware limited liability company and that certain property referenced in Ex F-1 and Ex F-2
<b>RWQCB</b>	2.2(A)	Regional Water Quality Control Board
<b>Shared Transmission Facilities</b>	2.4(A)	Facilities necessary to convey the recycled water from the District wastewater treatment plant to the Landowner Irrigation Easement and the District Irrigation Easement
<b>Shared Transmission Facilities Costs</b>	2.4(A)	Cost of the Shared Transmission Facilities
<b>Shortfall Agreement</b>	1.3(A)	The Reimbursement and Shortfall Agreement dated January 15, 1991, as amended and extended, between the District, Winncrest Homes, Inc., and FN Projects Inc., regarding Lakeview and Riverview
<b>VVR</b>	2.2(A)	Van Vleck Ranch is a party to that Grant and Agreement Regarding Irrigation Easement attached as Ex I and Ex J to this Agreement
<b>Water Augmentation Fee</b>	3.7(A)	The Bundled Fee includes a Water Augmentation fee in the amount of <del>\$4,419,004,521.00</del>
<b>Winncrest</b>	1.3(A)	Winncrest Homes, Inc., party to Shortfall Agreement with FN Projects Inc. and District.
<b>WTP Advance Funding</b>	1.3(F)	Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the construction of the WTP Improvements and the \$1,500,000.00 Future District WTP Funding

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>WTP Design Advance Funding</b>	1.3(D)	Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design of the WTP Improvements
<b>WTP Improvements</b>	1.3(A)	The District shall design, engineer, permit and construct a new Water Treatment Plant with the ability to serve the 900 existing EDUs, 50 Public EDUs, and the Property in accordance with the terms set forth in this Agreement
<b>WTP Quarterly Payment</b>	1.3(G)	On a quarterly basis, the District will invoice each Participating Landowner for its respective Pro-Rata Share of the Estimated WTP Improvement Cost and its Percentage Share of WTP Advance Funding for the next ninety (90) day period
<b>WTP Shortfall</b>	1.3(H)	Each Participating Landowner shall pay its respective Pro-Rata Share and Percentage Share of the WTP Advance Funding for the difference between the actual cost of the WTP Improvements and the Estimated WTP Improvement Cost
<b>WTP Shortfall Notice</b>	1.3(H)	District's notice with reasonable supporting documentation that a WTP Shortfall exists and the amount of such WTP Shortfall to be paid by each Participating Landowner

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

### **AGREEMENT**

#### **SECTION 1. Water Treatment Plant**

##### **1.1 Potable Water.**

(A) The Parties agree that the existing facilities of District for the treatment and production of potable water are inadequate to produce the volume of potable water necessary to serve the future residents, owners, and occupants of the Property. The Parties further agree that the potable water necessary to serve the Property, and the maximum amount of potable water that will be available to serve the Property after completion of the WTP Improvements (as defined below in Section 1.3) is estimated to be approximately six hundred and seventy (670)

equivalent dwelling units ("EDUs"), provided however, the potable water demand for the Property shall be determined by District based on the number of lots and the lot sizes within each Landowner's Property using the gallon/unit/day (gpd) calculation attached hereto as Exhibit H. The WTP Improvements shall be sized to serve only the Landowners' Property and shall not be sized to accommodate any additional development, except for the nine hundred (900) existing EDUs, ~~and~~ fifty (50) Public EDUs, as defined in Section 1.3(B) below, fifty (the 50) EDU's of borrowed capacity from the previous Greens and Crest developments within the District, and fifteen (15) EDU's for the EscuelaEscuela school site. Therefore, total capacity of the WTP Improvements shall be approximately sixteen hundred and ~~eighty-five twenty (1620) 1685~~ EDUs, including nine hundred (900) existing EDUs, approximately six hundred and seventy (670) EDUs designated to serve the Property, ~~and~~ fifty (50) Public EDUs, fifty (50) EDU's of borrowed capacity from previous Greens and Crest developments, and fifteen (15) EDU's for the EscuelaEscuela school site. The capacity in the WTP Improvements for the District's 900 EDUs shall be approximately 1.5 Mgd based on the capacity of the existing facilities that are being replaced. For the purposes of this Agreement, each Landowner's Property has been assigned both an EDU value for water service (based on lot size as set forth on Exhibit H) and an EDU value for recycled water facilities (based on EDUs for recycled water facilities as set forth in Exhibit H, but not based on lot size). As an example of the water service EDU calculation, an EDU for water service for a 12,000 sq. ft. (or larger) lot would be seven hundred fifty (750) gpd, an EDU for a lot under 12,000 sq. ft. would be 650 gpd, and an EDU for half-plex lots would be 400 gpd. Any EDU calculations for uses not set forth herein, including, without limitation, commercial or industrial uses, shall be determined by the District in consultation with the Landowners using the above EDU standards as a basis, provided, however, that the District shall have the sole discretion to make the final determination as to what constitutes an EDU for such uses.

(B) For the purposes of this Agreement, each Landowner's "**Pro-Rata Share**" for WTP Improvements or any costs hereunder related to potable water shall be equal to the estimated capacity in gpd for such Landowner's respective project based on lot size divided by the total estimated capacity in gpd needed for all EDUs in the Property (670 EDUs) as set forth on Exhibit H.

(C) For the purposes of this Agreement, each Landowner's "**Pro-Rata Share**" for the Irrigation Facilities (defined in Section 2.4 below) and any costs hereunder related to recycled water facilities or the disposal of recycled water or other costs hereunder (including but not limited to costs set forth in Section 3.6 below) shall be equal to the EDUs for such Landowner's respective project divided by the total EDUs in the Property (670 EDUs) as set forth on Exhibit H.

(D) For the purposes of this Agreement, each Landowner's "**Pro-Rata Share**" for the Irrigation Easement (defined in Section 2.2 below) shall be as set forth in Section 2.2 and shall be equal to the EDUs for such Landowner's respective project divided by the total EDUs in the Property (670 EDUs) as set forth on Exhibit H.

(E) Pro-Rata Shares shall be fixed based on the estimated capacity set forth in the Exhibits attached hereto and shall not be subject to change for purposes of funding pursuant to this Agreement, provided however, if any Landowner's Property is entitled or develops in a

manner that requires fewer EDUs than estimated, such Landowner can seek reimbursement pursuant to the provisions of Section 1.2 below. If any Landowner's Property is entitled or develops in a manner that requires greater EDUs than estimated and allocated to such Property hereunder, such Landowner shall not be entitled to additional capacity but may purchase additional capacity from other Landowners or District if such excess capacity is available.

(F) An additional fifty (50) EDUs will be available for public or community facilities, hereinafter referred to as the "Public EDUs", in accordance with the provisions of and as defined in Section 1.3(B) below. The 50 Public EDUs shall be sized for 750 gpd.

### 1.2 Transfer or Sale of EDUs.

(A) Landowners shall not transfer or sell any EDUs for water service to any other person or entity, including owners of property within or outside the boundaries of the District, provided however, that in the event any Landowner's Property is entitled or develops in a manner that requires fewer EDUs than initially determined by Exhibit H as set forth in Section 1.1 above, such Landowners shall have right to transfer any excess EDUs to other Landowners for use within the District provided the express written consent of the Board of Directors General Manager of District is first obtained, which may be granted or withheld in its reasonable discretion. Within ninety thirty (39) days following a request from any Landowner to transfer EDUs, the District Board of Directors shall provide its written approval or its disapproval along with the basis therefor. The Board may extend this ninety (90) period in its reasonable discretion. If District Board fails to respond within such thirtyninety (930) day period, it shall not be a deemed District's approval of such transfer. Notwithstanding the foregoing or anything herein to the contrary, no Landowner shall be permitted to transfer EDUs, or receive a transfer of EDUs, unless and until such Landowner has paid their Pro-Rata Share of all WTP Improvement costs hereunder.

### 1.3 Water Treatment Plant Expansion.

(A) WTP Improvements. Subject to the satisfaction of any and all conditions precedent in this Agreement and upon the full compliance with the provisions of this Agreement by Landowners, including the provision of funding by Landowners, District shall design, engineer, permit, and construct a new Water Treatment Plant ("WTP Improvements") with the ability to serve the nine hundred (900) existing EDUs, fifty (50) Public EDUs, fifty (50) EDU's of borrowed capacity, fifteen (15) EDU's for the EscuelaEscuela school site, and the Property in accordance with the terms set forth in this Agreement. The WTP Improvements will be sized to accommodate only the existing 900 EDUs, the Lakeview Property, the Property, and the 50 Public EDUs, the fifty (50) EDU's of borrowed capacity, and the fifteen (15) EDU's for the EscuelaEscuela school site to the closest extent possible and without any excess capacity. Notwithstanding the foregoing, the term "Landowners" and "Participating Landowner" as used in this Section 1.3 shall not include Lakeview or Riverview with respect to any liabilities or obligations for funding the WTP Improvements, as the funding obligation for the WTP Improvements attributable to Lakeview and Riverview are the responsibility of a previous owner of such properties pursuant to the Reimbursement and Shortfall Agreement dated January 15, 1991, as amended, between the District and Winncrest Homes, Inc. ("Winncrest") and FN Projects, Inc. ("FN") ("**Shortfall Agreement**"). Since it is anticipated that the funding obligation for the WTP Improvements for the Lakeview and Riverview Properties will be satisfied by an

existing Letter of Credit (defined in Section 1.3 (J) below) held by the District, Lakeview and Riverview shall provide funds for the design and construction of the WTP Improvements through the District's enforcement of the existing contractual obligations under the Shortfall Agreement and draw on the Letter of Credit. Riverview and Lakeview shall each be considered a "Participating Landowner" under this Section 1.3 only for purposes of all rights hereunder including without limitation the rights to: (i) elect whether to be a Participating Landowner for purposes of providing advance funding for Reimbursing Landowners; (ii) meet and confer; (iii) re-elect on bid opening pursuant to Section 1.3(E); (iv) review and comment on bid packages; (v) attend meetings and receive reports; (vi) to obtain and have a vested right to capacity for all lots within the Riverview Property and Lakeview Property; and (vii) receive reimbursement pursuant to Sections 1.3 (B) (K) and (L) below to the extent Riverview and/or Lakeview provides advance funding hereunder in excess of the Riverview Property's and/or Lakeview Property's Pro-Rata Share. Notwithstanding the foregoing or anything to the contrary herein, Riverview and Lakeview shall have no obligation to provide a Pro-Rata Share of funding or security for the WTP Improvements, and shall not be considered a Landowner for purposes of the joint and several liability provision of Section 1.3(D). It is the intent of this Section 1.3 that Riverview and Lakeview shall have no obligation to pay a Pro-Rata Share for the WTP Improvements and District shall use its best efforts to draw on the Letter of Credit to satisfy such Pro-Rata Share obligation, and if District obtains funds from the Letter of Credit, Riverview and Lakeview shall be entitled to capacity for the Riverview and Lakeview Properties. In addition, Riverview and Lakeview shall have the right, but not the obligation to elect to be a Participating Landowner for purposes of advance funding, and if Riverview and/or Lakeview makes such election, Riverview and/or Lakeview (as applicable) shall then become obligated for its Percentage Share (defined in Section 1.3(C) and 1.3(F) below) of WTP Design Advance Funding and/or WTP Advance Funding (as the case may be) and shall have any and all rights of a Participating Landowner.

Notwithstanding any other provision of this Agreement, if the District chooses to proceed with designing, engineering, permitting, and/or construction of any or all of WTP Improvements prior to the Landowners desire to do so, the District shall have the right to do so by designing, engineering, permitting, and/or constructing the Core Facilities for the WTP Improvements in advance of the Landowners, when the District so chooses, and at its sole discretion, by using its Existing District WTP Funding of \$1,500,000, as identified in section 1.3(K), in addition to as much of the Letter of Credit as can be accessed by the District up to the full amount of the Letter of Credit, all subject to the District's right to reimbursement for any oversizing of the Core Facilities from any person or entity benefitting therefrom for future development. "Core Facilities" for purposes of this paragraph and this Agreement, shall mean the 900 EDU's of existing capacity, the 50 public EDU's, the 50 EDU's of borrowed capacity, 99 EDU's for Lakeview, 140 EDU's for Riverview, and the 15 EDU's for the EscuelaEscuela school site, all for a total of approximately 1,254 EDU's.

~~(A)~~(B) Public EDUs. For the purposes of this Agreement, "Public EDUs" shall mean EDUs to be used for schools, fire stations, parks, or other public or community facilities, as assigned, transferred and/or authorized by District. The Public EDUs shall not be used for any private residential or commercial development project. Annually on or about July 1st of each

year commencing on the first full year after completion of the WTP Improvements (as defined below), District shall provide Landowners with a written accounting of the number of Public EDUs that have been assigned or transferred in the preceding year, the name and address of the party or parties to whom the Public EDUs that were assigned or transferred, and the amount paid for each Public EDU. Concurrently with such written accounting, District shall reimburse to each Landowner its respective Pro-Rata Share of the amount paid to the District for the Public EDUs in the preceding year, or the Original Cost Per EDU, whichever is greater. "**Original Cost Per EDU**" is defined as the actual cost of the WTP Improvements paid by Landowners divided by seven hundred twenty (720) EDUs, adjusted annually in proportion to the annual increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items and Major Group Figures, published by the United States Department of Labor, Bureau of Labor Statistics, or similar index used by the District, in its reasonable discretion.

~~(B)(C)~~ WTP Improvement Design/Election to be Participating Landowner. Upon a written request from District, each Landowner shall elect whether to become a Participating Landowner for purposes of funding design costs for the WTP Improvements. District's written request shall include an estimate of WTP Improvement design costs that would be incurred by Participating Landowners in order for the WTP Improvements to be bid ready. Only those costs necessary for the design of the WTP Improvements (to be bid ready) shall be included in the design costs. Landowners shall make a written election whether to become a Participating Landowner for funding the design costs of the WTP Improvements within thirty (30) days following receipt of District's notice by providing written notice to all Parties hereunder. Those Landowners not electing to become Participating Landowners for purposes of design costs shall be Reimbursing Landowners with respect to such costs. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners then the Parties shall have no obligations to fund design costs under this Agreement with respect to the WTP Improvements, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate potable water capacity to serve such Landowner's Property. At any time following an election by any Landowner(s) to become Participating Landowners for design, District shall make a written request for payment of the full estimated design costs from Participating Landowners, along with a written determination of each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share (defined below) of WTP Design Advance Funding (defined below). Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design of the WTP Improvements ("**WTP Design Advance Funding**"). Each Participating Landowner's "**Percentage Share**" of the WTP Design Advance Funding shall be equal to the percentage of funds contributed by such Participating Landowner to the total funds contributed by all Participating Landowners for the design costs of the WTP Improvements. Each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share shall be paid to District within forty-five (45) days following District's written request for funding. Notwithstanding any other provision of this Agreement, the District shall have the right to proceed with the design of the WTP Improvements, regardless of whether any Landowners elect to become Participating Landowners for design of the WTP Improvements.

~~(C)(D)~~ WTP Improvement Construction/Election to be Participating Landowner.

Following completion of the design documents and prior to the advertisement for bids, District shall provide Landowners with the opportunity to review and comment on the request for bid package, including bid specifications and proposed contract requirements. At any time thereafter, District may request that each Landowner elect whether to become a Participating Landowner for purposes of construction of the WTP Improvements and Landowners shall make a written election whether to become a Participating Landowner for funding the construction of the WTP Improvements within thirty (30) days following receipt of District's notice by providing written notice to all Parties hereunder. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners for the construction of the WTP Improvements following District's written request, then the Parties shall have no obligation to fund construction costs under this Agreement with respect to the WTP Improvements, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate potable water capacity to serve such Landowner's Property.

~~(D)(E)~~ Construction Costs of WTP Improvements. Prior to the advertisement for bids,

District shall provide Landowners with a pre-bid estimate ("Pre-bid Estimate"). Except as provided in Section 1.3(K), Participating Landowners agree to pay all actual costs of the WTP Improvements, and each Participating Landowner acknowledges and agrees that it is jointly and severally liable to the District for the construction costs of the WTP Improvements. Participating Landowners agree that the cost of the WTP Improvements shall include the costs of engineering, permitting, construction management, construction, plan check and inspection, temporary facilities needed during construction, change orders and District administrative costs. District administrative costs shall include (i) the costs of internal staff time and expenses, as determined on a periodic basis in accordance with generally accepted accounting practices, and (ii) legal fees of District Counsel. District and Landowners will work cooperatively in good faith to reasonably control the cost of the WTP Improvements. Notwithstanding the provisions of this paragraph and unless otherwise agreed to by the Parties, if the lowest responsive and responsible bid for the WTP Improvements exceeds the Pre-bid Estimate, in addition to annual construction cost increases as reported in the Engineering News Record, or similar publication, by more than ten percent (10%), the District and the Landowners shall meet and confer prior to the award of bid to determine a mutually acceptable course of action. ~~At such time, the Landowners shall have the right to re-elect whether to become Participating Landowners or Reimbursing Landowners for purposes of funding the WTP Improvements, and all security posted pursuant to Section 1.3(F) shall be returned to the Party that deposited the same within ten (10) business days of the bid opening. If there are Landowners electing to become Participating Landowners, and such Participating Landowners unanimously agree on funding the WTP Improvements in accordance with the terms and conditions herein, notwithstanding the higher bid response (or after the WTP Improvements are re-bid and a responsive and responsible bid is received that is acceptable to all Participating Landowners) then those Parties electing to be Participating Landowners shall provide the security required by Section 1.3(F) prior to District's award of the contract for the WTP Improvements.~~ If the District and Landowners unanimously agree on an alternative course of action for construction of the WTP Improvements, the Parties shall enter into an amendment to this Agreement with respect to their funding obligations for the WTP



Improvements. If no Landowners elect to become Participating Landowners, within sixty (60) days from the opening of bids, then the Parties shall have no obligation to fund construction costs under this Agreement with respect to the WTP Improvements, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate potable water capacity to serve such Landowner's Property.

~~(E)~~(F) Security/Advance Funding For WTP Improvement Construction Costs.

Notwithstanding any other provision in this Agreement, Landowners understand and acknowledge that District shall not advertise for bids for construction of the WTP Improvements until Participating Landowners have deposited cash or letters of credit, as more specifically described below, to cover the full Pre-bid Estimate of the WTP Improvements, minus the Letter of Credit amount for Riverview and Lakeview and the Existing District WTP Funding referenced in Section 1.3(K) below, with the District, which total amount is referred to herein as the "**Estimated WTP Improvement Cost**". At any time following an election by any Landowner(s) to become Participating Landowners for construction costs, District shall make a written request for Participating Landowners to deposit with the District, cash, or irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form reasonably acceptable to the District, the aggregate amount of the Estimated WTP Improvement Cost. Such request will include a written determination of each Participating Landowner's Pro-Rata Share of the Estimated WTP Improvement Cost and each Participating Landowner's Percentage Share (defined below) of WTP Advance Funding. Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the of the WTP Improvements and the 1.5 Million Dollar Future District WTP Funding ("**WTP Advance Funding**"). Each Participating Landowner's "**Percentage Share**" of the WTP Advance Funding shall be equal to the percentage of funds contributed by such Participating Landowner to the total funds to be contributed by all Participating Landowners for the Estimated WTP Improvement Cost. The cash or letter of credit in the amount of each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share shall be deposited with District within forty-five (45) days following District's written request therefor.

~~(F)~~(G) Invoice for WTP Improvement Construction Costs.

District shall, on a quarterly basis, invoice each Participating Landowner for its respective Pro-Rata Share of the Estimated WTP Improvement Cost and its Percentage Share of WTP Advance Funding for the next ninety (90) day period ("**WTP Quarterly Payment**"). District shall at the same time provide each Participating Landowner with supporting documentation for the estimated costs for the next ninety (90) day period, as well as supporting documentation for costs incurred during the preceding ninety (90) day period, however the claimed insufficiency of such documentation shall not be grounds for delay in submitting a WTP Quarterly Payment by a Participating Landowner. Supporting documentation shall include certification from the project engineer or project manager that the labor and materials for work identified in the preceding period has been performed or provided and the percentage of work completed, copies if invoices from the general contractor, together with evidence of payment for costs incurred during such billing period and lien releases for work performed. A WTP Quarterly Payment may be made through payment of funds to District or by written authorization from a Participating Landowner to draw on their cash deposit held by District. Subject to the provisions set forth in this Section 1.3, if District

does not receive a WTP Quarterly Payment from a Participating Landowner within thirty-five (35) days from the registered express mailing of the quarterly invoice to such Participating Landowner, the District is expressly authorized by each Participating Landowner to draw against such Participating Landowner's cash deposits or irrevocable letter(s) of credit to cover that Participating Landowner's respective full Pro-Rata Share and Percentage Share of Advance Funding of the Estimated WTP Improvement Costs. The first two (2) times that the District does not receive a WTP Quarterly Payment in the thirty-five (35) day period set forth herein from a Participating Landowner, such Participating Landowner shall receive a notice of non-receipt of a WTP Quarterly Payment ten (10) days prior to the District drawing against such Participating Landowner's cash deposits or irrevocable letter of credit. District agrees that it will not make any advance payment to any contractor, it shall only pay for work actually and satisfactorily performed by the contractor responsible for the WTP Improvements, and shall only pay contractors in the amount and at the time such payment is lawfully due.

~~(G)~~(H) Actual WTP Improvement Costs. The actual cost of the WTP Improvements may exceed the Estimated WTP Improvement. Each Participating Landowner shall pay its respective Pro-Rata Share and Percentage Share of the WTP Advance Funding for the difference between the actual cost of the WTP Improvements and the Estimated WTP Improvement Cost (hereinafter referred to as the "**WTP Shortfall**") within thirty (30) days of receiving notice and reasonable supporting documentation from District that a WTP Shortfall exists and the amount of such WTP Shortfall ("**WTP Shortfall Notice**"). The Pro-Rata Share and Percentage Share of WTP Advance Funding of the WTP Shortfall shall be deposited in cash or irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form acceptable to the District. In the event that the cumulative amount of all WTP Shortfall Notices exceeds the Estimated WTP Improvement Cost by eight percent (8%), then the Parties shall meet and confer before the District issues any subsequent WTP Shortfall Notices. Additionally, the District and Landowners shall work cooperatively and in good faith to make all reasonable efforts to control the further costs of the WTP Improvements. In the event the Estimated WTP Improvement Cost exceeds the actual WTP Improvement Costs, or any funds are remaining following completion of the WTP Improvements, such excess funds shall be refunded to the Participating Landowners within sixty (60) days following completion of the WTP Improvements, in the same percentages as such Participating Landowners contributed to the WTP Improvement costs.

~~(H)~~(I) Status Meetings. After commencement of construction of the WTP Improvements, District and Landowners agree to meet at least on a quarterly basis to review the status, progress and costs of the WTP Improvements. District shall also report quarterly on the amount of the ten percent (10%) contingency that has been expended, and shall further call a separate meeting with Landowners at such time as eighty percent (80%) of the ten percent (10%) contingency has been expended. District shall be responsible for scheduling such meetings and providing a report, with reasonable supporting documentation, on the status, progress and costs of the WTP Improvements.

~~(J)~~(J) Letter of Credit/Satisfaction of Lakeview and Riverview Obligations for WTP Improvement Costs. Pursuant to the provisions of the Shortfall Agreement, a prior owner of the Lakeview and Riverview properties is required to pay for the design and construction of water supply facilities necessary to serve Lakeview and Riverview, the 50 EDU's of borrowed capacity, and the 15 EDU's for the EscuelaEscuela school site, and has not satisfied its obligations. Such

prior owner has provided District with security for such obligation in the form of Letter(s) of Credit, in the total amount of Four Million Two Hundred Thousand Dollars (\$4,200,000.00) ~~(less \$300,000 which has been allocated to District for reimbursement of borrowed capacity pursuant to the Shortfall Agreement)~~ (“**Letter of Credit**”). District shall use its best efforts to apply the Letter of Credit (or equivalent funds paid by the parties to the Shortfall Agreement) to the costs of the WTP Improvements to satisfy the obligation of the Lakeview and Riverview properties, but makes no warranty or representation that it will be successful in such efforts. If District is unsuccessful in obtaining funds from the Letter of Credit or equivalent funds, then District shall send written notice to Riverview and Lakeview of such unsuccessful effort (along with documentation substantiating such effort), and the Parties shall meet and confer in an effort to agree upon an acceptable course of action. If the Parties are unable to agree on an acceptable course of action, as evidenced by a written and executed amendment to this Agreement, within sixty (60) days from District notice of such unsuccessful effort, Riverview and Lakeview shall each have the right to elect either to: (i) elect to be a Participating Landowner for their Pro-Rata Share of WTP Improvement Costs or (ii) elect to be a Reimbursing Landowner for their Pro-Rata Share of WTP Improvement Costs. If Riverview or Lakeview (as applicable) fails to make such election within ten (10) days following a written request from District requesting such election (provided such ten (10) day period shall not commence until the minimum sixty (60) day negotiation period has expired), then it shall be deemed an election by Riverview or Lakeview (as applicable) to be a Reimbursing Landowner and this Agreement shall remain in full force and effect. The Parties may mutually agree in writing to an extension of the sixty (60) day time limit set forth above. In the event District obtains funds from the Letter of Credit (or equivalent funds), Lakeview and Riverview shall be deemed to have fully satisfied their obligation to provide their Pro-Rata Share of funding for the WTP Improvements and Lakeview and Riverview shall have a vested right to their share of EDUs for potable water set forth in Section 1.1 above. If and when District obtains funds from the Letter of Credit, District shall deposit such funds in an interest bearing account and shall expend such funds solely for the WTP Improvements. All funds used from the Letter of Credit attributable to the Riverview property shall be considered a Participating Owner contribution by Riverview for the Riverview property and all funds used from the Letter of Credit for the Lakeview property shall be considered a Participating Owner contribution by Lakeview for the Lakeview property. All funds used for the WTP Improvements from the Letter of Credit (or equivalent funds) shall be paid out of the District’s account as if such funds were paid by Lakeview and Riverview as Participating Landowners using the same Pro-Rata Share calculations and timing required in this Section 1.3 for such payments. The Letter of Credit (or equivalent funds) shall not be used for any Percentage Share of WTP Design Advance Funding or WTP Advance Funding which shall be the obligation of Riverview if Riverview elects to become a Participating Landowner. Any such amounts paid by Riverview toward the WTP Improvement costs shall entitle Riverview to reimbursement for such excess contribution from Reimbursing Landowners in accordance with the provisions herein. Notwithstanding anything herein to the contrary, Riverview shall have no obligation to provide cash or letters of credit for the Riverview Pro-Rata Share of the WTP Improvements, and shall be deemed to have provided such payment upon the District obtaining funds from the Letter of Credit (or equivalent funds), but shall be required to provide such cash or security for its Percentage Share of WTP Design Advance Funding and/or WTP Advance Funding upon election to be a Participating Landowner.

~~(K)~~ District Funding for Existing 900 EDUs. District shall commit funds previously collected by District from existing development for the rehabilitation and/or expansion of the water treatment plant toward the actual costs of the WTP Improvements in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (“**Existing District WTP Funding**”). From and after the Effective Date of this Agreement, District shall contribute additional funds up to One Million Five Hundred Thousand Dollars (\$1,500,000) from future reserve fund fees (through debt service pre-funding), to be collected in the future, at no less than current rates, and to the extent allowed by applicable law, toward the actual costs of the WTP Improvements (“**Future District WTP Funding**”), provided, however, that the District’s total contribution to the funding of the WTP Improvements (including the initial \$1,500,000 initial funding commitment) shall not exceed 55% of the total cost of the WTP Improvements or \$3,000,000, whichever is less. The Future District WTP Funding shall be paid to Landowners as reimbursement for District’s share of capacity. Existing District WTP Funding shall be invested and maintained by District in a separate capital facilities account and expended only for the WTP Improvements as provided herein. Following deposit of all cash or letters of credit by Participating Landowners as provided in Section 1.3(F), District shall commit all Existing District WTP Funding to the WTP Improvements and use such funds toward the design and construction costs incurred for the construction of the WTP Improvements on a pro-rata basis (District’s pro-rata share shall be determined based on District’s \$1,500,000 contribution divided by the total Estimated WTP Improvement Cost). All Future District WTP Funding shall be paid to the Landowners on an annual basis (commencing one (1) year following the date the Notice of Completion for the WTP Improvements is filed) as reserve fees are collected by District until all Future District WTP Funding is paid in full. Each Future District WTP Funding annual reimbursement payment shall be paid only to Participating Landowners and Reimbursing Landowners that have paid in full all design and construction costs for the WTP Improvements for such Landowner’s Property. Notwithstanding any other provision of this Agreement, the District may, in its sole discretion, pursue alternative funding mechanisms to ensure earlier funding of the Core Facilities, as identified in section 1.3(A).

~~(L)~~ Reimbursement From Reimbursing Landowners. Each Reimbursing Landowner (for both design and construction costs as the case may be) shall be required to pay their Pro-Rata Share of the actual costs for the WTP Improvements incurred by the Participating Landowners subject to adjustment equal to any annual increases in the Engineering News-Record Construction Cost Index for San Francisco accruing from the date of completion of the WTP Improvements to the date of payment by such Reimbursing Landowner. Such reimbursement shall be paid by Reimbursing Landowners to District prior to recordation of each final subdivision map for the Reimbursing Landowner’s Property. Each reimbursement payment from a Reimbursing Landowner shall be repaid by District to Participating Landowners in the same Percentage Shares that such WTP Design Advance Funding and/or WTP Advance Funding (as the case may be) was paid and shall be paid to Participating Landowners within thirty (30) days following receipt of such funds by District. District shall not provide its consent to final map approval until such Reimbursing Landowner has paid its Pro-Rata Share of actual costs for the WTP Improvements.

~~(M)~~ District Obligation To Design and Construct. Provided Participating Landowners provide the security and funding required by this Agreement, District shall design, permit, engineer, construct or cause to be constructed, the WTP Improvements. Upon receipt of WTP

Design Advance Funding, District shall use diligent, good faith efforts to prepare design documents for the WTP Improvements. Within thirty (30) days following receipt of all WTP Advance Funding from Participating Landowners as required by Section 1.3(F), District shall use diligent good faith efforts to obtain all necessary permits and approvals for the WTP Improvements, and upon receipt of all permits and approvals, District shall cause the commencement of construction of the WTP Improvements. Following commencement of construction, District shall cause its contractors to diligently prosecute such construction to completion. District's obligations to commence and complete construction shall be subject to commercially reasonable delay due to Force Majeure causes and failure to construct in the winter months in accordance with standard industry practice. In the event that, despite District's diligent, good faith efforts to obtain permits, District is unable to obtain such permits within a commercially reasonable time, all security and unexpended funds shall be returned to the Participating Landowners upon request therefor, less any amounts already reasonably expended for the WTP Improvements. District shall obtain from all contractors, including engineers, subcontractors and suppliers, all normal and customary guaranties and warranties. The WTP Improvements shall be constructed (a) in a good and workmanlike manner and (b) in accordance with applicable laws, regulations and codes. District covenants to make best efforts to keep the Landowners' Properties free from any liens, including mechanic's liens, which may arise in the construction of the WTP Improvements, unless such lien results from a breach of this Agreement by such Landowner. The Parties acknowledge that the Landowners' obligations hereunder relate solely to financing of the WTP Improvements, and Landowners shall have no responsibility or liability for design, engineering or construction defects related to or arising out of the construction of the WTP Improvements.

~~(M)(N)~~ Release of Unused Funds/Security. Within ninety (90) days following the completion of the WTP improvements, District agrees to release all letters of credit and release any unexpended portion of the Participating Landowner's cash deposits to the Parties that deposited the same, except to the extent there are any claims relating to the construction of the WTP Improvements. If there are any claims during such ninety (90) day period, a portion of the security equal to the amount of the claim may be retained by District until the final resolution of such claim.

#### 1.4 Temporary Water and Sewer Service.

(A) District agrees to provide temporary water and sewer service for construction and use of model homes, for construction of commercial/retail space within the Landowners' projects and for fire flow, before the WTP Improvements are completed and in service. Notwithstanding any provisions to the contrary, no residential, commercial or retail units shall be occupied until the WTP Improvements are completed and in service, except for model homes which shall be used exclusively for sales activities.

(B) The District ~~Board of Directors General Manager~~ may, in ~~its his/her~~ sole discretion and subject to any conditions ~~it he/she~~ deems necessary, provide water service to residential production units and commercial/retail units through the use of a temporary filtration unit, or other District approved facilities, to be paid for by the Landowners requesting water service, but only if (1) ~~it he/she~~ determines that District has adequate capacity to serve all

existing customers and (2) the California Department of Health Services has approved of such service.

### 1.5 Water Rights.

(A) Landowners acknowledge that District's water rights are only protected through the year 2020, pursuant to the State Water Resources Control Board Order WR 2006-0017, adopted on November 15, 2006.

## SECTION 2. Wastewater Treatment Plant Disposal Facilities.

### 2.1 Recycled Water.

(A) The Parties acknowledge that the existing facilities of District with respect to the disposal of recycled water are inadequate to serve the future residents, owners, and occupants of the Property.

### 2.2 Irrigation Easement.

(A) Certain Landowners previously acquired and other parties not participating in this Agreement previously acquired and paid for an irrigation easement ("**Landowner Irrigation Easement**") from Van Vleck Ranch ("**VVR**") in accordance with the terms set forth in the Grant and Agreement Regarding Irrigation Easement, attached hereto as Exhibit JI, and incorporated herein by reference ("**Irrigation Easement Agreement**"). The Landowner Irrigation Easement is approximately sixty (60) acres and is anticipated to be of sufficient size to dispose of the full amount of recycled water estimated to be generated by the Property when applied at agronomic rates and in accordance with the requirements of the Regional Water Quality Control Board ("**RWQCB**"). ~~The Irrigation Easement has been conveyed to District pursuant to the Grant of Easement attached hereto as Exhibit I. If and when requested by the District, the Landowners shall either (i) cause the Landowner Irrigation Easement to be conveyed to District or (ii) obtain and provide an alternative easement or other property interest approved by the District Board of Directors to provide for disposal of the full amount of recycled water estimated to be generated by the Property. If the Landowner Irrigation Easement is conveyed as required by the District, those Landowners that have not previously paid their Pro-Rata Share of the Landowner Irrigation Easement shall be considered a Reimbursing Landowner for purposes of this Section 2.2 and shall be required to pay their Pro-Rata Share to District prior to recordation of each final subdivision map for their Property. The amounts owed by each Landowner are based on each Landowner's Pro-Rata Share as set forth on Exhibit H attached hereto. If the Landowners are not able to cause the Landowner Irrigation Easement to be provided to District using commercially reasonable efforts, and elect to provide an alternative easement or other property interest approved by District, the costs of such alternative easement or other property interest shall be the sole responsibility of Landowners, and each Landowner shall be required to pay a Pro-Rata Share of such alternative easement or other property interest costs as determined by the Fund Manager prior to Final Map, and the Landowners shall have no obligation hereunder to pay a Pro-Rata Share for the Landowner Irrigation Easement. District shall not provide its consent to final map approval until such Reimbursing Landowner has either (i) paid its Pro-Rata Share as required hereunder for the Landowner Irrigation Easement or (ii) provided an alternate easement or other property interest approved by District, and paid a Pro-Rata Share of such costs. If the~~

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~~Landowner Irrigation Easement is provided to District, District shall reimburse each Landowner that paid for the Landowner Irrigation Easement in the same percentages that were contributed to the Landowner Irrigation Easement solely from funds received by Fund Manager from Reimbursing Landowners. All reimbursement funds received by District from a Reimbursing Landowner shall be paid to the Landowners that paid for the Landowner Irrigation Easement within thirty (30) days of receipt of such payment by District. Any reimbursement owed to other parties not participating in this Agreement that paid for the Landowner Irrigation Easement shall be held and retained by District unless and until a contractual obligation to pay such reimbursement amounts to such other parties is negotiated and entered into between District, Landowners and such other parties not participating in this Agreement or in accordance with the terms of any other contractual obligation for such reimbursement amount to be paid to other parties not participating in this Agreement. use good faith efforts to cause the Landowner Irrigation Easement to be conveyed to District pursuant to the Grant of Easement attached hereto as Exhibit I. Following such conveyance, Those Landowners that have not previously paid their Pro Rata Share of the Landowner Irrigation Easement shall be considered a Reimbursing Landowner for purposes of this Section 2.2 and shall be required to pay their Pro Rata Share to District prior to recordation of each final subdivision map for their Property. The amounts owed by each Landowner based on each Landowner's Pro Rata Share are set forth on Exhibit H attached hereto. District shall not provide its consent to final map approval until such Reimbursing Landowner has paid its Pro Rata Share in the amounts as required hereunder. District shall reimburse each Landowner that paid for the Landowner Irrigation Easement in the same percentages that were contributed to the Landowner Irrigation Easement. All reimbursement funds received by District from a Reimbursing Landowner shall be paid to the Landowners that paid for the Landowner Irrigation Easement within thirty (30) days of receipt of such payment by District.~~

(B) District has acquired an irrigation easement from the owners of the VVR ("**District Irrigation Easement**"), ~~in the general location depicted on the Map of Irrigation Easement set forth in the Grant and Agreement Regarding Irrigation Easement~~, attached to this Agreement as Exhibit I, in order to supplement District's recycled water irrigation capacity, and thereby insure the adequacy of storage and disposal facilities for recycled water generated by existing residents within the boundaries of District. Landowners shall not be required to advance or pay any costs associated with the acquisition of the District Irrigation Easement.

### 2.3 Irrigation Facilities Design, Permitting and Construction Costs/Election to be Participating Landowner.

(A) Upon a written request from District, along with an estimate of the permitting, administrative and design costs for the recycled water facilities, each Landowner shall elect whether to become a Participating Landowner for purposes of Section 2.3(C) (permitting, administrative and design costs). Landowners shall make a written election whether to become a Participating Landowner for funding the costs in Section 2.3(C) below within thirty (30) days following receipt of District's notice. Those Landowners not electing to become Participating Landowners for purposes of Section 2.3(C) below shall be Reimbursing Landowners with respect to such costs. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners for purposes of Section 2.3(C),

then the Parties shall have no obligations to fund such costs under this Agreement, provided however that Landowners shall not have the right to receive a final map (and District shall not consent to final map approval) from District unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate recycled water facilities to serve such Landowner's Property. At any time following an election by any Landowner(s) to become Participating Landowners for design and permitting costs of the Landowner Irrigation Facilities and the District Irrigation Facilities (defined below), District shall make a written request for payment of the full estimated design/permitting costs in Section 2.3(C) below from Participating Landowners, along with a written determination of each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share (defined below) of the Landowner Irrigation Facilities and the District Irrigation Facilities. Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities ("**Permitting/Design Advance Funding**"). Each Participating Landowner's "**Percentage Share**" of the Permitting/Design Advance Funding shall be equal to the percentage of funds contributed by such Participating Landowner to the total funds contributed by all Participating Landowners for the full estimated design/permitting costs in Section 2.3(C). Each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share shall be paid to District within forty-five (45) days following District's written request for funding.

(B) At any time following completion of the design and District obtaining all permits for the Landowner Irrigation Facilities and District Irrigation Facilities, District may request that each Landowner elect whether to become a Participating Landowner for purposes of funding the construction of the Landowner Irrigation Facilities pursuant to Section 2.4 hereunder. Landowners shall make a written election whether to become a Participating Landowner for funding the costs required by Section 2.4 below within thirty (30) days following receipt of District's notice and prior to District's advertisement for bids. Those Landowners not electing to become Participating Landowners for purposes of Section 2.4 below shall be Reimbursing Landowners with respect to such costs. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners for purposes of Section 2.4, then the Parties shall have no obligations to fund such construction costs under this Agreement, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate recycled water facilities to serve such Landowner's Property.

(C) Participating Landowners for the design of the Landowner Irrigation Facilities agree to pay the full costs for obtaining necessary permits for the installation and operation of the Landowner Irrigation Facilities and the District Irrigation Facilities, and to cover District administrative costs associated with obtaining such necessary permits and for the estimated costs for the design of the Landowner Irrigation Facilities and the District Irrigation Facilities. Each Reimbursing Landowner shall be required to pay their Pro-Rata Share of such costs prior to recordation of a final map for such Reimbursing Landowner's Property.



(D) Each Reimbursing Landowner shall be required to pay their Pro-Rata Share of the actual costs required by Section 2.3(C) which shall be subject to adjustment equal to any annual increases in the Engineering News-Record Construction Cost Index for San Francisco accruing from the date of completion of all design and permitting to the date of payment by such Reimbursing Landowner. Such reimbursement payment shall be required by District and paid to District prior to recordation of each final subdivision map for such Reimbursing Landowner's Property. Each reimbursement payment from a Reimbursing Landowner shall be repaid by District to Participating Landowners within thirty (30) days following District's receipt of such funds from a Reimbursing Landowner and in the same Percentage Shares that such costs were paid. District shall not provide its consent to final map approval until such Reimbursing Landowner has paid its Pro-Rata Share in the amounts set forth herein. Notwithstanding anything herein to the contrary, or any termination of this Agreement, the obligation for a Reimbursing Landowner to reimburse Participating Landowners for all costs incurred hereunder shall remain in full force and effect even upon termination of this Agreement, until such time as such Reimbursing Landowner has repaid all amounts required hereunder.

#### 2.4 Irrigation Facilities.

(A) The Parties agree that the costs of engineering, construction management, construction, plan check and inspection, change orders and District administrative costs related to the recycled water irrigation facilities to be installed on the Landowner Irrigation Easement and necessary to serve the Property ("**Landowner Irrigation Facilities**"), including forty percent (40%) of the Shared Transmission Facilities Costs, as defined below, is currently estimated to be One Million Seven Hundred and Fifty Thousand Dollars (\$1,750,000.00) ("**Landowner Irrigation Facilities Costs.**") The costs of the recycled water irrigation facilities to be installed on the District Irrigation Easement to serve the existing residents of the District ("**District Irrigation Facilities**"), if such facilities are ultimately constructed by District, is currently estimated to be Two Million One Hundred Thousand Dollars (\$2,100,000.00) ("**District Irrigation Facilities Costs**"), which includes sixty percent (60%) of the Shared Transmission Facilities Costs. The above estimates are preliminary only and will be revised as further information becomes available, or upon receipt of a final engineer's estimate. The District shall annually review the District EDU standard as the recycled water specifications and availability are determined. The facilities necessary to convey the recycled water from the District wastewater treatment plant to the Landowner Irrigation Easement and the District Irrigation Easement are referred to in this Agreement as the "**Shared Transmission Facilities**" and the cost of the Shared Transmission Facilities is referred to in this Agreement as the "**Shared Transmission Facilities Costs.**"

(B) In the event that the District determines to proceed with the construction of the District Irrigation Facilities in advance of the Participating Landowners' determination to proceed with the construction of the Landowner Irrigation Facilities, District shall pay for the costs of such construction. In the event that the District determines to proceed with the construction of the District Irrigation Facilities concurrently with the construction of the Landowner Irrigation Facilities, the Participating Landowners shall advance the full amount of the Shared Transmission Facilities Costs, subject to District reimbursement of its sixty percent (60%) share of the Shared Transmission Facilities Costs, within three (3) years from completion of construction, with interest at the Local Agency Investment Fund ("**LAIF**") rate. In the event

that District determines not to construct the District Irrigation Facilities concurrently with, or in advance of, the construction of the Landowner Irrigation Facilities, District shall nonetheless be required to reimburse Participating Landowners for the sixty percent (60%) of the actual Shared Transmission Facilities Costs, in accordance with the terms set forth above. In the event that District has not fully reimbursed Participating Landowners for such advanced costs at the time of issuance of a building permit, then all or the remaining portion of the outstanding balance shall become a credit against any Bundled Fees owed to District, on a dollar for dollar basis, by each Participating Landowner, on a pro rata basis, until such time as such advance costs have been fully credited or reimbursed by District. To the extent such credits do not fully reimburse any Participating Landowner, such Participating Landowners shall be entitled to any Bundled Fees or charges collected by District from other development until all Participating Landowners are fully reimbursed.

(C) Participating Landowners agree to pay all actual Landowner Irrigation Facilities Costs and each Participating Landowner acknowledges and agrees that it is jointly and severally liable to the District for such costs, provided however, District shall first use its best efforts to apply any security provided by a defaulting Participating Landowner prior to implementing the joint and several liability provisions of this Section. In the event District sells any excess capacity in the Landowner Irrigation Facilities (to future development property other than the Properties), District shall reimburse the Landowners from such funds based on the Pro-Rata Shares herein within thirty (30) days following receipt of such funds from other benefitting properties.

(D) Notwithstanding any other provision in this Agreement, Landowners understand and acknowledge that District shall not advertise for bids for construction of the Landowner Irrigation Facilities or the District Irrigation Facilities, until Participating Landowners have deposited in accordance with this Section 2.4(D) the full estimated amount of the Landowner Irrigation Facilities Costs and the Shared Transmission Facilities Costs, with District, which amount is referred to herein as the "**Estimated Irrigation Facilities Costs**". At any time following an election by one or more Landowners to be Participating Landowners pursuant to Section 2.3(B) above, each Participating Landowner shall deposit its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of an advance funding amount equal to the Reimbursing Landowner's Pro-Rata Share of the Estimated Irrigation Facilities Costs ("**Irrigation Advance Funding**") in cash or by an irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form reasonably acceptable to the District within forty-five (45) days following such request from District.

(E) The District shall on a quarterly basis invoice each Participating Landowner for its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of Irrigation Advance Funding for the next ninety (90) day period ("**Irrigation Facilities Quarterly Payment**"), in accordance with the process set forth in Section 1.3, inserting "Irrigation Facilities" in place of "WTP Improvements".

(F) The actual cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities may exceed the Estimated Irrigation Facilities Costs. Each Participating Landowner shall pay (i) its respective Pro-Rata Share of the difference between the actual cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities (as such costs are

adjusted from time to time) and the Estimated Irrigation Facilities Costs, plus (ii) its Percentage Share of Irrigation Advance Funding for the difference between the actual cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities (as such costs are adjusted from time to time) and the Estimated Irrigation Facilities Costs (hereinafter collectively referred to as the "**Irrigation Facilities Shortfall**") within thirty (30) days of receiving notice, and reasonable supporting documentation, from District that an Irrigation Facilities Shortfall exists and the amount of such Irrigation Facilities Shortfall ("**Irrigation Facilities Shortfall Notice**"). Such Irrigation Facilities Shortfall shall be paid in cash or irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form acceptable to the District. In the event that the cumulative amount of all Irrigation Facilities Shortfall Notices exceeds the Estimated Irrigation Facilities Costs by eight percent (8%), then the Parties shall meet and confer before the District issues any subsequent Irrigation Facilities Shortfall Notice. Additionally, the District and Landowners shall work cooperatively and in good faith to make all reasonable efforts to control the further costs of the Landowner Irrigation Facilities and the Shared Transmission Facilities. In the event the Estimated Irrigation Facilities Cost exceeds the actual Irrigation Facilities Costs, or any funds are remaining following completion of the Landowner Irrigation Facilities and the Shared Transmission Facilities, such excess funds shall be refunded to the Participating Landowners within sixty (60) days following completion of the Landowner Irrigation Facilities and the Shared Transmission Facilities, in the same percentages as such Participating Landowners contributed to the Irrigation Facilities construction costs.

(G) After commencement of construction of the Landowner Irrigation Facilities, District and Landowners agree to meet at least on a quarterly basis to review the status, progress and costs of such facilities. District shall also report quarterly on the amount of the ten percent (10%) contingency that has been expended, and shall further call a separate meeting with Landowners at such time as eighty percent (80%) of the ten percent (10%) contingency has been expended. District shall be responsible for scheduling such meetings and providing a report, with reasonable supporting documentation, on the status, progress and costs of such facilities.

(H) Each Reimbursing Landowner shall be required to pay their Pro-Rata Share of the actual costs for the Landowner Irrigation Facilities incurred by the Participating Landowners pursuant to this Section 2.4 subject to adjustment equal to any annual increases in the Engineering News-Record Construction Cost Index for San Francisco accruing from the date of completion of all design and permitting to the date of payment by such Reimbursing Landowner. The portion of the Irrigation Advance Funding attributable to the District's 60% portion of the Shared Transmission Facilities shall be reimbursed to Participating Landowner's directly by District pursuant to Section 2.4(B) above. Such reimbursement shall be paid to District prior to recordation of a final map for the Reimbursing Landowner's Property. Each reimbursement payment from a Reimbursing Landowner shall be repaid by District to Participating Landowners in the same Percentage Shares that such Irrigation Advance Funding was paid and shall be paid to Participating Landowners within thirty (30) days following receipt of such funds by District. District shall not provide consent to final map approval until such Reimbursing Landowner has paid its Pro-Rata Share of actual Landowner Irrigation Facilities Costs.

(I) District Obligation To Design and Construct. Provided Participating Landowners provide the security and funding required by this Agreement for the Irrigation Facilities, District shall design, permit, engineer, construct or cause to be constructed, the Irrigation Facilities. Upon

receipt of Permitting/Design Advance Funding, District shall use diligent, good faith efforts to prepare design documents for the Irrigation Facilities and obtain all necessary permits and approvals for the Irrigation Facilities. Upon receipt of all permits and approvals, and receipt of all Irrigation Advance Funding, District shall cause the commencement of construction of the Irrigation Facilities. Following commencement of construction, District shall cause its contractors to diligently prosecute such construction to completion. District's obligations to commence and complete construction shall be subject to commercially reasonable delay due to Force Majeure causes and failure to construct in the winter months in accordance with standard industry practice. In the event that, despite District's diligent, good faith efforts to obtain permits, District is unable to obtain such permits within a commercially reasonable time, all security and unexpended funds shall be returned to the Participating Landowners upon request therefore, less any amounts already reasonably expended for the WTP Improvements. District shall obtain from all contractors, including engineers, subcontractors and suppliers, all normal and customary warranties and warranties. The Irrigation Facilities shall be constructed (a) in a good and workmanlike manner and (b) in accordance with applicable laws, regulations and codes. District covenants to make best efforts to keep the Landowners' Properties free from any liens, including mechanic's liens, which may arise in the construction of the Irrigation Facilities, unless such lien results from a breach of this Agreement by such Landowner. The Parties acknowledge that the Landowners' obligations hereunder relate solely to financing of the Irrigation Facilities, and Landowners shall have no responsibility or liability for design, engineering or construction defects related to or arising out of the construction of the Irrigation Facilities.

(J) Release of Unused Funds/Security. Within ninety (90) days following the completion of the Landowner Irrigation Facilities Costs and the Shared Transmission Facilities Costs, District agrees to release all letters of credit and release any unexpended portion of the Participating Landowner's cash deposits to the Parties that deposited the same, except to the extent there are any claims relating to the Construction of the Landowner Irrigation Facilities Costs or the Shared Transmission Facilities Costs. If there are any claims during such ninety (90) day period, a portion of the security equal to the amount of the claim may be retained by District until the final resolution of such claim.

## 2.5 Irrigation Facilities Maintenance Costs.

(A) Within thirty (30) days of completion of the Landowner Irrigation Facilities, each Participating Landowner agrees to deposit with District a one-time payment of Two Hundred Twenty Five Dollars (\$225.00) for each EDU within each Participating Landowner's respective Property and for each EDU in the Reimbursing Landowners' Properties (for a total payment of One Hundred Fifty Thousand Seven Hundred Fifty Dollars (\$150,750.00) from all Participating Landowners) to pay the estimated cost of maintaining such facilities from completion through estimated build-out of the Property ("**Irrigation Facilities Maintenance Cost**"). Each Reimbursing Landowner shall be required to pay Two Hundred Twenty Five Dollars (\$225.00) for each EDU within their respective Property for the Irrigation Facilities Maintenance Cost to District prior to final map approval. District shall reimburse such costs to Participating Landowners within thirty (30) days following receipt thereof.

## 2.6 Recycled Water Facilities.

(A) Subject to the provisions set forth below in this Section 2.6, Landowners agree to install recycled water irrigation facilities, including the distribution system within such Landowner's Property, service lines to the recycled water meter, the recycled water meter "setter" and the service extension to the point of connection to the recycled water irrigation system, within new residential and commercial developments on the Property, so that the District can increase the beneficial use of recycled water, and thereby reduce the demand for potable water supply within the Property.

Recycled water irrigation facilities shall be installed for landscape irrigation within the boundaries of the Landowner's Property that may include parks, schools, residential front and rear yard landscaping, and landscaped common areas. The actual areas within the Property that will be irrigated with recycled water shall be determined by the District on a project-by-project basis, subject to health and safety regulations, and after discussions with the effected Landowner. District shall make a determination of the requirements for the installation of recycled water irrigation facilities in new residential or commercial development and provide notice to the applicable Landowner at any time prior to installation of water facility lines in the Landowner's development project. Such notice shall include the following information:

(1) Identification of the areas where recycled water irrigation facilities are to be installed; and

(2) The specifications for such recycled water irrigation facilities, including applicable regulations of the Department of Health Services, including Title 22, and the provisions of the Master Reclamation Permit issued by the RWQCB.

(B) If District fails to produce Board adopted recycled water specifications within thirty (30) days following a Landowner's initial submittal of grading plans or Improvement Plans, District shall not require such Landowner to fund or install recycled facilities on such project.

## **2.7** Provision of Service.

(A) As consideration for the terms and conditions set forth herein, as of the Effective Date, District agrees to provide all Landowners (except any defaulting Landowners hereunder) a conditional will serve letter upon request of such Landowner which provides that upon compliance with this Agreement, including payment in full for all amounts due hereunder from such Landowner (including all amounts due from a Reimbursing Landowner), such Landowner will be entitled to a final will serve letter. District agrees to provide water service and wastewater service to the Property, subject to and contingent upon the satisfactory performance of all of the terms and conditions of this Agreement by Landowners and of other legal obligations of Landowners as set forth in duly enacted or adopted ordinances and regulations of District, and without limitation, subject to the WTP Improvements and the Landowner Irrigation Facilities being fully operational and in service. Water service is further contingent upon issuance of the appropriate permit(s) from the Department of Health Services. Additionally, wastewater service is further contingent upon issuance of the appropriate permit(s) from the RWQCB and the County of Sacramento for use of the recycled irrigation facilities on the Landowner Irrigation Easement.

(B) Notwithstanding the provisions of Section 2.7(A) above, in the event that one or more of the Landowners have not satisfactorily performed all of their respective legal obligations, whether pursuant to the terms and conditions of this Agreement or in duly enacted and adopted ordinances and regulations of District, District shall not withhold water service or wastewater service to the remaining Landowners and their respective projects, provided that all other contingencies to water service and/or wastewater service have been satisfied by such Landowner.

### **SECTION 3. Financing and Fees.**

#### **3.1 Mello-Roos Financing.**

(A) The Parties agree that the ultimate financing mechanism for the WTP Improvements and the Landowner Irrigation Facilities (collectively referred to herein in this Section 3 as "**Improvements**") may be a Community Facilities District (hereafter referred to as "**CFD #2**"), the boundaries of which shall be coincident with the boundaries of the projects of the Parties electing, in each Party's sole and absolute discretion, to participate in CFD #2 (each a "**CFD Participating Landowner**"), and which shall be subject to the requirements and limitations of Sections 53311 *et seq.* of the Government Code of the State of California. District will use its best efforts to form CFD #2 and act as lead agency. Nothing in this Section 3.1 shall obligate a Landowner to participate in CFD #2 or obligate District to make a finding nor to take any discretionary action regarding the formation of a Community Facilities District or the levy of a tax. Such decisions shall be made in accordance with all statutory requirements and procedures, and District ordinances and policies, and subject to the evidence and findings at the time that such a proposal is formally presented to the District's Board of Directors.

#### **3.2 Fund Control.**

(A) All funds and securities deposited by the Parties with the District shall be administered by a project fund manager retained as a consultant ("**Fund Manager**"). The Parties have elected to have Economic Planning Systems (2150 River Plaza Dr., suite 400, Sacramento, phone 916-649-8010) to be the Fund Manager. The costs of the Fund Manager shall be included in the administration costs included in this Agreement (as provided in Section 3.6 below). If EPS is unable or unwilling to provide such services, or in the event a majority of the Landowners decide to change the Fund Manager, the Fund Manager may be changed to any other qualified person or firm selected by a majority of the owners, with the written consent of the District Manager. The Parties acknowledge that all responsibilities and obligations for District to make financial calculations and determinations on funding amounts hereunder shall be delegated to and made by the Fund Manager in accordance with the provisions herein. The Fund Manager shall be responsible for all determinations to be made by District hereunder regarding funding and accounting pursuant to this Agreement, including but not limited to accounting for all funds paid or advanced by Participating Landowners, determining the Pro-Rata Shares, determining the Percentage Shares for advance funding for each improvement cost, determining the costs to be paid by each Landowner pursuant to Section 3.6 below, determining reimbursement to Landowners for reimbursement from Future District WTP Funding, determining reimbursement for Advance Funding, determining Excess EDU reimbursement, determining reimbursement for Public EDUs, and determining amount of all other financial calculations and reimbursement or refunds due pursuant to the terms herein. All amounts to be paid hereunder shall be paid to and held in an account(s) established District, except for CFD funds and security provided hereunder

which shall be held by District separately from such account. District shall not provide consent to approval of any final map (or any other final development approval for those Properties not obtaining a final map) and shall not provide any sewer or water service, for any of the Properties hereunder, unless and until the Fund Manager has sent written confirmation of payment in full of all amounts due hereunder. Landowners agree that District shall be entitled to conclusively rely on the determinations of the Fund Manager. Landowners hereby fully release District and shall fully defend, indemnify, save and hold harmless District, its governing body, officers, agents and employees from any claims, actions, or costs (collectively, “**Claims**”) brought by Landowners hereunder arising from or related to the determinations or calculations of Fund Manager hereunder, except Claims arising from the willful misconduct or fraud of District or material breach of this Agreement by District. Any such indemnity costs hereunder shall be paid in the same Pro-Rata Shares set forth herein. The Fund Manager may be changed at any time with ten (10) days written notice of the change signed by all Landowners.

### **3.3 Audit.**

(A) District shall keep itemized records of the expenses incurred that are related to the design and construction of the WTP Improvements and Irrigation Facilities, and all accounting of the Fund Manager, and all such records shall be retained for a minimum of three (3) years following completion of each improvement and shall be made available to the Parties for review during regular business hours, upon at least 72 hours advance written notice.

### **3.4 Bond Proceeds/Special Taxes - Construction Fund.**

(A) Pursuant to California Government Code Section 53314.9, the District agrees that upon the formation of CFD #2, the levy of a special tax upon the properties within the boundaries of CFD #2, and the receipt of bond proceeds pursuant to Section 3.1 above and/or the receipt of revenues from the collection of pay-as-you-go special taxes, the District shall repay the CFD Participating Landowners from the net amount of such bond proceeds and special tax proceeds available for the amount that each such CFD Participating Landowner advanced to the District and/or paid for the construction of Improvements, pursuant to this Agreement for the construction of the Improvements, as provided for in this Agreement, and to the extent allowed pursuant to those documents relating to the issuance of bonds and other applicable law. The District's agreement to repay the CFD Participating Landowners as provided in this Section 3.4 shall be included in both the resolution of intention to establish CFD #2 to be adopted pursuant to Section 53321 of the California Government Code and in the resolution of formation to establish CFD #2 to be adopted pursuant to Section 53325.1 of the California Government Code. This Section 3.4(A) is not intended to limit or preclude the inclusion of funding for facilities other than the Improvements in CFD #2, provided that any such additional facilities are approved by the CFD Participating Landowners.

(B) Upon the sale of bonds and receipt of the net bond proceeds by District, each CFD Participating Landowner may reduce the security provided pursuant to Sections 1.3 and 2.4 of this Agreement by the respective amount of bond proceeds attributable to such Landowner's respective project, as reasonably determined by District. This provision is not intended to relieve each Participating Landowner from its shortfall obligations pursuant to Sections 1.3 and 2.4 of this Agreement.

(C) Notwithstanding any provision to the contrary, unless District and the successor-in-interest and assignee of Winncrest and FN enter into an amendment to the Shortfall Agreement deleting the requirement applicable to bond proceeds, the net bond proceeds of CFD #2 shall first be used to pay successors- in-interest and assignees of Winncrest and FN the full amount of the Reimbursement Fee (defined in Section 3.7(C) below) applicable to that portion of the Property within the CFD #2 boundaries as required by the Shortfall Agreement.

### 3.5 No Reimbursement.

(A) Except as otherwise provided in this Agreement (including without limitation Section 1.2(B), Section 1.3(B), and Section 1.3(K) above), Landowners agree that the improvements which are to be paid for by Landowners will only serve buildings and residents attributable to the lots within and development of the Property. Except as otherwise provided in this Agreement (including without limitation Section 1.2(B), 1.3(B), and 1.3(K) above), Landowners understand and agree that Landowners will not be reimbursed for the costs of such Improvements, except as otherwise expressly provided herein.

### 3.6 Agreement Processing Costs.

(A) Prior to the execution of this Agreement, certain Landowners have paid certain consultant costs incurred by the District in connection with the negotiation of this Agreement, including legal fees, in the approximate amount of One Hundred Thousand Dollars (\$100,000.00), pursuant to the Developer Deposit Agreement entered into by and between the District and Riverview including, without limitation, past due legal fees due to District incurred by other Landowners. Each Landowner agrees to pay its respective Pro-Rata Share of legal fees advanced under the Developer Deposit Agreement on the earlier of: (i) the first election to become a Participating Landowner for any portion of the design or construction hereunder or (ii) at the time a Reimbursing Landowner makes a reimbursement payment and prior to the first final map for such Reimbursing Landowner's Property. Such amounts shall be reimbursed to Riverview upon receipt by District. In addition, Landowners shall pay any future consultant costs incurred by the District in connection with the processing and adoption of this Agreement, including legal fees, administration costs for the Fund Manager and CEQA consultant costs, which costs shall be included with the applicable Estimated WTP Improvement Cost and Estimated Irrigation Facilities Costs (and each Landowner shall be responsible as either a Participating Landowner or Reimbursing Landowner for their Pro-Rata share of such costs as applicable for each improvement). In addition to all other legal and equitable remedies provided herein for failure to pay such costs when due, the provisions of Section 4.4 below shall apply for failure to pay amounts due under this Section 4.4.

### 3.7 Fees For Other Services and Facilities.

(A) Landowners agree to pay a bundled fee in the amount of Seven Thousand ~~Six~~ Seven Hundred ~~Nineteen-Twenty-one~~ Dollars (~~\$7,6197,721~~) per EDU ("**Bundled Fee**") to District for all development on the Property. The Bundled Fee shall be paid in full at the time of issuance of a building permit for residential units, and shall be paid in full at the time of issuance of a certificate of occupancy for commercial buildings. The Bundled Fee shall be adjusted annually in proportion to the annual increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items and Major Group Figures, published by the United



States Department of Labor, Bureau of Labor Statistics, or similar index used by the District, in its reasonable discretion. The Bundled Fee includes a Water Augmentation Fee in the amount of Four Thousand ~~Four-Five~~ Hundred ~~Nineteen-Twenty-one~~ Dollars (\$4,49521) (“**Water Augmentation Fee**”). Landowners shall be entitled to a fee credit in the amount of Two Thousand Dollars (\$2,000) per EDU against the Water Augmentation Fee when such Landowner installs the in-tract reclaimed water system for the Property. In addition, should the District reduce the amount of the Water Augmentation Fee after the execution of this Agreement, Landowners shall be entitled to pay the reduced Water Augmentation Fee after the effective date of such reduction. Landowners shall not be entitled to reimbursement for the amount of any fees paid prior to the effective date of any reduction in the Water Augmentation Fee.

(B) All other fees included in the Bundled Fee shall be subject to any increases adopted by the District Board of Directors, if such increases are adopted in accordance with the Mitigation Fee Act (Government Code Section 66000, et seq.) and applied uniformly to all new development. Landowner’s participation in implementing this Agreement and compliance with the terms and conditions herein, including without limitation payment of the Bundled Fee and Water Augmentation Fee, is intended to constitute complete satisfaction of the requirements of District in order to obtain will serve letters and water and sewer service for the Projects for the number of EDUs allocated to such Projects herein and shall be deemed full mitigation of the impact upon the District from the development of the Property. Upon completion of the facilities described herein, Landowners will have provided sufficient capacity for the EDUs set forth in Section 1.1 above to serve the Property.

(C) The amount of Five Thousand Nine Hundred Dollars (\$5,900) per EDU will be paid to District, to satisfy the obligations of each Landowner’s Property as a “Benefitting Property” pursuant to the Shortfall Agreement. Any Landowner’s Property shall be deemed to have paid all amounts due pursuant to Section 7 of the Shortfall Agreement upon payment of such \$5,900 per EDU. District shall collect such amounts upon the recordation of the first Final Map for each project, or if no Final Map is required, upon the recordation of the Parcel Map (or if no map is required for any project prior to any certificate of occupancy or provision of service to such Property). Such amount represents the amount to be reimbursed to successor-in-interests and assignees of Winncrest and FN for infrastructure previously funded by Winncrest and FN pursuant to the Shortfall Agreement (“**Reimbursement Fee**”). The Reimbursement Fee shall be paid for the benefit of the successor-in -interest and assignee of Winncrest and FN as and to the extent required by the Shortfall Agreement as determined by District in their sole discretion. Any amounts not reimbursed to the successor-in -interest and assignee of Winncrest and FN by District may be retained by District and used by District pursuant to the terms of the Shortfall Agreement. The Reimbursement Fee is a fixed amount and shall not be subject to any increases, adjustments or interest. Compliance with the terms and conditions herein and payment of the Reimbursement Fee by a Landowner shall be full and final satisfaction of any and all payment obligations to District and to successor-in ~~-interest~~ ~~est~~ and assignees of Winncrest and FN for a Benefitting Property pursuant to the Shortfall Agreement. District represents, warrants and covenants that the successors-in-interest and assignees to Winncrest and FN have expressly consented to this provision, as evidenced by the Letter of Acknowledgement and Consent attached hereto as Exhibit K which shall supersede and amend the obligation for the Properties to pay any greater amount pursuant to the existing Shortfall Agreement. Notwithstanding the foregoing, the Reimbursement Fee shall not be applicable to the Riverview or Lakeview

Properties, as those properties are not subject to reimbursement obligation pursuant to the Shortfall Agreement.

(D) All costs and fees in this Section 3.7 are identified in Exhibit M attached hereto.

#### **SECTION 4.** Default by Landowner; Remedies of Other Landowners.

##### **4.1** Delinquent Landowners.

(A) Any Participating Landowner who fails, beyond any applicable notice and cure periods set forth in this Agreement, to contribute its Percentage Share of Advance Funding and its Pro-Rata Share for the costs of the WTP Improvements, the Landowner Irrigation Facilities, or other facilities, as required hereunder, or who fails to pay any other costs required hereunder including, without limitation, all agreement processing costs set forth in Section 3.6 above, and such Landowner has not provided adequate security upon which District may draw, or such security is inaccessible to District for any reason whatsoever, shall be referred to as a “**Delinquent Landowner**”. Participating Landowners who have timely paid their Percentage Share of Advance Funding and Pro-Rata Shares of the above referenced costs as required under this Agreement, or have provided adequate security upon which District may draw, shall be referred to as “**Current Landowners**”. In addition, any Reimbursing Landowner who fails to pay any and all amounts due hereunder as and when required by this Agreement (as set forth in Recital G and Section 3.6 and 3.7 herein) shall be considered in material default hereunder.

##### **4.2** Indemnification Obligations.

(A) Each Delinquent Landowner shall indemnify, defend, protect and hold the Current Landowners and Reimbursing Landowners, individually and collectively, harmless from any loss, cost, or expense, including, without limitation, reasonable attorneys’ fees and costs and late fees or penalties incurred or accruing under this Agreement and resulting from the Delinquent Landowner’s failure to make any Pro-Rata Share contribution, Advance Funding payment or other payment of funds required under this Agreement.

##### **4.3** Obligation to Advance Delinquent Amounts.

(A) All Current Landowners shall be required, within thirty (30) days following receipt of written notice that a Landowner has become a Delinquent Landowner, to advance the Delinquent Landowner’s Pro-Rata Share of any delinquent payments due under this Agreement, with such advances being made in proportion to the Current Landowners’ respective number of EDUs allocated under this Agreement as compared to the aggregate number of EDUs allocated to the Current Landowners under this Agreement, or as may otherwise be agreed to by the Current Landowners. If an otherwise Current Landowner fails to pay its share of a Delinquent Landowner’s Pro-Rata Share as required under this Section 4.3, such Current Landowner shall immediately become a Delinquent Landowner, and the remaining Current Landowners shall be obligated hereunder to fund such Delinquent Landowner’s share of any other Delinquent Landowner’s Pro-Rata Share as provided hereunder. If the Current Landowners, or any of them, advance a Delinquent Landowner’s Pro-Rata Share due under this Agreement, such Current Landowners shall thereafter be referred to as “**Advancing Landowners**”, and such Advancing

Landowners shall be entitled to recover from the Delinquent Landowner the amount advanced on behalf of the Delinquent Landowner, together with any and all costs associated with such Advancing Landowners' obtaining the necessary funds for such advance (including, without limitation, any loan fees or expenses and any legal fees reasonably incurred to obtain such funds), together with interest on the amount advanced by such Advancing Landowners at the rate of twelve percent (12%) per annum or the maximum rate allowable by law on delinquent financial obligations, whichever is less.

(B) The payments necessary to bring a Delinquent Landowner's Pro-Rata Share current shall include the costs and interest payments calculated on the number of days the subject Pro-Rata Share payment is delinquent, up to and including the date the payments are received by the District or Advancing Landowners. Thereafter, any and all amounts paid by said Delinquent Landowner to cure such default, or any amounts received by Current Landowners through reimbursements or credits that would otherwise have been payable to such Delinquent Landowner, as provided herein, including all amounts for interest, shall be paid to the Advancing Landowners who advanced such amounts for the Delinquent Landowner, in proportion to the amounts so advanced by the Advancing Landowners. As additional security, the Delinquent Landowner grants the Current Landowners a security interest in the Delinquent Landowner's right to receive any reimbursement under this Agreement to secure the Delinquent Landowner obligations under this Section 4 and further agrees to execute a UCC-1 financing statement as the Current Landowners may reasonably request. The Delinquent Landowner shall execute any financing statement provided by the Current Landowners and deliver those documents to the Current Landowners within five (5) days of the receipt of those documents.

(C) The Landowners acknowledge and agree that no other Landowner shall have any right to enforce this Agreement against a Landowner's real property (except as otherwise expressly provided herein) and no Landowner, shall have any right to record a contractual lien against such Landowner's Property provided that nothing in this Section 4.3 or elsewhere in this Agreement shall prohibit or preclude a Landowner from recording a judgment lien generally against a Delinquent Landowner's or defaulting Reimbursing Landowner's real property interests in Sacramento County (including such Delinquent Landowner's or defaulting Reimbursing Landowner's interest in the Property), as permitted by law.

#### **4.4 No Service to Delinquent Landowner/No Service to Defaulting Reimbursing Landowner.**

(A) The Parties agree that, in the event that a Landowner becomes a Delinquent Landowner under this Agreement or in the event a Reimbursing Landowner fails to pay all amounts due hereunder when required by this Agreement or is otherwise in material default of its obligations hereunder and District and/or the Fund Manager receives notice of such delinquency or default, then until such Delinquent Landowner shall have fully cured such delinquency, including, without limitation, reimbursing the Advancing Landowners for all costs and interest incurred or accrued in connection with the Advancing Landowners advancing of the Delinquent Landowner's Pro-Rata Share, or until a Reimbursing Landowner has fully paid all amounts due hereunder when required by this Agreement or has cured such other material default, including without limitation reimbursing all Participating Landowners as required hereunder, District shall not provide, and the Delinquent Landowner or the defaulting

Reimbursing Landowner shall not request or be entitled to, a final map, a final will serve, any other final approval, or any water or disposal services to the Delinquent Landowner (or defaulting Reimbursing Landowner as the case may be) and/or its portion of the Property. District shall be entitled to rely on the written determinations of Fund Manager regarding the amount due from such Delinquent Landowner or Reimbursing Landowner and the date that such Delinquent Landowner or Reimbursing Landowner has been paid current. District shall not to approve any final map or final will serve for any Property unless and until District receives a written statement from the Fund Manager showing all amounts due hereunder for such Property paid in full. This provision shall not require District to interrupt or disconnect existing services.

## **SECTION 5. Miscellaneous Provisions.**

### **5.1 Covenant to Grant Easements.**

(A) Each Landowner agrees to convey to District, upon demand at any time following approval of a final subdivision map for the Property containing such easement or right of way, any easements or rights of way reasonably required to accommodate the facilities and improvements required by District to serve the Property, without compensation or subject to any conditions.

### **5.2 Authority of District.**

(A) Landowners and District agree that nothing in this Agreement is intended to limit or restrict the exercise of the normal and customary powers of District to act in accordance with its obligations to protect the public health and safety of the residents, owners, and occupants of property within the District. District retains the right and obligation to adopt ordinances and regulations addressing the needs of District provided that all such ordinances and regulations are uniformly applicable to similarly situated property within the boundaries of District.

### **5.3 Binding Agreement; Runs With Land.**

(A) This Agreement shall constitute a contract under the laws of the State of California between Landowners and District, and an equitable servitude of each Landowner (and Landowner's successors and assigns) as to the lands described and shown on Exhibits A-1, A-2, B-1, B-2, C-1 C-2, D-1, D-2, E-1, E-2, F-1, F-2, G-1 and G-2 and such servitude shall obligate each Landowner (and Landowner's successors and assigns), as to such lands, for the benefit of District and other lands within the District. A memorandum of this Agreement shall be recorded in the Official Records of the County of Sacramento, California in substantially the form attached hereto as Exhibit N. This Agreement is, and shall be, a covenant and shall run with and bind District and the owners of the lands described in this Agreement, subject to the termination provisions set forth in Section 5.5 below. Notwithstanding the foregoing, the right to reimbursement hereunder is personal to each Landowner and such right to reimbursement shall not run with the land and shall remain with such Landowner unless expressly assigned as part of an executed assignment and assumption agreement.

**5.4** Term.

(A) The term of this Agreement shall be for a period of thirty (30) years from the date of execution by the District. In the event of an earlier termination pursuant to the provisions hereof, or due to the failure to obtain necessary permits or approvals for any of the facilities, the District shall return to Landowners any funds provided to District pursuant to this Agreement, which have not been expended or committed under contract, in the same Pro-Rata Shares as such funds were contributed, within sixty (60) days following such termination. Notwithstanding any earlier termination of this Agreement or anything herein to the contrary, all provisions herein for Reimbursing Landowners to provide reimbursement to Participating Landowners for costs incurred by such Participating Landowners prior to termination of this Agreement shall survive such earlier termination and shall remain in full force and effect even upon termination of this Agreement prior to the 30 year term.

**5.5** Termination.

(A) Each Landowner (and Landowner's successors and assigns) may terminate this Agreement as to a specific lot or parcel at an earlier date than that set forth in Section 5.4, provided that all of the obligations with respect to the construction and financing of facilities and infrastructure, and the payment of fees and all reimbursement due hereunder from such Landowner has been fully satisfied. Such termination shall be evidenced by a Notice of Termination, executed by the respective Landowner and District, to be recorded in the Official Records of the County of Sacramento, California by such Landowner as to the lot or parcel so terminated. District shall provide such Notice of Termination within thirty (30) days following a request therefore from a Landowner (provided the Fund Manager has provided written confirmation that all amounts due from such Landowner have been paid in full). This Agreement shall automatically terminate and be of no further force or effect as to any single family residence or any other building and the lot or parcel on which it is located, when such residence or building has been approved by the County for occupancy.

**5.6** Notices.

(A) All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, (iii) sent by nationally recognized courier service such as Federal Express, or (vi) sent by facsimile or e-mail, provided that any notice sent by facsimile or e-mail shall also be sent by one of the other methods provided above. All notices, requests, demands or other communications shall be addressed to the Parties as follows:

To District: Rancho Murieta Community Services District  
15160 Jackson Road  
Rancho Murieta, CA 95683  
Attention: General Manager

With copy to: Kronick, Moskovitz, Tiedemann & Girard  
400 Capitol Mall, 27th Floor  
Sacramento, CA 95814  
Attention: Jonathan P. Hobbs

Notices required to be given to Landowners shall be addressed as follows:

To Residences East: CSGF Rancho Murieta LLC  
555 California Street, #3450  
San Francisco, CA 94104  
Attention: Jim Galovan

To Residences West: BBC Murieta Land, LLC  
853 North Elston  
Chicago, IL 60642  
Attention: Robert Weil

To Retreats: Murieta Retreats, LLC.  
11249 Gold Country Blvd., Suite 190  
Gold River, CA 95670  
Attention: Gerry Kamilos ~~& Robert Cassano~~

To Gardens: Consumnes River Land, LLC  
7200 Lone Pine Drive, Ste 200  
Rancho Murieta, CA 95683  
Attention: John Sullivan

To Riverview: PCCP CSGF RB PORTFOLIO, LLC  
555 California Street, Suite 3450  
San Francisco CA 94104  
Attention: Jim Galovan

With a copy to: Hock Construction Management, Inc.  
10630 Mather Blvd.  
Sacramento, CA 95655  
Attention: Les Hock

To Lakeview: Elk Grove Bilby Partners, LP  
900 Emmett Ave., Ste 200  
Belmont, CA 94002

To Rancho Murieta 205 LLC: Rancho Murieta 205 LLC  
(Successors in Interest to Winncrest/FN)

10630 Mather Blvd.  
Sacramento, CA 95655  
Attention: Lori Rispoli

To Fund Manager: Economic Planning Systems  
2150 River Plaza Dr. Ste 400  
Sacramento, CA 95833  
Attention: Jamie Gomes

(B) Delivery of any notice or other communication hereunder shall be deemed made on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery, if sent by mail or courier service. Notice may also be given by facsimile or e-mail (provided another method in subsection (i)-(iii) above is also used) which shall be deemed delivered when received by the facsimile machine or e-mail of the receiving party if received before 5:00 p.m. (Pacific Time) on a business day, or if received after 5:00 p.m. (Pacific Time) or on a day other than a business day (*i.e.*, a Saturday, Sunday, or legal holiday), then such notice shall be deemed delivered on the following business day. The transmittal confirmation receipt produced by the facsimile machine or e-mail server of the sending party shall be prima facie evidence of such receipt (provided another method is used in addition to such fax or e-mail). Any party may change its address, facsimile number or e-mail for purposes of this Section by giving notice to the other Parties and the Fund Manager as herein provided.

(C) Any Party may change its address by giving notice in writing to the other Parties.

#### **5.7 Force Majeure.**

(A) Performance by any Party related to construction of improvements shall not be deemed to be in default during any period where delays or defaults are due to war, acts of terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, or enactment of conflicting state or federal laws or regulations, except that payment of any amounts due hereunder shall not be excused for Force Majeure events.

#### **5.8 Entire Agreement.**

(A) This is an integrated Agreement, and contains all of the terms, consideration, understanding and promises of the Parties. It is intended to be, and shall be, read as a whole. All recitals and exhibits are incorporated herein. This Agreement and the Exhibits hereto contain the entire agreement between the Parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement, all prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement and the Exhibits hereto.

#### **5.9 Legal Action.**

(A) In addition to any other rights or remedies, any Party may institute legal action to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation.

**5.10 Attorneys' Fees.**

(A) In the event of any litigation (including nonjudicial arbitration) arising out of this Agreement, the prevailing Party (or Parties) in such action, in addition to any other relief which may be granted, shall be entitled to recover its reasonable attorneys' fees and costs. Such attorneys' fees and costs shall include fees and costs on any appeal, and all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to such litigation or arbitration. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

**5.11 Applicable Law.**

(A) This Agreement shall be construed and enforced in accordance with the laws of the State of California.

**5.12 Indemnity.**

(A) Each Landowner hereby agrees to and shall defend, indemnify and hold District, its Board, officers, agents, and employees harmless from any liability for damage, litigation or claims: (i) relating to the approval of this Agreement by District, and (ii) hereby agrees to and shall defend, indemnify and hold District, its Board, officers, agents, and employees harmless from any liability for damages for personal injury, or bodily injury including death, as well as from claims for property damage (collectively “**Claims**”) to the extent such Claims arise from the operations or performance of such Landowner or the operations or performance of such Landowner's contractors, subcontractors, agents, or employees under this Agreement, whether such operations or performance be by the indemnifying Landowner, or by any of the indemnifying Landowner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for indemnifying Landowner or any of the indemnifying Landowner's contractors or subcontractors, unless such damage or claim arises from the negligence or willful misconduct of District. A Landowner shall not be required to indemnify the District for damages or claims caused by the negligence or willful misconduct of the District, or its Board, officers, agents contractors, subcontractors or employees. The indemnity obligations under 5.12(i) above shall be joint and several. The indemnity obligations under 5.12(ii) above shall be several.

**5.13 Waiver of Rights and Claims**

(A) In consideration of the mutual promises and covenants set forth in this Agreement, each Landowner (including successors in interest and assigns) hereby waives and releases any present or future rights or claims Landowner may have or possess with respect to the Property



under Government Code section 66000 et. seq. with respect to the District's establishment, receipt and use of those fees and reimbursement amounts specifically required by this Agreement including without limitation the Bundled Fee and required to be paid to District under this Agreement. This provision is not intended to prevent Landowners from objecting to or challenging any proposed increase in the Bundled Fee, or portions thereof, other than indexed annual adjustments, or objecting to or challenging any proposed new fees and this Section 5.13 shall not be a waiver of any rights or remedies Landowners may have against District for a breach of this Agreement by District.

#### **5.14 Joint and Several Liability Procedures.**

(A) Whenever in this Agreement, the Landowners are jointly and severally liable to the District, District agrees to adhere to the following procedure prior to enforcing such liability against any Party:

(B) In the event that a Participating Landowner is required to pay a Pro-Rata Share or make any other monetary payment or contribution pursuant to this Agreement, and after notice and request to make such payment or contribution by District, has failed to do so, District shall first seek to satisfy the obligation of such Participating Landowner by drawing upon any security deposited or provided by such Landowner pursuant to Section 1.3 and/or Section 2.4 above.

(C) Should a Participating Landowner fail to make a required payment or contribution, and there is inadequate security provided by such Participating Landowner upon which District may draw, or such security is inaccessible to District for any reason whatsoever, then such Participating Landowner shall be designated a Delinquent Landowner, as such term is defined in Section 4.1 above, and District shall request in writing that the remaining Participating Landowners collectively make the payment or contribution of the Delinquent Landowner within thirty (30) days of such request by the District.

(D) If the remaining Participating Landowners do not collectively make the payment or contribution of the Delinquent Landowner within the time specified in Section 5.14(B) above, then each Participating Landowner shall be jointly and severally liable for the payment or contribution of the Delinquent Landowner, and District may demand and take any lawful action, without further delay or condition, to require and obtain full payment from any or all of the Participating Landowners, including the Delinquent Landowner, as District deems necessary in its sole discretion.

#### **5.15 Dispute Resolution Regarding Allocation of Pro-Rata Shares, Percentage Shares, Payment**

(A) In the event issues, claims, controversies or disputes arise concerning matters regarding the calculation or determination of costs hereunder, including without limitation estimated costs, the allocation of Pro-Rata Shares, Percentage Shares, amounts due under invoices, reimbursement amounts, shortfall calculations, the actual improvement costs, approval

of change orders, and timing of construction, as a condition precedent to arbitration, all such disputes, shall first be resolved according to this Section 5.15.

(B) Should the parties be unable to resolve any dispute described in section 5.15(A) informally, the parties shall endeavor to resolve any such dispute by mediation before a mutually agreeable mediator, with a preference given to a mediator with experience in construction and development matters. Any controversy or claim described in section 5.15(A) that remain unresolved after 60 days of initiation of mediation proceedings shall be finally resolved by binding arbitration. The arbitration shall be conducted and administered by JAMS in accordance with the JAMS rules and procedures. All arbitration proceedings shall be held in Sacramento County before a single neutral arbitrator agreeable to the parties, with a preference given to an arbitrator with experience in construction and development matters. The parties shall operate in good faith in an attempt to conclude the arbitration proceedings within 60 days of the initiation of the arbitration. The arbitrator shall have no power to vary or modify any of the provisions of this Agreement. The arbitration award shall be in writing and may be reduced to judgment consistent with the California Code of Civil Procedure. The Parties shall have the right to conduct discovery consistent with the California Code of Civil Procedure section 1283.05.

**5.16** No Joint Venture.

(A) It is specifically understood and agreed by and among the Parties hereto that the subject project is a private development. No partnership, joint venture or other association of any kind is formed by this Agreement.

**5.17** Cooperation.

(A) In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the Parties hereby agree to cooperate in defending said action.

**5.18** Third Parties.

(A) This Agreement is made and entered into for the sole protection and benefit of the Parties. No other person shall have any right of action based upon any provision in this Agreement.

**5.19** Time of the Essence.

(A) The Parties agree that time is of the essence for each Agreement provision of which time is an element.

**5.20** Assignment.

(A) Subject to the provisions of Section 1.2 above, each Landowner shall have the right to assign this Agreement, or any portion thereof, in connection with any sale, transfer or conveyance of the Property, or any portion thereof, and upon the express written assignment by a Landowner and assumption by the assignee of this Agreement in the form attached hereto as Exhibit L, and the conveyance of Landowner's interest in the Property related thereto, and upon provision of a copy of the executed assignment and assumption agreement to the District, such Landowner shall be released from any future liability or obligation hereunder, related to the portion of the Property so conveyed and the assignee shall be deemed the "Landowner," with all rights and obligations related thereto, with respect to such conveyed property. Notwithstanding the foregoing, no Participating Landowner shall be relieved of any liability or obligations hereunder unless and until the proposed assignee provides adequate replacement security, as determined by District, to adequately secure the remaining obligations under this Agreement.

#### **5.21** Amendments.

(A) This Agreement may be amended only in writing by mutual consent of the Parties or their successors in interest. Notwithstanding the foregoing, in the event there is additional excess capacity in the WTP Improvements and/or the Irrigation Facilities (in addition to the capacity for the Properties, the existing EDUs and the public EDUs), the Landowners shall have the right to amend this Agreement to allow any other property owner within the District to become a party to this Agreement in order to obtain capacity in the WTP Improvements and/or the Irrigation Facilities by complying with the terms and conditions herein, provided the consent of the District ~~Board of Directors manager~~ is obtained, which consent shall not be unreasonably withheld, delayed or conditioned. Such amendment will allocate any excess capacity to such property owner and provide for the additional property owner to become a party hereunder, and reallocate the Pro-Rata Shares hereunder based on the additional property.

#### **5.22** Severability

(A) The provisions of this Agreement are intended to be severable. If any term or provision of this Agreement is illegal or invalid for any reason whatsoever, any invalidation by judgment or court order shall in no way affect any of the other provisions hereof or the application thereof to any other person and the remainder of the Agreement shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement. Such invalidation shall not limit or restrict the obligations of Landowners or District with respect to obligations previously incurred in connection with an actual formation of CFD #2 or with the prior issuance of bonds thereby.

#### **5.23** Exhibits.

(A) The following exhibits are attached hereto and are incorporated herein by this reference:

- A-1 Legal Description of the Retreats
- A-2 Diagram of the subdivision for the Retreats
- B-1 Legal Description of the Residences of Murieta Hills – East
- B-2 Diagram of the subdivision for the Residences of Murieta Hills – East
- C-1 Legal Description of the Residences of Murieta Hills – West
- C-2 Diagram of the subdivision for the Residences of Murieta Hills – West
- D-1 Legal Description of the Murieta Gardens Shopping Center
- D-2 Diagram of the subdivision for the Murieta Gardens Shopping Center
- E-1 Legal Description of Murieta Gardens Residential Project
- E-2 Diagram of the subdivision for Murieta Gardens Residential Project
- F-1 Legal Description of Riverview
- F-2 Diagram of the subdivision for Riverview
- G-1 Legal Description of Lakeview
- G-2 Diagram of the subdivision for Lakeview
- H EDU Calculations (for both water and sewer)
- I Grant and Agreement Irrigation Easement, District
- J Grant and Agreement Irrigation Easement, Landowners
- K Letter of Acknowledgment and Consent
- L Form of Assignment and Assumption
- M RMCS D Bundled Fee Summary
- N Memorandum of Financing and Services Agreement

*[Signatures page follows]*

IN WITNESS WHEREOF, the Parties hereto execute this Agreement:

\_\_\_\_\_, 2013

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

APPROVED BY THE BOARD OF DIRECTORS AT ITS MEETING ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013

By: \_\_\_\_\_  
~~Roberta J. Belton~~ Gerald E. Pasek,  
President, Board of Directors

"DISTRICT"

Approved as to form:

By: \_\_\_\_\_  
Jonathan Hobbs,  
District Counsel

\_\_\_\_\_, 2013

CSGF RANCHO MURIETA, LLC, a Delaware limited liability company

By: PCCP CSGF RB PORTFOLIO, LLC a Delaware limited liability company, its Member

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Authorized Signatory

"Residences East"

\_\_\_\_\_, 2013

BBC MURIETA LAND LLC, a California limited liability company

By: BBC LONGVIEW, LLC, an Illinois limited liability company, its Manager

By: LINCOLNSHIRE ASSOCIATES II, LTD., a Texas limited partnership, its Manager

By: DDC 2009 IRREVOCABLE TRUST, its General Partner

By: \_\_\_\_\_  
David D. Colburn, Trustee

"Residences West"

\_\_\_\_\_, 2013

MURIETA RETREATS, LLC,  
a California limited liability company,  
Member

By: The Robert J. Cassano and Sandra L.  
Cassano Revocable Living Trust, its  
Manager Member

By: \_\_\_\_\_  
Name: Robert J. Cassano  
Title: Co-Trustee

"RETREATS"

| \_\_\_\_\_, 2013

CONSUMNES RIVER LAND, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Carol Anderson Ward  
Title: Manager

By: \_\_\_\_\_  
John M Sullivan  
Title: Manager

"GARDENS"

\_\_\_\_\_, 2013

PCCP CSGF RB PORTFOLIO, LLC a Delaware  
limited liability company

By: \_\_\_\_\_  
Title: \_\_\_\_\_

" RIVERVIEW"

\_\_\_\_\_, 2013

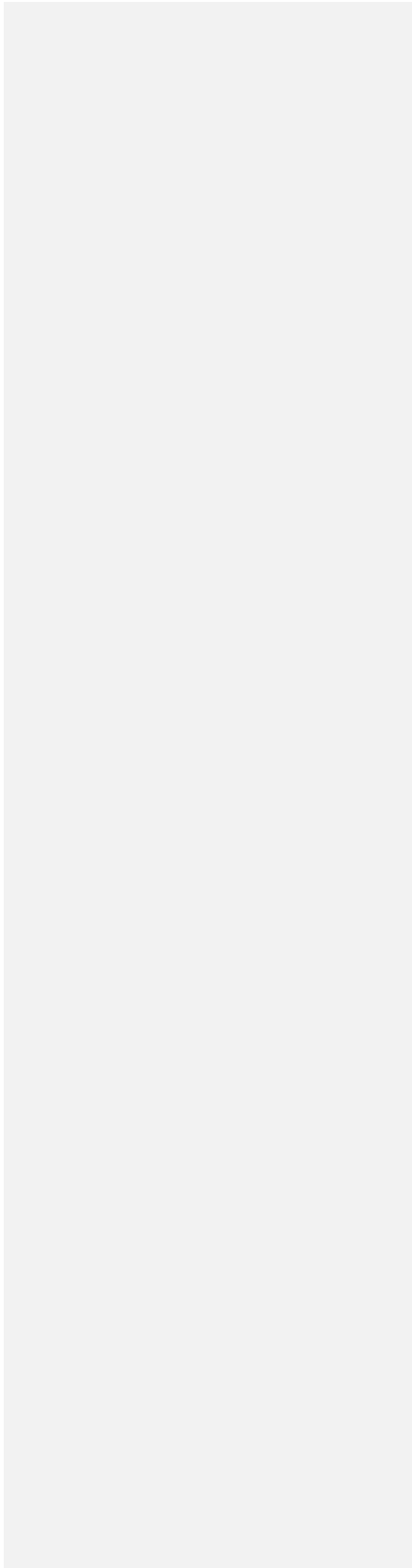
ELK GROVE BILBY PARTNERS, L.P.,  
a California limited partnership

By: VPI 2004, Inc., a California corporation,  
its General Partner

By: \_\_\_\_\_

Title: \_\_\_\_\_

" LAKEVIEW"



**ACKNOWLEDGMENTS**

**(FORM OF ACKNOWLEDGMENT)**

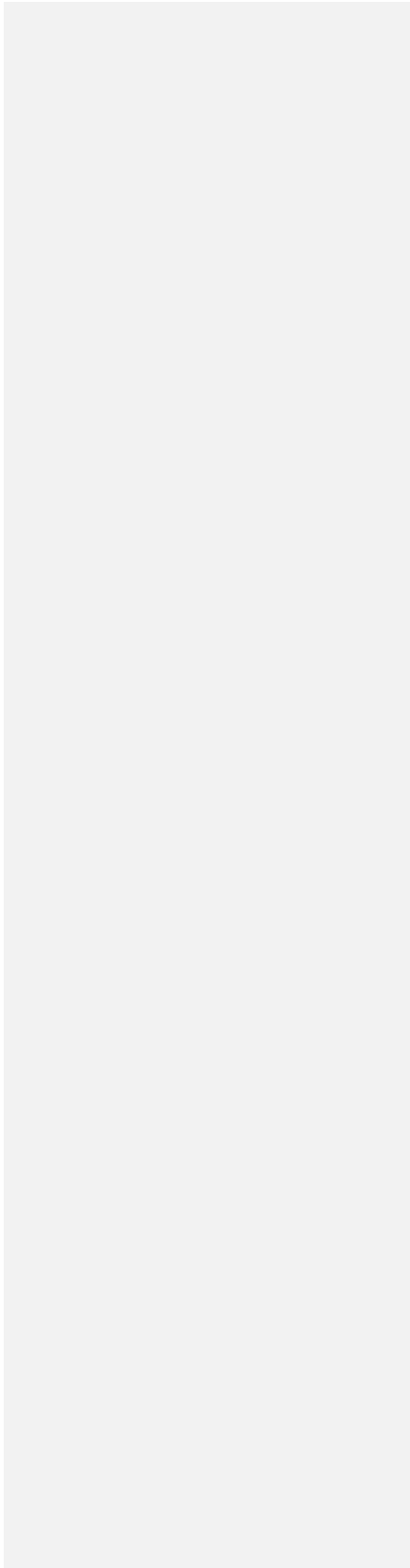
State of California            )  
  )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_, (here insert name and title of the officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

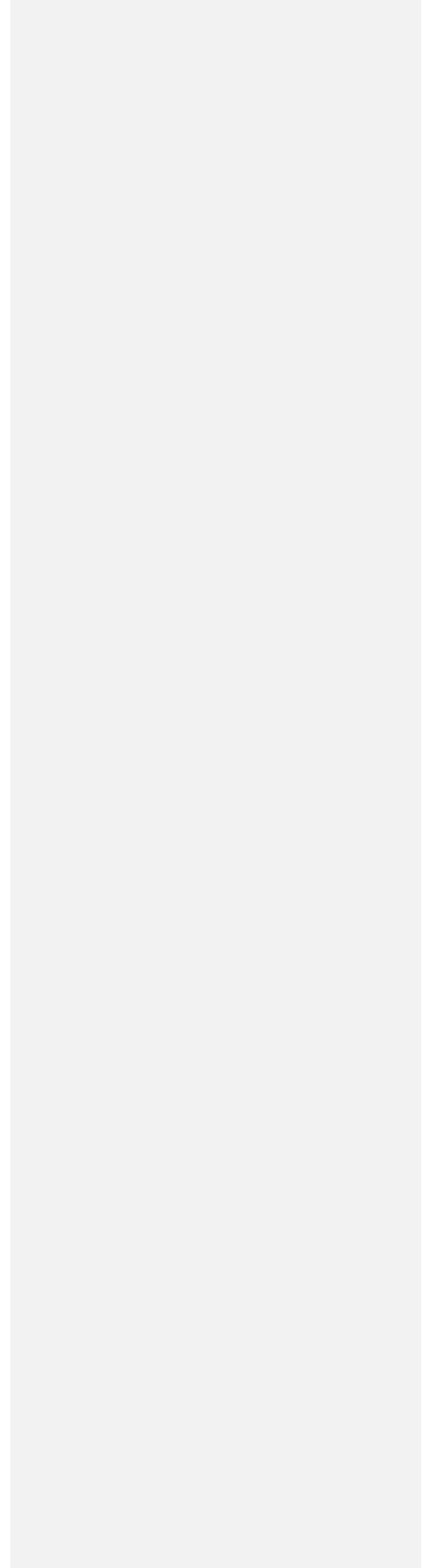
Signature \_\_\_\_\_ (Seal)





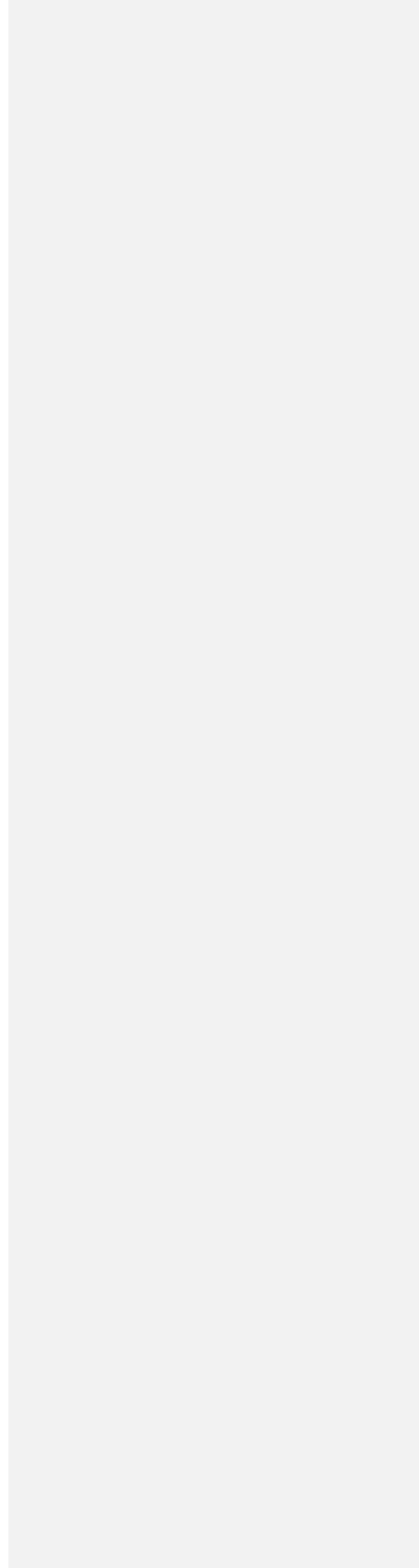
**EXHIBIT A-1**  
**Legal Description of the Retreats**

{00004-001-00027576-1}  
1012641.9 3130.020

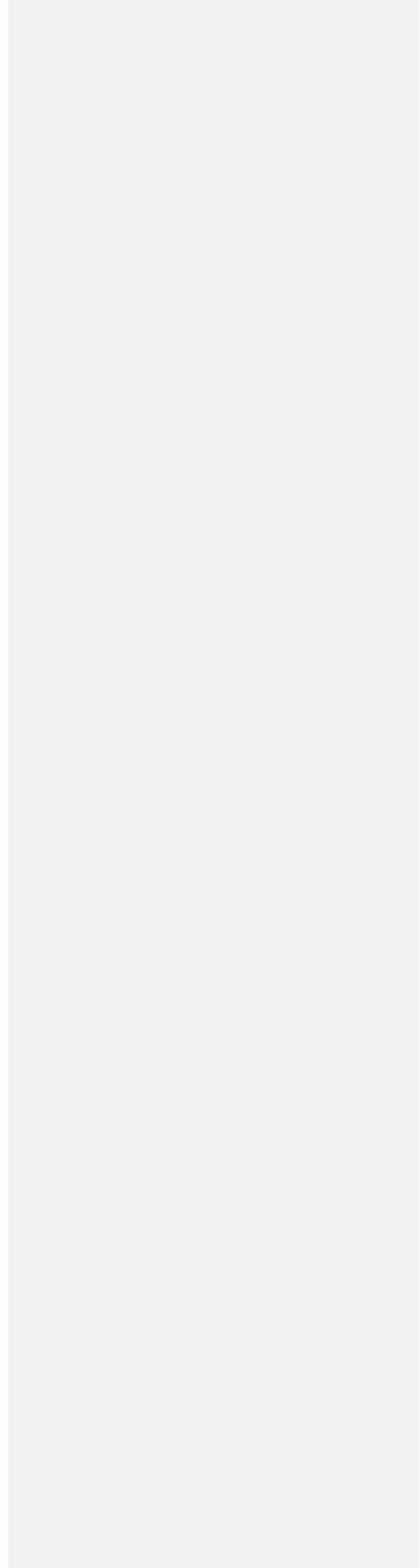


**EXHIBIT A-2**  
**Diagram of the subdivision**  
**for the Retreats**

{00004-001-00027576-1}  
1012641.9 3130.020

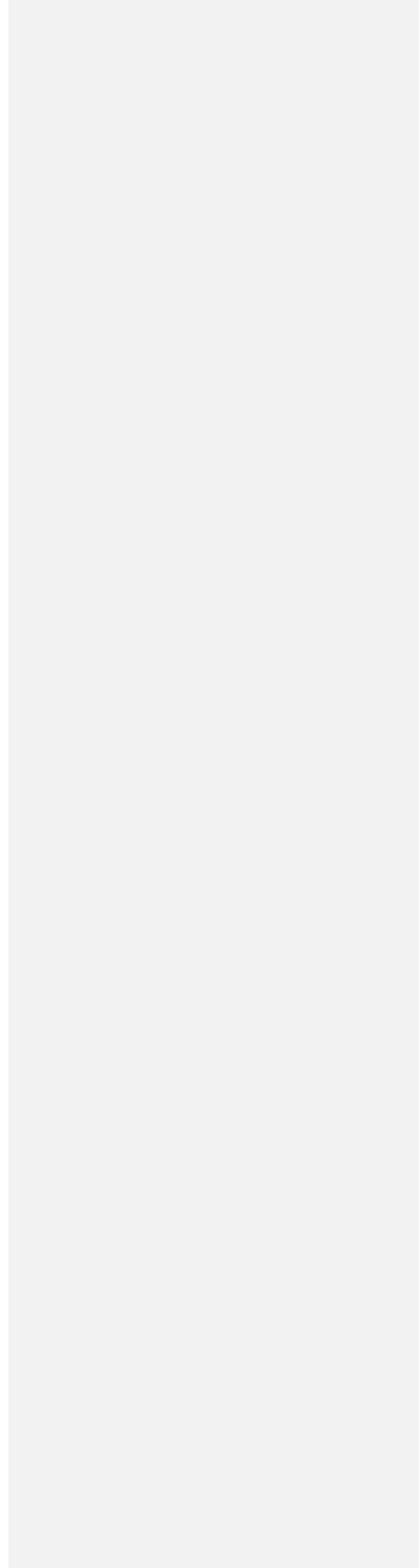


**EXHIBIT B-1**  
**Legal Description of the Residences**  
**of Murieta Hills - East**

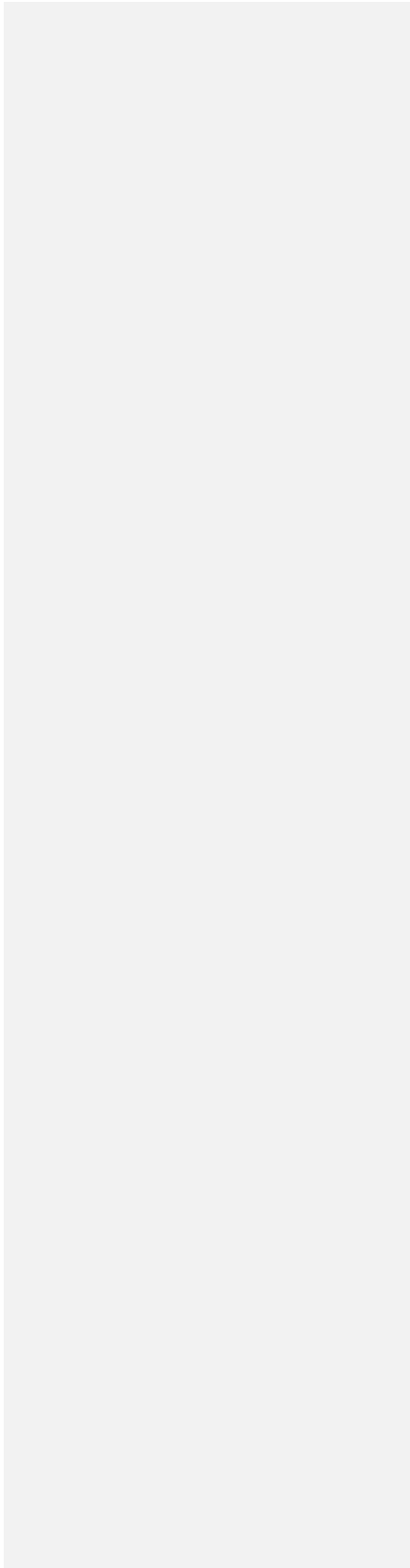


**EXHIBIT B-2**

**Diagram of the subdivision  
for the Residences of Murieta Hills - East**

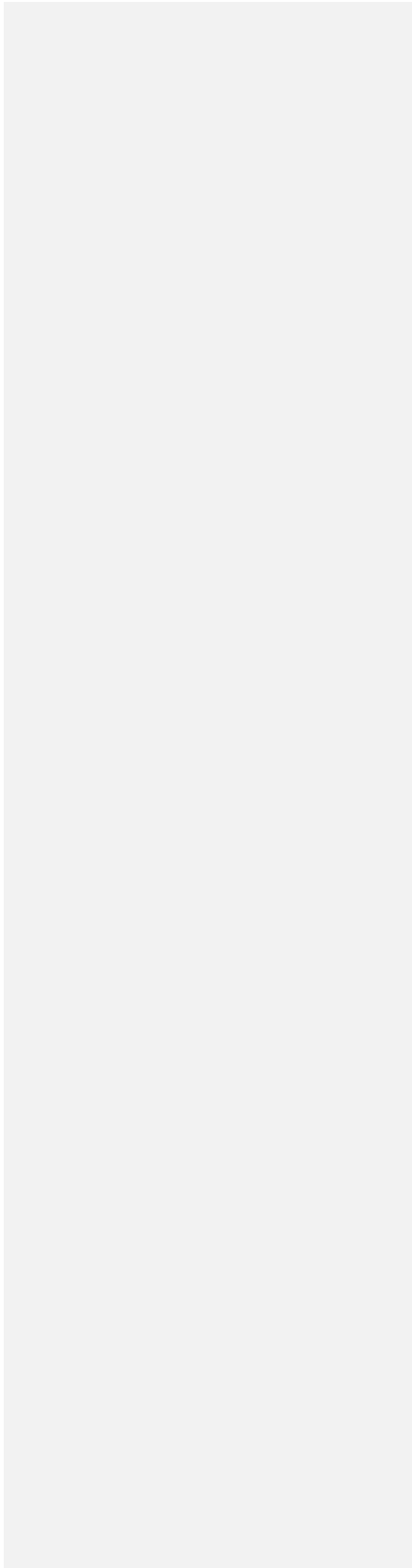


**EXHIBIT C-1**  
**Legal Description of the**  
**Residences of Murieta Hills – West**



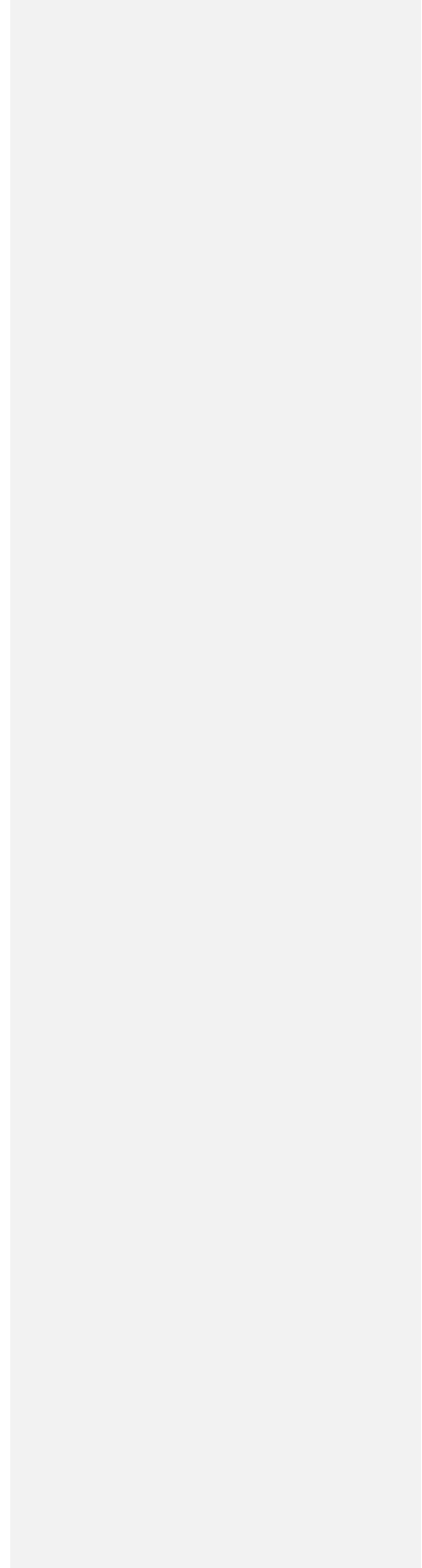
**EXHIBIT C-2**

**Diagram of the subdivision  
for the Residences of Murieta Hills – West**



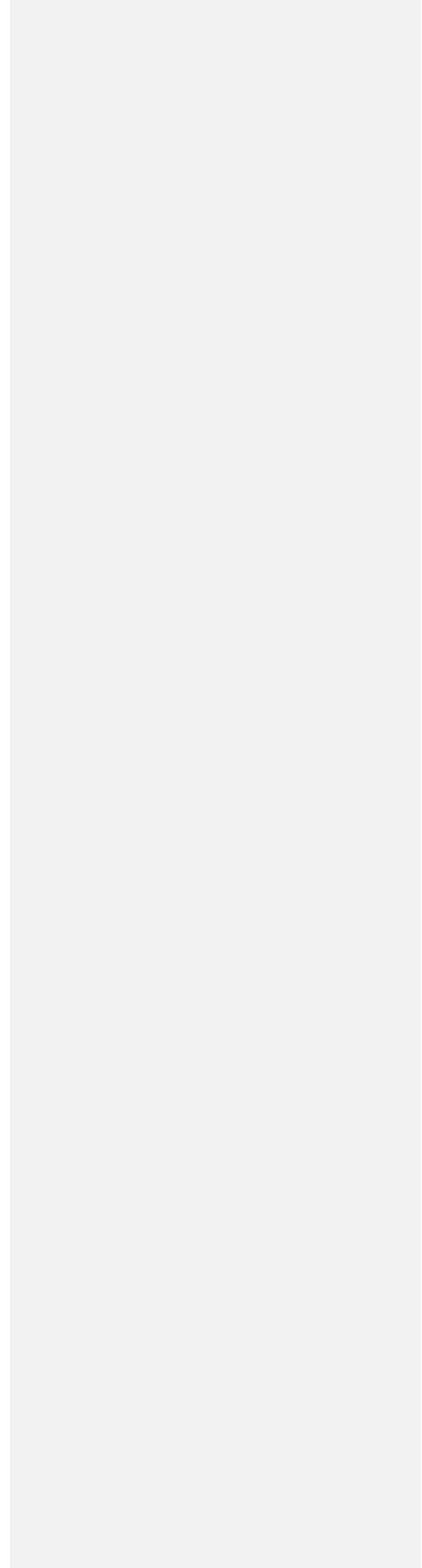
**EXHIBIT -D-1**  
**Legal Description**  
**of the Murieta Gardens Shopping Center**

{00004-001-00027576-1}  
1012641.9 3130.020



**EXHIBIT D-2**

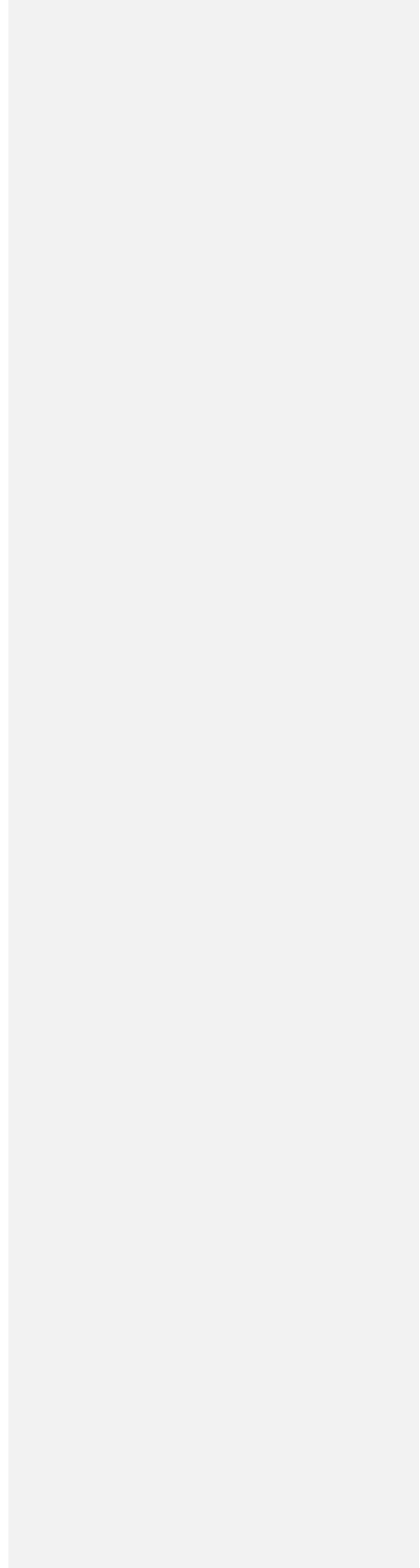
**Diagram of the subdivision for  
the Murieta Gardens Shopping Center**



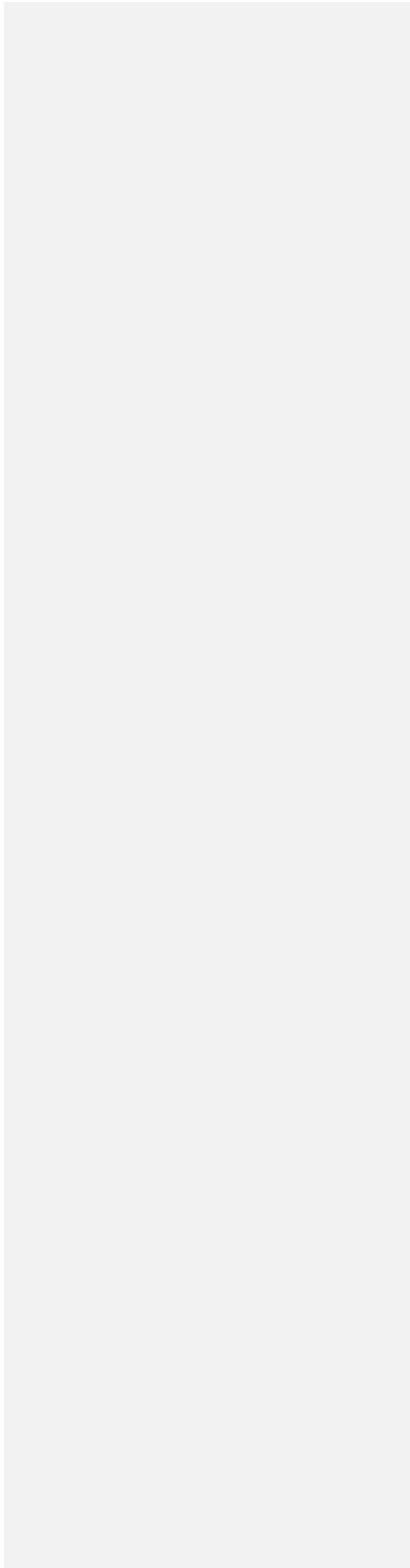


**EXHIBIT -E-1**  
**Legal Description of**  
**Murieta Gardens Residential Project**

{00004-001-00027576-1}  
1012641.9 3130.020

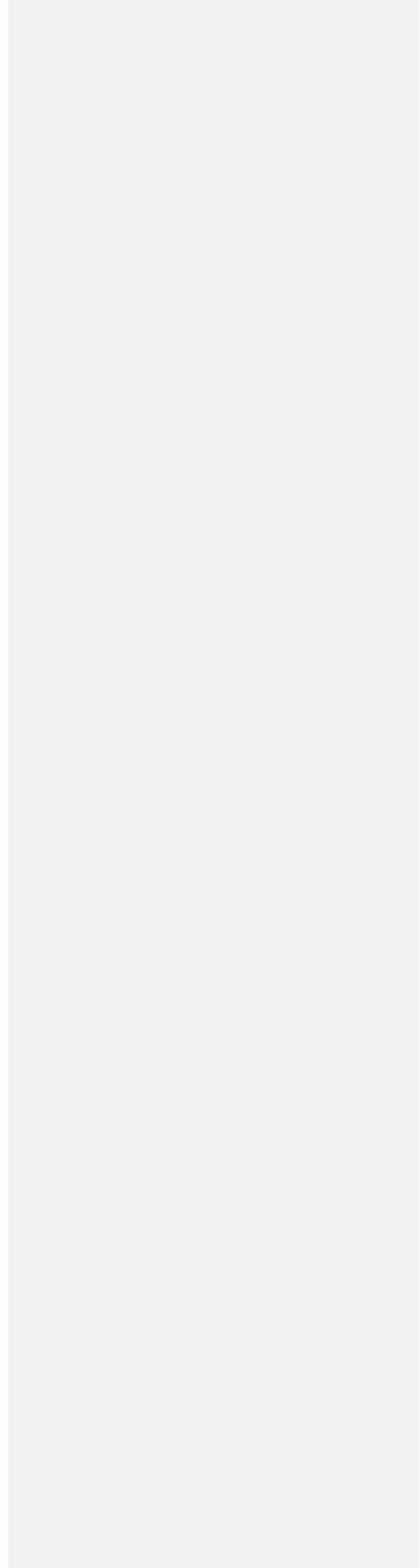


**EXHIBIT E-2**  
**Diagram of the subdivision**  
**for Murieta Gardens Residential Project**



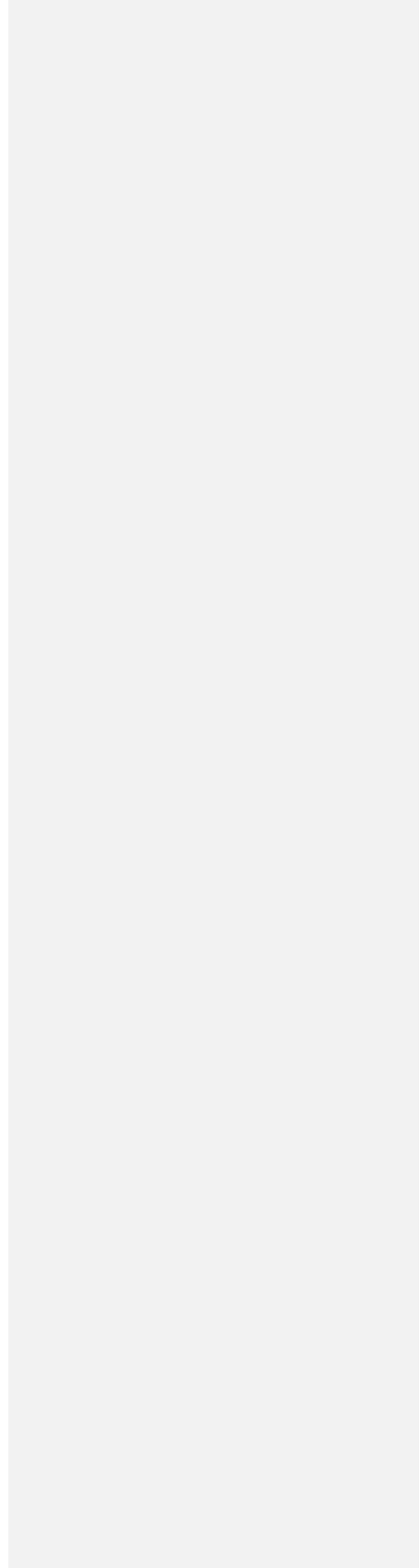
**EXHIBIT F-1**  
**Legal Description**  
**of Riverview**

{00004-001-00027576-1}  
1012641.9 3130.020



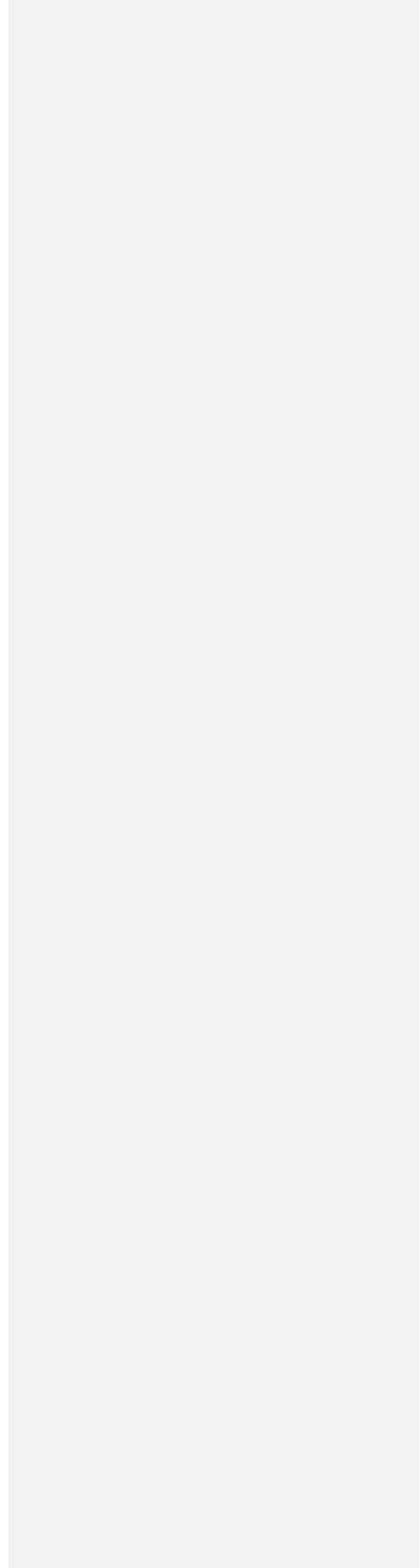
**EXHIBIT F-2**  
**Diagram of the subdivision**  
**for Riverview**

{00004-001-00027576-1}  
1012641.9 3130.020



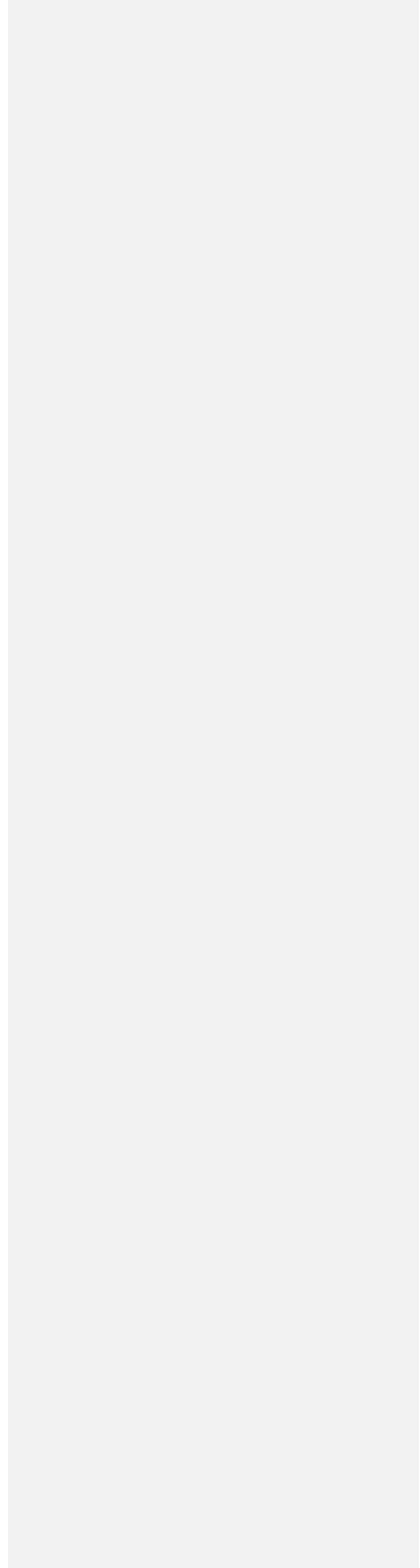
**EXIBIT G-1**  
**Legal Description**  
**of Lakeview**

{00004-001-00027576-1}  
1012641.9 3130.020



**EXHIBIT G-2**  
**Diagram of the subdivision**  
**for Lakeview**

{00004-001-00027576-1}  
1012641.9 3130.020

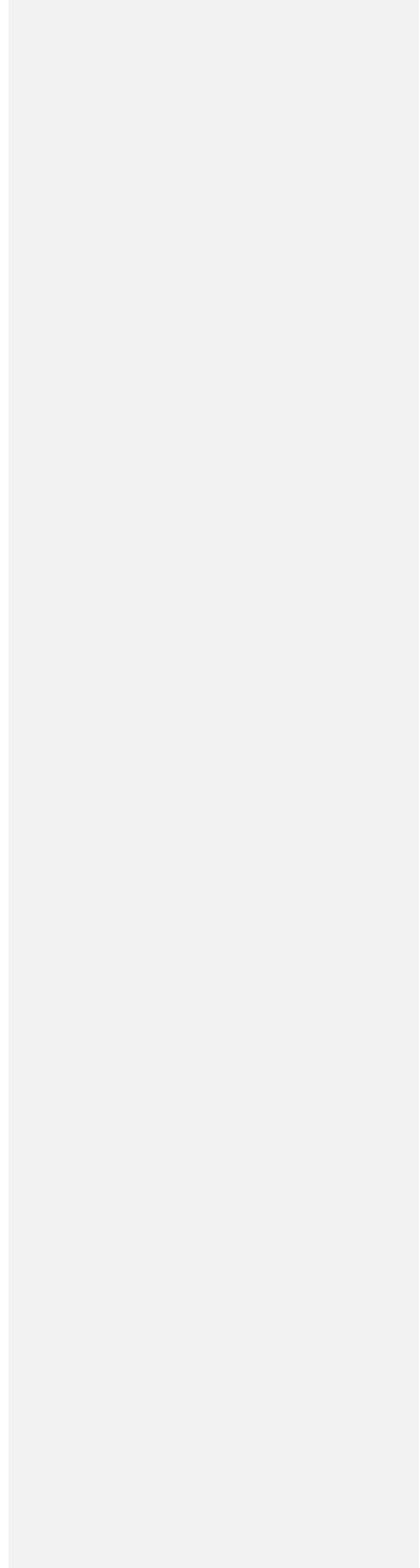


**EXHIBIT H**  
**EDU Calculations**  
**(for both water and sewer)**

**EXHIBIT I**

**Grant and Agreement Irrigation Easement, District**

{00004-001-00027576-1}  
1012641.9 3130.020



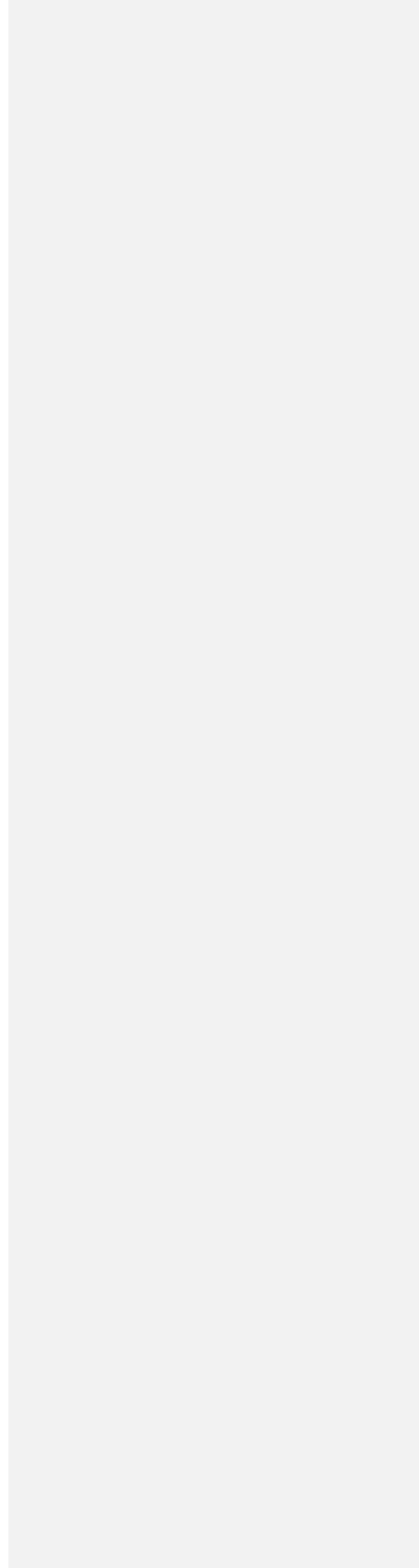


**EXHIBIT J**

**Grant and Agreement Irrigation Easement, Landowners**

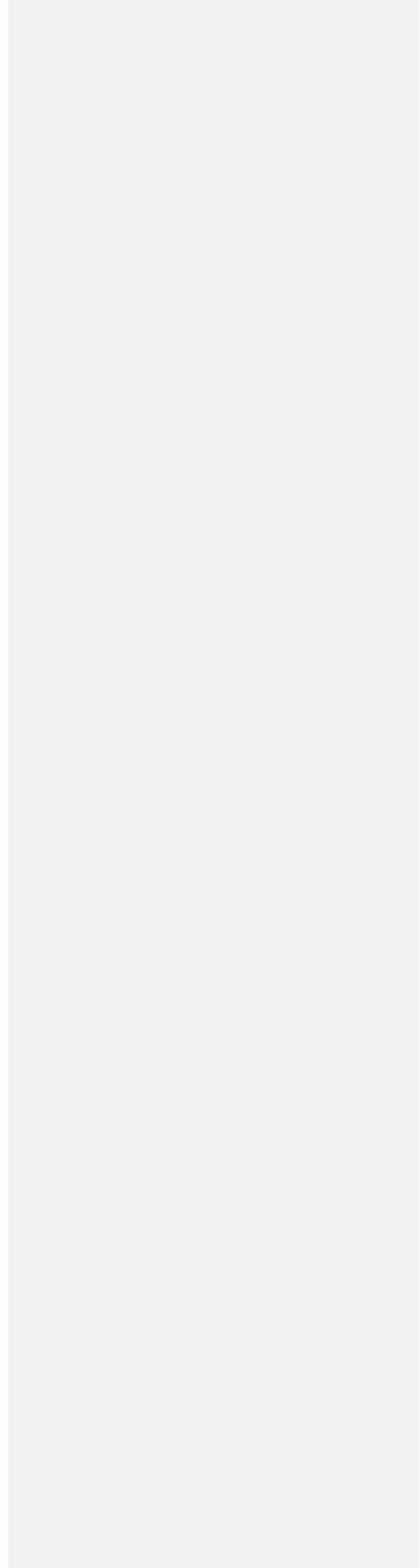
**EXHIBIT K**  
**Letter of Acknowledgment and Consent**

{00004-001-00027576-1}  
1012641.9 3130.020

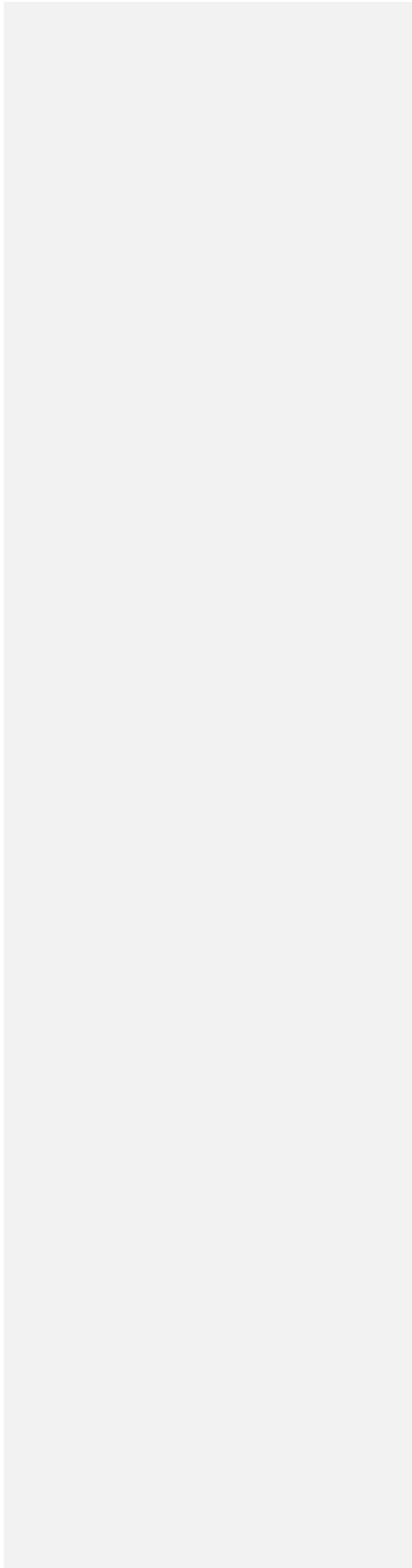


**EXHIBIT L**  
**Form of Assignment and Assumption**

{00004-001-00027576-1}  
1012641.9 3130.020



**EXHIBIT M**  
**RMCSB Bundled Fee Summary**



|

**EXHIBIT N**

**Memorandum of Financing and Services Agreement**

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RECORDING REQUESTED BY AND  
WHEN RECORDED, MAIL TO:

General Manager  
Rancho Murieta Community  
Services District  
15160 Jackson Road  
Rancho Murieta, CA 95683

---

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

# **FINANCING AND SERVICES AGREEMENT**



## FINANCING AND SERVICES AGREEMENT

This Financing and Services Agreement ("**Agreement**") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2013, by and among the Rancho Murieta Community Services District ("**District**"), a community services district organized under the laws of the State of California, CSGF Rancho Murieta, LLC ("**Residences East**"), a Delaware limited liability company; BBC Murieta Land, LLC ("**Residences West**"), a California limited liability company; Murieta Retreats, LLC ("**Retreats**"), a California limited liability company; Elk Grove Bilby Partners, LP ("**Lakeview**") a California limited partnership; PCCP CSGF RB PORTFOLIO, LLC ("**Riverview**"), a Delaware limited liability company; and, Cosumnes River Land, LLC ("**Gardens**"), a Delaware limited liability company. Residences East, Residences West, Retreats, Riverview, Lakeview, and Gardens are sometimes individually referred to herein as a "**Landowner**" and sometimes collectively referenced herein as "**Landowners.**" The District, Residences East, Residences West, Retreats, Lakeview, Riverview and Gardens are also sometimes individually referred to herein as a "**Party**" and sometimes collectively referenced herein as "**Parties.**"

### RECITALS

A. District is authorized to provide certain services to residents of District, including, without limitation, obtaining a supply of raw water, the storage of raw water, the treatment and distribution of potable water, the collection, treatment and disposal of wastewater, the management and control of storm water runoff and drainage, the provision of security services, the provision of public park and recreational services and the administrative support required therefore.

B. Landowners own or have a legal interest in certain lands within the boundaries of District, and such lands have been granted land use entitlements by the County of Sacramento or are the subject of currently pending planning applications with the County of Sacramento, including Tentative Subdivision Maps. The Retreats, as described in Exhibit A-1 and shown on Exhibit A-2 ("**Retreats**"), is owned by Murieta Retreats, LLC. The Residences of Murieta Hills - East, as described in Exhibit B-1 and shown on Exhibit B-2 ("**Residences - East**"), is owned by CSGF Rancho Murieta LLC. The Residences of Murieta Hills - West, as described in Exhibit C-1 and shown on Exhibit C-2 ("**Residences - West**"), is owned by BBC Murieta Land, LLC. The Murieta Gardens Shopping Center, as described in Exhibit D-1 and shown on Exhibit D-2 ("**Murieta Gardens Shopping Center**") is owned by Cosumnes River Land, LLC. The Murieta Gardens Residential Project, as described in Exhibit E-1 and shown on Exhibit E-2 ("**Murieta Gardens Residential Project**") is owned by Cosumnes River Land, LLC. Riverview, as described in Exhibit F-1 and shown on Exhibit F-2 ("**Riverview**") is owned by PCCP CSGF RB PORTFOLIO, LLC. Lakeview, as described in Exhibit G-1 and shown on Exhibit G-2 ("**Lakeview**") is owned by Elk Grove Bilby Partners LP.

C. The lands described in and shown on Exhibits A-1, A-2, B-1, B-2, C-1 C-2, D-1, D-2, E-1, E-2, F-1, F-2, G-1 and G-2 are collectively referred to herein as the "**Property**" or "**Properties**". All such Exhibits are specifically incorporated herein by reference.



D. Landowners wish to obtain a commitment in the form of "will serve" letters from the District that the services provided by District will be available to the residents, owners, and occupants of the Property.

E. The existing facilities of District with respect to the disposal of recycled water and with respect to water treatment are inadequate to serve the future residents, owners, and occupants of the Property.

F. District and Landowners desire to provide for the reconstruction and expansion of the current water treatment plant, which will serve the existing residents of Rancho Murieta, as well as the future residents, owners, and occupants of the Property; and further desire to provide recycled water disposal facilities, and to finance such facilities, which will serve the Property and the future residents, owners, and occupants of the Property.

G. Obtaining will serve letters from the District is contingent on providing certain funding for the reconstruction and expansion of the water treatment plant and recycled water disposal facilities. Since not all Landowners are in the same position with respect to the timing of development of their Property, the Landowners desire to establish a mechanism to: (i) provide funding of certain Agreement processing costs set forth in Section 3.6 below by all Landowners; (ii) provide funding for design and construction of facilities by the Landowners who are then ready to proceed with construction ("**Participating Landowners**") and (iii) provide that the remaining Landowners reimburse the Participating Landowners for their proportionate share of such costs prior to approval of each final subdivision map for their Property ("**Reimbursing Landowners**") as more particularly set forth herein. The Landowners acknowledge that District shall not provide District's consent to approval of a final map for any Property, and shall not provide any water or sewer service to any Property, unless and until the Fund Manager (defined in Section 3.2 herein) has sent written confirmation of payment in full of all amounts due hereunder for such Property. For any Properties not requiring a final map, any provisions herein for District to withhold consent to a final map shall mean District shall withhold consent to any other final development approval and/or water and sewer service to such Property unless and until the Fund Manager provides the written confirmation of payment in full of all amounts due from such Property.

H. The Landowners shall initially elect whether to be a Participating Landowner for purposes of design of the WTP Improvements (defined in Section 1.3(A) below) and the remaining Landowners shall be Reimbursing Landowners for WTP Improvement design costs. Following completion of the design documents and prior to the District advertising for bids for the WTP Improvements, the Landowners shall then each elect whether to be a Participating Landowner for purposes of construction of the WTP Improvements and such Participating Landowners shall post security as required by Section 1.3(F) below, and the remaining Landowners shall be Reimbursing Landowners hereunder for the WTP Improvement construction costs. For the recycled water disposal facilities, Landowners shall initially elect whether to be a Participating Landowner for the permitting and design costs of the recycled water facilities and the remaining Landowners shall be Reimbursing Landowners hereunder for the recycled water facility design and permitting costs. Following completion of the design and permitting, the Landowners shall then each elect whether to be a Participating Landowner for construction of the recycled water facilities and such Participating Landowners shall post

security as required by Section 2.4 (D) below and the remaining Landowners shall be Reimbursing Landowners for the construction of the recycled water facilities. It is the intent of this Agreement that, subject to the terms and conditions in this Agreement, Landowners will be able to elect whether to contribute and advance fund costs as a Participating Landowner separately for (i) the design costs of the WTP Improvements, (ii) the construction costs of the WTP Improvements (iii) the design and permitting of the recycled water facilities and (iv) the construction of the recycled water facilities, such that any Landowner may elect to be a Participating Landowner for none, some, or all of the foregoing categories of funding. As an example of the foregoing, but not in limitation thereof, any Landowner may elect to be a Participating Landowner for the design and construction WTP Improvements and the design and permitting costs for the recycled water facilities, but choose to be a Reimbursing Landowner for the construction costs of the recycled water facilities. This Agreement also provides a mechanism for reimbursement from those Landowners that have not previously contributed to the irrigation easement from the Van Vleck Ranch previously acquired by certain Landowners in Section 2.2.

I. For the WTP Improvements, the Parties acknowledge that certain obligations for funding of the WTP Improvements have been satisfied through a prior contract and funding arrangement with District as more particularly described in Section 1.3(J) below. Therefore, Riverview and Lakeview shall not be obligated to provide security or funding for the WTP Improvements, but shall each be considered a Participating Landowner for purposes of the WTP Improvements upon such election.

J. The Landowners and District desire to enter into this Agreement to set forth their respective obligations and timing for advance funding of the necessary facilities to serve the Property and the terms upon which District will provide will serve letters for the Property.

K. This Agreement is solely a financing agreement and is not a “project” under CEQA and, therefore, is not subject to CEQA review. The environmental impacts of the projects contemplated by this Agreement have been or will be properly reviewed and assessed by District pursuant to the California Environmental Quality Act (“CEQA”).

L. The following terms shall have the meanings set forth below.

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Advancing Landowners</b>	4.3(A)	Refers to Current Landowners, or any of them, who advance a Delinquent Landowner’s Pro-Rata Share due under this Agreement
<b>Agreement</b>	Pre-Recital	This Financing and Services Agreement entered into on the date signed by the District
<b>Bundled Fee</b>	3.7(A)	Landowners shall pay \$7,721.00 per EDU to District for all development on the Property pursuant to Section 3.7

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>CEQA</b>	Recital K	California Environmental Quality Act
<b>CFD #2</b>	3.1(A)	A potential financing mechanism for the WTP Improvements and the Landowner Irrigation Facilities by formation of a Community Facilities District the boundaries of which shall be coincident with the boundaries of the projects (Mello-Roos Financing)
<b>CFD Participating Landowner</b>	3.1(A)	Parties electing, in each Party's sole and absolute discretion, to participate in CFD #2
<b>Core Facilities</b>	1.3(A)	WTP Improvements necessary to serve the 900 EDU's of existing capacity, the 50 public EDU's, the 50 EDU's of borrowed capacity, 99 EDU's for Lakeview, 140 EDU's for Riverview, and the 15 EDU's for the Escuela school site.
<b>Delinquent Landowner</b>	4.1(A)	Refers to any Participating Landowner who fails, beyond any applicable notice and cure periods, to contribute its Percentage Share of Advance Funding and its Pro-Rata Share for the costs of the WTP Improvements, the Landowner Irrigation Facilities, or other facilities, or who fails to pay any other costs including, without limitation, all agreement processing costs, and such Landowner has not provided adequate security upon which District may draw, or such security is inaccessible to District
<b>District</b>	Pre-Recital	Rancho Murieta Community Services District, a community services district organized under the laws of the State of California
<b>District Irrigation Easement</b>	2.2(B)	Irrigation Easement (attached as Ex I and Ex J to this Agreement) wherein certain Landowners previously acquired and paid for an irrigation easement from Van Vleck Ranch
<b>District Irrigation Facilities</b>	2.4(A)	Recycled water irrigation facilities to be installed on the District Irrigation Easement to serve the existing residents of the District
<b>District Irrigation Facilities Costs</b>	2.4(A)	The cost of the recycled water irrigation facilities to be installed on the District Irrigation Easement to serve the existing residents of the District estimated to be \$2,100,000.00, which includes sixty percent (60%) of the Shared Transmission Facilities Costs

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>EDU</b>	1.1(A)	Equivalent Dwelling Units
<b><u>Escuela School Site</u></b>	1.1(A)	That certain real property within the District located at _____ and identified as APN 073-0190-025.
<b>Estimated Irrigation Facilities Costs</b>	2.4(D)	The full estimated amount of the Landowner Irrigation Facilities Costs and the Shared Transmission Facilities Costs
<b>Estimated WTP Improvement Cost</b>	1.3(F)	Pre-bid Estimate of the WTP Improvements, minus the Letter of Credit amount for Riverview and Lakeview and the Existing District WTP Funding
<b>Existing District WTP Funding</b>	1.3(K)	District funds previously collected from existing development for the rehabilitation and/or expansion of the water treatment plant toward the actual costs of the WTP Improvements in the amount of \$1,500,00.00
<b>FN</b>	1.3(A)	FN Projects, Inc., a party to the Shortfall Agreement between the District and Winncrest Homes, Inc., dated January 15, 1991
<b>Fund Manager</b>	3.2(A)	A project fund manager retained as a consultant to administer all funds and securities deposited by the Parties with the District.
<b>Future District WTP Funding</b>	1.3(K)	District shall contribute additional funds up to One Million Five Hundred Thousand Dollars (\$1,500,000) from future reserve fund fees, as set forth at paragraph 1.3(K).
<b>Gardens</b>	Pre-Recital	Cosumnes River Land, LLC a Delaware limited liability company, and that certain property owned by Gardens, known as Murieta Gardens Shopping Center as described in Ex D-1 and shown on Ex D-2 and Murieta Gardens Residential Project as described in Ex E-1 and shown on Ex E-2
<b>Irrigation Advance Funding</b>	2.4(D)	At any time following an election by one or more Landowners to be Participating Landowners, each Participating Landowner shall deposit its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of an advance funding amount equal to the Reimbursing Landowner's Pro-Rata Share of the Estimated Irrigation Facilities Costs

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Irrigation Easement Agreement</b>	2.2(A)	That Grant and Agreement Regarding Irrigation Easement (attached as Ex I and Ex J to this Agreement) wherein certain Landowners previously acquired and paid for an irrigation easement from Van Vleck Ranch
<b>Irrigation Facilities Maintenance Cost</b>	2.5(A)	Cost of maintaining Landowner Irrigation Facilities from completion through estimated build-out of the Property
<b>Irrigation Facilities Quarterly Payment</b>	2.4(E)	On a quarterly basis each Participating Landowner shall be invoiced for its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of Irrigation Advance Funding for the next ninety (90) day period
<b>Irrigation Facilities Shortfall</b>	2.4(F)	The amount the cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities exceeds the Estimated Irrigation Facilities Costs
<b>Irrigation Facilities Shortfall Notice</b>	2.4(F)	The District's notice, with reasonable supporting documentation, that an Irrigation Facilities Shortfall exists and the amount of such Irrigation Facilities Shortfall
<b>LAIF</b>	2.4(B)	Local Agency Investment Fund
<b>Lakeview</b>	Recital H.1.	Owners of the Lakeview property, as described in Ex G-1 and shown on Ex G-2
<b>Landowner Irrigation Easement</b>	2.2(A)	References an area of approximately sixty (60) acres and is anticipated to be of sufficient size to dispose of the full amount of recycled water estimated to be generated by the Property when applied at agronomic rates and in accordance with the requirements of the Regional Water Quality Control Board
<b>Landowner Irrigation Facilities</b>	2.4(A)	Recycled water irrigation facilities to be installed on the Landowner Irrigation Easement
<b>Landowner Irrigation Facilities Costs</b>	2.4(A)	The costs of engineering, construction management, construction, plan check and inspection, change orders and District administrative costs related to the recycled water irrigation facilities to be installed on the Landowner Irrigation Easement, including forty percent (40%) of the Shared Transmission Facilities Costs (currently estimated to be \$1,750,000.00)

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Landowner(s)</b>	Recital B	Those owners of the property described in and shown as Exhibits A-1, A-2; B-1, B-2; C-1, C-2; D-1, D-2; E-1, E-2; F-1, F-2, G-1 and G-2.
<b>Letter of Credit</b>	1.3(J)	Prior owner has provided District with Letter(s) of Credit, in the total amount of \$4,200,000.00 pursuant to the provisions of the Shortfall Agreement
<b>Murieta Gardens Residential Project</b>	Recital B	That certain property owned by Gardens, as described in Ex E-1 and shown on Ex E-2
<b>Murieta Gardens Shopping Center</b>	Recital B	That certain property owned by Gardens, as described in Ex D-1 and shown on Ex D-2
<b>Original Cost Per EDU</b>	1.3(B)	The actual cost of the WTP Improvements paid by Landowners divided by seven hundred twenty (720) EDUs, adjusted annually in proportion to the annual increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items and Major Group figures published by the U.S. Dept. Of Labor, Bureau of Labor Statistics
<b>Participating Landowners</b>	Recital G and H	Those Landowners who are ready to proceed with design and/or construction and elect to provide funding for design and/or construction of the WTP Improvements and/or the recycled water facilities
<b>Percentage Share</b>	1.3(D)	An amount equal to the percentage of funds contributed by such Participating Landowner to the total funds contributed by all Participating Landowners for the specified funding costs or improvements
<b>Permitting/Design Advance Funding</b>	2.3(A)	Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities
<b>Pre-bid Estimate</b>	1.3(E)	District shall provide Landowners with a pre-bid estimate prior to the advertisement for bids

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Property</b>	Recital C	Those lands described in and shown on Exhibits A-1, A-2; B-1, B-2; C-1, C-2; D-1, D-2; E-1, E-2; F-1, F-2, G-1 and G-2.
<b>Pro-Rata Share</b>	1.1(B) (C) (D) and (E)	Each Landowner's proportional share for costs for each facility
<b>Public EDUs</b>	1.1(F)	50 EDUs to be used for schools, fire stations, parks, or other public community facilities
<b>Reimbursement Fee</b>	3.7(C)	The amount to be reimbursed to successor-in-interests and assignees of Winncrest and FN for infrastructure previously funded by Winncrest and FN pursuant to the Shortfall Agreement
<b>Reimbursing Landowners</b>	Recital G	Those Landowners who are not Participating Landowners. Reimbursing Landowners agree to reimburse the Participating Landowners for their proportionate share of such costs prior to approval of each final subdivision map for their property or for any properties not requiring a final map, prior to any other final development approval and/or water and sewer service to such Property.
<b>Residences East</b>	Recital B	CSGF Rancho Murieta, LLC, a Delaware limited liability company and shall mean that certain property known also as Residences of Murieta Hills – East referenced in Ex B-1 and Ex B-2
<b>Residences West</b>	Recital B	BBC Murieta Land, LLC, a California limited liability company and that certain property known also as Residences of Murieta Hills – West, owned by Residence West and described in Ex C-1 and Ex C-2
<b>Retreats</b>	Recital B	Murieta Retreats, LLC, a California limited liability company and that certain property owned by Retreats as described in Ex A-1 and Ex A-2
<b>Riverview</b>	Recital B	PCCP CSGF RB PORTFOLIO, LLC Delaware limited liability company and that certain property referenced in Ex F-1 and Ex F-2
<b>RWQCB</b>	2.2(A)	Regional Water Quality Control Board

<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>Shared Transmission Facilities</b>	2.4(A)	Facilities necessary to convey the recycled water from the District wastewater treatment plant to the Landowner Irrigation Easement and the District Irrigation Easement
<b>Shared Transmission Facilities Costs</b>	2.4(A)	Cost of the Shared Transmission Facilities
<b>Shortfall Agreement</b>	1.3(A)	The Reimbursement and Shortfall Agreement dated January 15, 1991, as amended and extended, between the District, Winncrest Homes, Inc., and FN Projects Inc., regarding Lakeview and Riverview
<b>VVR</b>	2.2(A)	Van Vleck Ranch is a party to that Grant and Agreement Regarding Irrigation Easement attached as Ex I and Ex J to this Agreement
<b>Water Augmentation Fee</b>	3.7(A)	The Bundled Fee includes a Water Augmentation fee in the amount of \$4,521.00
<b>Winncrest</b>	1.3(A)	Winncrest Homes, Inc., party to Shortfall Agreement with FN Projects Inc. and District.
<b>WTP Advance Funding</b>	1.3(F)	Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the construction of the WTP Improvements and the \$1,500,000.00 Future District WTP Funding
<b>WTP Design Advance Funding</b>	1.3(D)	Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design of the WTP Improvements
<b>WTP Improvements</b>	1.3(A)	The District shall design, engineer, permit and construct a new Water Treatment Plant with the ability to serve the 900 existing EDUs, 50 Public EDUs, and the Property in accordance with the terms set forth in this Agreement



<b>TERM</b>	<b>REF</b>	<b>DEFINITION</b>
<b>WTP Quarterly Payment</b>	1.3(G)	On a quarterly basis, the District will invoice each Participating Landowner for its respective Pro-Rata Share of the Estimated WTP Improvement Cost and its Percentage Share of WTP Advance Funding for the next ninety (90) day period
<b>WTP Shortfall</b>	1.3(H)	Each Participating Landowner shall pay its respective Pro-Rata Share and Percentage Share of the WTP Advance Funding for the difference between the actual cost of the WTP Improvements and the Estimated WTP Improvement Cost
<b>WTP Shortfall Notice</b>	1.3(H)	District's notice with reasonable supporting documentation that a WTP Shortfall exists and the amount of such WTP Shortfall to be paid by each Participating Landowner

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

## **AGREEMENT**

### **SECTION 1. Water Treatment Plant**

#### **1.1 Potable Water.**

(A) The Parties agree that the existing facilities of District for the treatment and production of potable water are inadequate to produce the volume of potable water necessary to serve the future residents, owners, and occupants of the Property. The Parties further agree that the potable water necessary to serve the Property, and the maximum amount of potable water that will be available to serve the Property after completion of the WTP Improvements (as defined below in Section 1.3) is estimated to be approximately six hundred and seventy (670) equivalent dwelling units (“**EDUs**”), provided however, the potable water demand for the Property shall be determined by District based on the number of lots and the lot sizes within each Landowner's Property using the gallon/unit/day (gpd) calculation attached hereto as Exhibit H. The WTP Improvements shall be sized to serve only the Landowners' Property and shall not be sized to accommodate any additional development, except for the nine hundred (900) existing EDUs, fifty (50) Public EDUs, as defined in Section 1.3(B) below, fifty (50) EDU's of borrowed capacity from the previous Greens and Crest developments within the District, and fifteen (15) EDU's for the Escuela school site. Therefore, total capacity of the WTP Improvements shall be approximately sixteen hundred and eighty-five (1685) EDUs, including nine hundred (900) existing EDUs, approximately six hundred and seventy (670) EDUs designated to serve the Property, fifty (50) Public EDUs, fifty (50) EDU's of borrowed capacity, and fifteen (15) EDU's for the Escuela school site. The capacity in the WTP Improvements for

the District's 900 EDUs shall be approximately 1.5 Mgd based on the capacity of the existing facilities that are being replaced. For the purposes of this Agreement, each Landowner's Property has been assigned both an EDU value for water service (based on lot size as set forth on Exhibit H) and an EDU value for recycled water facilities (based on EDUs for recycled water facilities as set forth in Exhibit H, but not based on lot size). As an example of the water service EDU calculation, an EDU for water service for a 12,000 sq. ft (or larger) lot would be seven hundred fifty (750) gpd, an EDU for a lot under 12,000 sq. ft. would be 650 gpd, and an EDU for half-plex lots would be 400 gpd. Any EDU calculations for uses not set forth herein, including, without limitation, commercial or industrial uses, shall be determined by the District in consultation with the Landowners using the above EDU standards as a basis, provided, however, that the District shall have the sole discretion to make the final determination as to what constitutes an EDU for such uses.

(B) For the purposes of this Agreement, each Landowner's "**Pro-Rata Share**" for WTP Improvements or any costs hereunder related to potable water shall be equal to the estimated capacity in gpd for such Landowner's respective project based on lot size divided by the total estimated capacity in gpd needed for all EDUs in the Property (670 EDUs) as set forth on Exhibit H.

(C) For the purposes of this Agreement, each Landowner's "**Pro-Rata Share**" for the Irrigation Facilities (defined in Section 2.4 below) and any costs hereunder related to recycled water facilities or the disposal of recycled water or other costs hereunder (including but not limited to costs set forth in Section 3.6 below) shall be equal to the EDUs for such Landowner's respective project divided by the total EDUs in the Property (670 EDUs) as set forth on Exhibit H.

(D) For the purposes of this Agreement, each Landowner's "**Pro-Rata Share**" for the Irrigation Easement (defined in Section 2.2 below) shall be as set forth in Section 2.2 and shall be equal to the EDUs for such Landowner's respective project divided by the total EDUs in the Property (670 EDUs) as set forth on Exhibit H.

(E) Pro-Rata Shares shall be fixed based on the estimated capacity set forth in the Exhibits attached hereto and shall not be subject to change for purposes of funding pursuant to this Agreement, provided however, if any Landowner's Property is entitled or develops in a manner that requires fewer EDUs than estimated, such Landowner can seek reimbursement pursuant to the provisions of Section 1.2 below. If any Landowner's Property is entitled or develops in a manner that requires greater EDUs than estimated and allocated to such Property hereunder, such Landowner shall not be entitled to additional capacity but may purchase additional capacity from other Landowners or District if such excess capacity is available.

(F) An additional fifty (50) EDUs will be available for public or community facilities, hereinafter referred to as the "**Public EDUs**", in accordance with the provisions of and as defined in Section 1.3(B) below. The 50 Public EDUs shall be sized for 750 gpd.

## 1.2 Transfer or Sale of EDUs.

(A) Landowners shall not transfer or sell any EDUs for water service to any other person or entity, including owners of property within or outside the boundaries of the District,

provided however, that in the event any Landowner's Property is entitled or develops in a manner that requires fewer EDUs than initially determined by Exhibit H as set forth in Section 1.1 above, such Landowners shall have right to transfer any excess EDUs to other Landowners for use within the District provided the express written consent of the Board of Directors of District is first obtained, which may be granted or withheld in its reasonable discretion. Within ninety (90) days following a request from any Landowner to transfer EDUs, the District Board of Directors shall provide its written approval or its disapproval along with the basis therefor. The Board may extend this ninety (90) period in its reasonable discretion. If District Board fails to respond within such ninety (90) day period, it shall not be a deemed District's approval of such transfer. Notwithstanding the foregoing or anything herein to the contrary, no Landowner shall be permitted to transfer EDUs, or receive a transfer of EDUs, unless and until such Landowner has paid their Pro-Rata Share of all WTP Improvement costs hereunder.

### 1.3 Water Treatment Plant Expansion.

(A) WTP Improvements. Subject to the satisfaction of any and all conditions precedent in this Agreement and upon the full compliance with the provisions of this Agreement by Landowners, including the provision of funding by Landowners, District shall design, engineer, permit, and construct a new Water Treatment Plant ("**WTP Improvements**") with the ability to serve the nine hundred (900) existing EDUs, fifty (50) Public EDUs, fifty (50) EDU's of borrowed capacity, fifteen (15) EDU's for the Escuela school site, and the Property in accordance with the terms set forth in this Agreement. The WTP Improvements will be sized to accommodate only the existing 900 EDUs, the Property, the 50 Public EDUs, the fifty (50) EDU's of borrowed capacity, and the fifteen (15) EDU's for the Escuela school site to the closest extent possible and without any excess capacity. Notwithstanding the foregoing, the term "Landowners" and "Participating Landowner" as used in this Section 1.3 shall not include Lakeview or Riverview with respect to any liabilities or obligations for funding the WTP Improvements, as the funding obligation for the WTP Improvements attributable to Lakeview and Riverview are the responsibility of a previous owner of such properties pursuant to the Reimbursement and Shortfall Agreement dated January 15, 1991, as amended, between the District and Winncrest Homes, Inc. ("**Winncrest**") and FN Projects, Inc. ("**FN**") ("**Shortfall Agreement**"). Since it is anticipated that the funding obligation for the WTP Improvements for the Lakeview and Riverview Properties will be satisfied by an existing Letter of Credit (defined in Section 1.3 (J) below) held by the District, Lakeview and Riverview shall provide funds for the design and construction of the WTP Improvements through the District's enforcement of the existing contractual obligations under the Shortfall Agreement and draw on the Letter of Credit. Riverview and Lakeview shall each be considered a "Participating Landowner" under this Section 1.3 only for purposes of all rights hereunder including without limitation the rights to: (i) elect whether to be a Participating Landowner for purposes of providing advance funding for Reimbursing Landowners; (ii) meet and confer; (iii) re-elect on bid opening pursuant to Section 1.3(E); (iv) review and comment on bid packages; (v) attend meetings and receive reports; (vi) to obtain and have a vested right to capacity for all lots within the Riverview Property and Lakeview Property; and (vii) receive reimbursement pursuant to Sections 1.3 (B) (K) and (L) below to the extent Riverview and/or Lakeview provides advance funding hereunder in excess of the Riverview Property's and/or Lakeview Property's Pro-Rata Share. Notwithstanding the foregoing or anything to the contrary herein, Riverview and Lakeview shall have no obligation to provide a Pro-Rata Share of funding or security for the WTP Improvements, and shall not be

considered a Landowner for purposes of the joint and several liability provision of Section 1.3(D). It is the intent of this Section 1.3 that Riverview and Lakeview shall have no obligation to pay a Pro-Rata Share for the WTP Improvements and District shall use its best efforts to draw on the Letter of Credit to satisfy such Pro-Rata Share obligation, and if District obtains funds from the Letter of Credit, Riverview and Lakeview shall be entitled to capacity for the Riverview and Lakeview Properties. In addition, Riverview and Lakeview shall have the right, but not the obligation to elect to be a Participating Landowner for purposes of advance funding, and if Riverview and/or Lakeview makes such election, Riverview and/or Lakeview (as applicable) shall then become obligated for its Percentage Share (defined in Section 1.3(C) and 1.3(F) below) of WTP Design Advance Funding and/or WTP Advance Funding (as the case may be) and shall have any and all rights of a Participating Landowner.

Notwithstanding any other provision of this Agreement, if the District chooses to proceed with designing, engineering, permitting, and/or construction of any or all of **WTP Improvements** prior to the Landowners desire to do so, the District shall have the right to do so by designing, engineering, permitting, and/or constructing the **Core Facilities** for the **WTP Improvements** in advance of the Landowners, when the District so chooses, and at its sole discretion, by using its **Existing District WTP Funding** of \$1,500,000, as identified in section 1.3(K), in addition to as much of the Letter of Credit as can be accessed by the District up to the full amount of the Letter of Credit, all subject to the District's right to reimbursement for any oversizing of the Core Facilities from any person or entity benefitting therefrom for future development. "Core Facilities" for purposes of this paragraph and this Agreement, shall mean the 900 EDU's of existing capacity, the 50 public EDU's, the 50 EDU's of borrowed capacity, 99 EDU's for Lakeview, 140 EDU's for Riverview, and the 15 EDU's for the Escuela school site, all for a total of approximately 1,254 EDU's.

(B) Public EDUs. For the purposes of this Agreement, "**Public EDUs**" shall mean EDUs to be used for schools, fire stations, parks, or other public or community facilities, as assigned, transferred and/or authorized by District. The Public EDUs shall not be used for any private residential or commercial development project. Annually on or about July 1st of each year commencing on the first full year after completion of the WTP Improvements (as defined below), District shall provide Landowners with a written accounting of the number of Public EDUs that have been assigned or transferred in the preceding year, the name and address of the party or parties to whom the Public EDUs that were assigned or transferred, and the amount paid for each Public EDU. Concurrently with such written accounting, District shall reimburse to each Landowner its respective Pro-Rata Share of the amount paid to the District for the Public EDUs in the preceding year, or the Original Cost Per EDU, whichever is greater. "**Original Cost Per EDU**" is defined as the actual cost of the WTP Improvements paid by Landowners divided by seven hundred twenty (720) EDUs, adjusted annually in proportion to the annual increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items and Major Group Figures, published by the United States Department of Labor, Bureau of Labor Statistics, or similar index used by the District, in its reasonable discretion.

(C) WTP Improvement Design/Election to be Participating Landowner. Upon a written request from District, each Landowner shall elect whether to become a Participating Landowner for purposes of funding design costs for the WTP Improvements. District's written request shall include an estimate of WTP Improvement design costs that would be incurred by Participating Landowners in order for the WTP Improvements to be bid ready. Only those costs necessary for the design of the WTP Improvements (to be bid ready) shall be included in the design costs. Landowners shall make a written election whether to become a Participating Landowner for funding the design costs of the WTP Improvements within thirty (30) days following receipt of District's notice by providing written notice to all Parties hereunder. Those Landowners not electing to become Participating Landowners for purposes of design costs shall be Reimbursing Landowners with respect to such costs. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners then the Parties shall have no obligations to fund design costs under this Agreement with respect to the WTP Improvements, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate potable water capacity to serve such Landowner's Property. At any time following an election by any Landowner(s) to become Participating Landowners for design, District shall make a written request for payment of the full estimated design costs from Participating Landowners, along with a written determination of each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share (defined below) of WTP Design Advance Funding (defined below). Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design of the WTP Improvements ("**WTP Design Advance Funding**"). Each Participating Landowner's "**Percentage Share**" of the WTP Design Advance Funding shall be equal to the percentage of funds contributed by such Participating Landowner to the total funds contributed by all Participating Landowners for the design costs of the WTP Improvements. Each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share shall be paid to District within forty-five (45) days following District's written request for funding. Notwithstanding any other provision of this Agreement, the District shall have the right to proceed with the design of the WTP Improvements, regardless of whether any Landowners elect to become Participating Landowners for design of the WTP Improvements.

(D) WTP Improvement Construction/Election to be Participating Landowner. Following completion of the design documents and prior to the advertisement for bids, District shall provide Landowners with the opportunity to review and comment on the request for bid package, including bid specifications and proposed contract requirements. At any time thereafter, District may request that each Landowner elect whether to become a Participating Landowner for purposes of construction of the WTP Improvements and Landowners shall make a written election whether to become a Participating Landowner for funding the construction of the WTP Improvements within thirty (30) days following receipt of District's notice by providing written notice to all Parties hereunder. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners for the construction of the WTP Improvements following District's written request, then the Parties shall have no obligation

to fund construction costs under this Agreement with respect to the WTP Improvements, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate potable water capacity to serve such Landowner's Property.

(E) Construction Costs of WTP Improvements. Prior to the advertisement for bids, District shall provide Landowners with a pre-bid estimate ("**Pre-bid Estimate**"). Except as provided in Section 1.3(K), Participating Landowners agree to pay all actual costs of the WTP Improvements, and each Participating Landowner acknowledges and agrees that it is jointly and severally liable to the District for the construction costs of the WTP Improvements. Participating Landowners agree that the cost of the WTP Improvements shall include the costs of engineering, permitting, construction management, construction, plan check and inspection, temporary facilities needed during construction, change orders and District administrative costs. District administrative costs shall include (i) the costs of internal staff time and expenses, as determined on a periodic basis in accordance with generally accepted accounting practices, and (ii) legal fees of District Counsel. District and Landowners will work cooperatively in good faith to reasonably control the cost of the WTP Improvements. Notwithstanding the provisions of this paragraph and unless otherwise agreed to by the Parties, if the lowest responsive and responsible bid for the WTP Improvements exceeds the Pre-bid Estimate, in addition to annual construction cost increases as reported in the Engineering News Record, or similar publication, by more than ten percent (10%), the District and the Landowners shall meet and confer prior to the award of bid to determine a mutually acceptable course of action. If the District and Landowners unanimously agree on an alternative course of action for construction of the WTP Improvements, the Parties shall enter into an amendment to this Agreement with respect to their funding obligations for the WTP Improvements. If no Landowners elect to become Participating Landowners, within sixty (60) days from the opening of bids, then the Parties shall have no obligation to fund construction costs under this Agreement with respect to the WTP Improvements, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate potable water capacity to serve such Landowner's Property.

(F) Security/Advance Funding For WTP Improvement Construction Costs. Notwithstanding any other provision in this Agreement, Landowners understand and acknowledge that District shall not advertise for bids for construction of the WTP Improvements until Participating Landowners have deposited cash or letters of credit, as more specifically described below, to cover the full Pre-bid Estimate of the WTP Improvements, minus the Letter of Credit amount for Riverview and Lakeview and the Existing District WTP Funding referenced in Section 1.3(K) below, with the District, which total amount is referred to herein as the "**Estimated WTP Improvement Cost**". At any time following an election by any Landowner(s) to become Participating Landowners for construction costs, District shall make a written request for Participating Landowners to deposit with the District, cash, or irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form reasonably acceptable to the District, the aggregate amount of the Estimated WTP Improvement Cost. Such request will include a written determination of each Participating Landowner's Pro-Rata Share of the Estimated WTP Improvement Cost and each Participating Landowner's Percentage Share

(defined below) of WTP Advance Funding. Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of the WTP Improvements plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the of the WTP Improvements and the 1.5 Million Dollar Future District WTP Funding ("**WTP Advance Funding**"). Each Participating Landowner's "**Percentage Share**" of the WTP Advance Funding shall be equal to the percentage of funds contributed by such Participating Landowner to the total funds to be contributed by all Participating Landowners for the Estimated WTP Improvement Cost. The cash or letter of credit in the amount of each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share shall be deposited with District within forty-five (45) days following District's written request therefor.

(G) Invoice for WTP Improvement Construction Costs. District shall, on a quarterly basis, invoice each Participating Landowner for its respective Pro-Rata Share of the Estimated WTP Improvement Cost and its Percentage Share of WTP Advance Funding for the next ninety (90) day period ("**WTP Quarterly Payment**"). District shall at the same time provide each Participating Landowner with supporting documentation for the estimated costs for the next ninety (90) day period, as well as supporting documentation for costs incurred during the preceding ninety (90) day period, however the claimed insufficiency of such documentation shall not be grounds for delay in submitting a WTP Quarterly Payment by a Participating Landowner. Supporting documentation shall include certification from the project engineer or project manager that the labor and materials for work identified in the preceding period has been performed or provided and the percentage of work completed, copies if invoices from the general contractor, together with evidence of payment for costs incurred during such billing period and lien releases for work performed. A WTP Quarterly Payment may be made through payment of funds to District or by written authorization from a Participating Landowner to draw on their cash deposit held by District. Subject to the provisions set forth in this Section 1.3, if District does not receive a WTP Quarterly Payment from a Participating Landowner within thirty-five (35) days from the registered express mailing of the quarterly invoice to such Participating Landowner, the District is expressly authorized by each Participating Landowner to draw against such Participating Landowner's cash deposits or irrevocable letter(s) of credit to cover that Participating Landowner's respective full Pro-Rata Share and Percentage Share of Advance Funding of the Estimated WTP Improvement Costs. The first two (2) times that the District does not receive a WTP Quarterly Payment in the thirty-five (35) day period set forth herein from a Participating Landowner, such Participating Landowner shall receive a notice of non-receipt of a WTP Quarterly Payment ten (10) days prior to the District drawing against such Participating Landowner's cash deposits or irrevocable letter of credit. District agrees that it will not make any advance payment to any contractor, it shall only pay for work actually and satisfactorily performed by the contractor responsible for the WTP Improvements, and shall only pay contractors in the amount and at the time such payment is lawfully due.

(H) Actual WTP Improvement Costs. The actual cost of the WTP Improvements may exceed the Estimated WTP Improvement. Each Participating Landowner shall pay its respective Pro-Rata Share and Percentage Share of the WTP Advance Funding for the difference between the actual cost of the WTP Improvements and the Estimated WTP Improvement Cost (hereinafter referred to as the "**WTP Shortfall**") within thirty (30) days of receiving notice and reasonable supporting documentation from District that a WTP Shortfall exists and the amount of such WTP Shortfall ("**WTP Shortfall Notice**"). The Pro-Rata Share and Percentage Share of

WTP Advance Funding of the WTP Shortfall shall be deposited in cash or irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form acceptable to the District. In the event that the cumulative amount of all WTP Shortfall Notices exceeds the Estimated WTP Improvement Cost by eight percent (8%), then the Parties shall meet and confer before the District issues any subsequent WTP Shortfall Notices. Additionally, the District and Landowners shall work cooperatively and in good faith to make all reasonable efforts to control the further costs of the WTP Improvements. In the event the Estimated WTP Improvement Cost exceeds the actual WTP Improvement Costs, or any funds are remaining following completion of the WTP Improvements, such excess funds shall be refunded to the Participating Landowners within sixty (60) days following completion of the WTP Improvements, in the same percentages as such Participating Landowners contributed to the WTP Improvement costs.

(I) Status Meetings. After commencement of construction of the WTP Improvements, District and Landowners agree to meet at least on a quarterly basis to review the status, progress and costs of the WTP Improvements. District shall also report quarterly on the amount of the ten percent (10%) contingency that has been expended, and shall further call a separate meeting with Landowners at such time as eighty percent (80%) of the ten percent (10%) contingency has been expended. District shall be responsible for scheduling such meetings and providing a report, with reasonable supporting documentation, on the status, progress and costs of the WTP Improvements.

(J) Letter of Credit/Satisfaction of Lakeview and Riverview Obligations for WTP Improvement Costs. Pursuant to the provisions of the Shortfall Agreement, a prior owner of the Lakeview and Riverview properties is required to pay for the design and construction of water supply facilities necessary to serve Lakeview and Riverview, the 50 EDU's of borrowed capacity, and the 15 EDU's for the Escuela school site, and has not satisfied its obligations. Such prior owner has provided District with security for such obligation in the form of Letter(s) of Credit, in the total amount of Four Million Two Hundred Thousand Dollars (\$4,200,000.00) ("**Letter of Credit**"). District shall use its best efforts to apply the Letter of Credit (or equivalent funds paid by the parties to the Shortfall Agreement) to the costs of the WTP Improvements to satisfy the obligation of the Lakeview and Riverview properties, but makes no warranty or representation that it will be successful in such efforts. If District is unsuccessful in obtaining funds from the Letter of Credit or equivalent funds, then District shall send written notice to Riverview and Lakeview of such unsuccessful effort (along with documentation substantiating such effort), and the Parties shall meet and confer in an effort to agree upon an acceptable course of action. If the Parties are unable to agree on an acceptable course of action, as evidenced by a written and executed amendment to this Agreement, within sixty (60) days from District notice of such unsuccessful effort, Riverview and Lakeview shall each have the right to elect either to: (i) elect to be a Participating Landowner for their Pro-Rata Share of WTP Improvement Costs or (ii) elect to be a Reimbursing Landowner for their Pro-Rata Share of WTP Improvement Costs. If Riverview or Lakeview (as applicable) fails to make such election within ten (10) days following a written request from District requesting such election (provided such ten (10) day period shall not commence until the minimum sixty (60) day negotiation period has expired), then it shall be deemed an election by Riverview or Lakeview (as applicable) to be a Reimbursing Landowner and this Agreement shall remain in full force and effect. The Parties may mutually agree in writing to an extension of the sixty (60) day time limit set forth above. In the event District obtains funds from the Letter of Credit (or equivalent funds), Lakeview and Riverview shall be



deemed to have fully satisfied their obligation to provide their Pro-Rata Share of funding for the WTP Improvements and Lakeview and Riverview shall have a vested right to their share of EDUs for potable water set forth in Section 1.1 above. If and when District obtains funds from the Letter of Credit, District shall deposit such funds in an interest bearing account and shall expend such funds solely for the WTP Improvements. All funds used from the Letter of Credit attributable to the Riverview property shall be considered a Participating Owner contribution by Riverview for the Riverview property and all funds used from the Letter of Credit for the Lakeview property shall be considered a Participating Owner contribution by Lakeview for the Lakeview property. All funds used for the WTP Improvements from the Letter of Credit (or equivalent funds) shall be paid out of the District's account as if such funds were paid by Lakeview and Riverview as Participating Landowners using the same Pro-Rata Share calculations and timing required in this Section 1.3 for such payments. The Letter of Credit (or equivalent funds) shall not be used for any Percentage Share of WTP Design Advance Funding or WTP Advance Funding which shall be the obligation of Riverview if Riverview elects to become a Participating Landowner. Any such amounts paid by Riverview toward the WTP Improvement costs shall entitle Riverview to reimbursement for such excess contribution from Reimbursing Landowners in accordance with the provisions herein. Notwithstanding anything herein to the contrary, Riverview shall have no obligation to provide cash or letters of credit for the Riverview Pro-Rata Share of the WTP Improvements, and shall be deemed to have provided such payment upon the District obtaining funds from the Letter of Credit (or equivalent funds), but shall be required to provide such cash or security for its Percentage Share of WTP Design Advance Funding and/or WTP Advance Funding upon election to be a Participating Landowner.

(K) District Funding for Existing 900 EDUs. District shall commit funds previously collected by District from existing development for the rehabilitation and/or expansion of the water treatment plant toward the actual costs of the WTP Improvements in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (“**Existing District WTP Funding**”). From and after the Effective Date of this Agreement, District shall contribute additional funds up to One Million Five Hundred Thousand Dollars (\$1,500,000) from future reserve fund fees (through debt service pre-funding), to be collected in the future, at no less than current rates, and to the extent allowed by applicable law, toward the actual costs of the WTP Improvements (“**Future District WTP Funding**”), provided, however, that the District's total contribution to the funding of the WTP Improvements (including the initial \$1,500,000 initial funding commitment) shall not exceed 55% of the total cost of the WTP Improvements or \$3,000,000, whichever is less. The Future District WTP Funding shall be paid to Landowners as reimbursement for District's share of capacity. Existing District WTP Funding shall be invested and maintained by District in a separate capital facilities account and expended only for the WTP Improvements as provided herein. Following deposit of all cash or letters of credit by Participating Landowners as provided in Section 1.3(F), District shall commit all Existing District WTP Funding to the WTP Improvements and use such funds toward the design and construction costs incurred for the construction of the WTP Improvements on a pro-rata basis (District's pro-rata share shall be determined based on District's \$1,500,000 contribution divided by the total Estimated WTP Improvement Cost). All Future District WTP Funding shall be paid to the Landowners on an annual basis (commencing one (1) year following the date the Notice of Completion for the WTP Improvements is filed) as reserve fees are collected by District until all Future District WTP Funding is paid in full. Each Future District WTP Funding annual reimbursement payment shall be paid only to Participating Landowners and Reimbursing

Landowners that have paid in full all design and construction costs for the WTP Improvements for such Landowner's Property. Notwithstanding any other provision of this Agreement, the District may, in its sole discretion, pursue alternative funding mechanisms to ensure earlier funding of the Core Facilities, as identified in section 1.3(A).

(L) Reimbursement From Reimbursing Landowners. Each Reimbursing Landowner (for both design and construction costs as the case may be) shall be required to pay their Pro-Rata Share of the actual costs for the WTP Improvements incurred by the Participating Landowners subject to adjustment equal to any annual increases in the Engineering News-Record Construction Cost Index for San Francisco accruing from the date of completion of the WTP Improvements to the date of payment by such Reimbursing Landowner. Such reimbursement shall be paid by Reimbursing Landowners to District prior to recordation of each final subdivision map for the Reimbursing Landowner's Property. Each reimbursement payment from a Reimbursing Landowner shall be repaid by District to Participating Landowners in the same Percentage Shares that such WTP Design Advance Funding and/or WTP Advance Funding (as the case may be) was paid and shall be paid to Participating Landowners within thirty (30) days following receipt of such funds by District. District shall not provide its consent to final map approval until such Reimbursing Landowner has paid its Pro-Rata Share of actual costs for the WTP Improvements.

(M) District Obligation To Design and Construct. Provided Participating Landowners provide the security and funding required by this Agreement, District shall design, permit, engineer, construct or cause to be constructed, the WTP Improvements. Upon receipt of WTP Design Advance Funding, District shall use diligent, good faith efforts to prepare design documents for the WTP Improvements. Within thirty (30) days following receipt of all WTP Advance Funding from Participating Landowners as required by Section 1.3(F), District shall use diligent good faith efforts to obtain all necessary permits and approvals for the WTP Improvements, and upon receipt of all permits and approvals, District shall cause the commencement of construction of the WTP Improvements. Following commencement of construction, District shall cause its contractors to diligently prosecute such construction to completion. District's obligations to commence and complete construction shall subject to commercially reasonable delay due to Force Majeure causes and failure to construct in the winter months in accordance with standard industry practice. In the event that, despite District's diligent, good faith efforts to obtain permits, District is unable to obtain such permits within a commercially reasonable time, all security and unexpended funds shall be returned to the Participating Landowners upon request therefor, less any amounts already reasonably expended for the WTP Improvements. District shall obtain from all contractors, including engineers, subcontractors and suppliers, all normal and customary guaranties and warranties. The WTP Improvements shall be constructed (a) in a good and workmanlike manner and (b) in accordance with applicable laws, regulations and codes. District covenants to make best efforts to keep the Landowners' Properties free from any liens, including mechanic's liens, which may arise in the construction of the WTP Improvements, unless such lien results from a breach of this Agreement by such Landowner. The Parties acknowledge that the Landowners' obligations hereunder relate solely to financing of the WTP Improvements, and Landowners shall have no responsibility or liability for design, engineering or construction defects related to or arising out of the construction of the WTP Improvements.

(N) Release of Unused Funds/Security. Within ninety (90) days following the completion of the WTP improvements, District agrees to release all letters of credit and release any unexpended portion of the Participating Landowner's cash deposits to the Parties that deposited the same, except to the extent there are any claims relating to the construction of the WTP Improvements. If there are any claims during such ninety (90) day period, a portion of the security equal to the amount of the claim may be retained by District until the final resolution of such claim.

#### 1.4 Temporary Water and Sewer Service.

(A) District agrees to provide temporary water and sewer service for construction and use of model homes, for construction of commercial/retail space within the Landowners' projects and for fire flow, before the WTP Improvements are completed and in service. Notwithstanding any provisions to the contrary, no residential, commercial or retail units shall be occupied until the WTP Improvements are completed and in service, except for model homes which shall be used exclusively for sales activities.

(B) The District Board of Directors may, in its sole discretion and subject to any conditions it deems necessary, provide water service to residential production units and commercial/retail units through the use of a temporary filtration unit, or other District approved facilities, to be paid for by the Landowners requesting water service, but only if (1) it determines that District has adequate capacity to serve all existing customers and (2) the California Department of Health Services has approved of such service.

#### 1.5 Water Rights.

(A) Landowners acknowledge that District's water rights are only protected through the year 2020, pursuant to the State Water Resources Control Board Order WR 2006-0017, adopted on November 15, 2006.

### SECTION 2. Wastewater Treatment Plant Disposal Facilities.

#### 2.1 Recycled Water.

(A) The Parties acknowledge that the existing facilities of District with respect to the disposal of recycled water are inadequate to serve the future residents, owners, and occupants of the Property.

#### 2.2 Irrigation Easement.

(A) Certain Landowners previously acquired and other parties not participating in this Agreement previously acquired and paid for an irrigation easement ("**Landowner Irrigation Easement**") from Van Vleck Ranch ("**VVR**") in accordance with the terms set forth in the Grant and Agreement Regarding Irrigation Easement, attached hereto as Exhibit I, and incorporated herein by reference ("**Irrigation Easement Agreement**"). The Landowner Irrigation Easement is approximately sixty (60) acres and is anticipated to be of sufficient size to dispose of the full amount of recycled water estimated to be generated by the Property when applied at agronomic rates and in accordance with the requirements of the Regional Water Quality Control Board

("RWQCB"). If and when requested by the District, the Landowners shall either (i) cause the Landowner Irrigation Easement to be conveyed to District or (ii) obtain and provide an alternative easement or other property interest approved by the District Board of Directors to provide for disposal of the full amount of recycled water estimated to be generated by the Property. If the Landowner Irrigation Easement is conveyed as required by the District, those Landowners that have not previously paid their Pro-Rata Share of the Landowner Irrigation Easement shall be considered a Reimbursing Landowner for purposes of this Section 2.2 and shall be required to pay their Pro-Rata Share to District prior to recordation of each final subdivision map for their Property. The amounts owed by each Landowner are based on each Landowner's Pro-Rata Share as set forth on Exhibit H attached hereto. If the Landowners are not able to cause the Landowner Irrigation Easement to be provided to District using commercially reasonable efforts, and elect to provide an alternative easement or other property interest approved by District, the costs of such alternative easement or other property interest shall be the sole responsibility of Landowners, and each Landowner shall be required to pay a Pro-Rata Share of such alternative easement or other property interest costs as determined by the Fund Manager prior to Final Map, and the Landowners shall have no obligation hereunder to pay a Pro-Rata Share for the Landowner Irrigation Easement. District shall not provide its consent to final map approval until such Reimbursing Landowner has either (i) paid its Pro-Rata Share as required hereunder for the Landowner Irrigation Easement or (ii) provided an alternate easement or other property interest approved by District, and paid a Pro-Rata Share of such costs. If the Landowner Irrigation Easement is provided to District, District shall reimburse each Landowner that paid for the Landowner Irrigation Easement in the same percentages that were contributed to the Landowner Irrigation Easement solely from funds received by Fund Manager from Reimbursing Landowners. All reimbursement funds received by District from a Reimbursing Landowner shall be paid to the Landowners that paid for the Landowner Irrigation Easement within thirty (30) days of receipt of such payment by District. Any reimbursement owed to other parties not participating in this Agreement that paid for the Landowner Irrigation Easement shall be held and retained by District unless and until a contractual obligation to pay such reimbursement amounts to such other parties is negotiated and entered into between District, Landowners and such other parties not participating in this Agreement or in accordance with the terms of any other contractual obligation for such reimbursement amount to be paid to other parties not participating in this Agreement..

(B) District has acquired an irrigation easement from the owners of the VVR ("**District Irrigation Easement**"), set forth in the Grant and Agreement Regarding Irrigation Easement, attached to this Agreement as Exhibit I, in order to supplement District's recycled water irrigation capacity, and thereby insure the adequacy of storage and disposal facilities for recycled water generated by existing residents within the boundaries of District. Landowners shall not be required to advance or pay any costs associated with the acquisition of the District Irrigation Easement.

### **2.3 Irrigation Facilities Design, Permitting and Construction Costs/Election to be Participating Landowner.**

(A) Upon a written request from District, along with an estimate of the permitting, administrative and design costs for the recycled water facilities, each Landowner shall elect whether to become a Participating Landowner for purposes of Section 2.3(C) (permitting,

administrative and design costs). Landowners shall make a written election whether to become a Participating Landowner for funding the costs in Section 2.3(C) below within thirty (30) days following receipt of District's notice. Those Landowners not electing to become Participating Landowners for purposes of Section 2.3(C) below shall be Reimbursing Landowners with respect to such costs. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners for purposes of Section 2.3(C), then the Parties shall have no obligations to fund such costs under this Agreement, provided however that Landowners shall not have the right to receive a final map (and District shall not consent to final map approval) from District unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate recycled water facilities to serve such Landowner's Property. At any time following an election by any Landowner(s) to become Participating Landowners for design and permitting costs of the Landowner Irrigation Facilities and the District Irrigation Facilities (defined below), District shall make a written request for payment of the full estimated design/permitting costs in Section 2.3(C) below from Participating Landowners, along with a written determination of each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share (defined below) of the Landowner Irrigation Facilities and the District Irrigation Facilities. Each Participating Landowner agrees to pay its respective Pro-Rata Share of the costs of design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities plus a Percentage Share of an advance funding amount equal to the total Reimbursing Landowners' Pro-Rata Share of the costs for the design and permitting of the Landowner Irrigation Facilities and the District Irrigation Facilities ("**Permitting/Design Advance Funding**"). Each Participating Landowner's "**Percentage Share**" of the Permitting/Design Advance Funding shall be equal to the percentage of funds contributed by such Participating Landowner to the total funds contributed by all Participating Landowners for the full estimated design/permitting costs in Section 2.3(C). Each Participating Landowner's Pro-Rata Share and each Participating Landowner's Percentage Share shall be paid to District within forty-five (45) days following District's written request for funding.

(B) At any time following completion of the design and District obtaining all permits for the Landowner Irrigation Facilities and District Irrigation Facilities, District may request that each Landowner elect whether to become a Participating Landowner for purposes of funding the construction of the Landowner Irrigation Facilities pursuant to Section 2.4 hereunder. Landowners shall make a written election whether to become a Participating Landowner for funding the costs required by Section 2.4 below within thirty (30) days following receipt of District's notice and prior to District's advertisement for bids. Those Landowners not electing to become Participating Landowners for purposes of Section 2.4 below shall be Reimbursing Landowners with respect to such costs. If a Landowner fails to respond to District's written request for an election within such 30 day period, such Landowner shall be deemed a Reimbursing Landowner. In the event no Landowners elect to become Participating Landowners for purposes of Section 2.4, then the Parties shall have no obligations to fund such construction costs under this Agreement, provided however that Landowners shall not have the right to receive a final map unless and until District determines in its sole discretion that such Landowner has satisfied the requirements of this Agreement and District has adequate recycled water facilities to serve such Landowner's Property.

(C) Participating Landowners for the design of the Landowner Irrigation Facilities agree to pay the full costs for obtaining necessary permits for the installation and operation of the Landowner Irrigation Facilities and the District Irrigation Facilities, and to cover District administrative costs associated with obtaining such necessary permits and for the estimated costs for the design of the Landowner Irrigation Facilities and the District Irrigation Facilities. Each Reimbursing Landowner shall be required to pay their Pro-Rata Share of such costs prior to recordation of a final map for such Reimbursing Landowner's Property.

(D) Each Reimbursing Landowner shall be required to pay their Pro-Rata Share of the actual costs required by Section 2.3(C) which shall be subject to adjustment equal to any annual increases in the Engineering News-Record Construction Cost Index for San Francisco accruing from the date of completion of all design and permitting to the date of payment by such Reimbursing Landowner. Such reimbursement payment shall be required by District and paid to District prior to recordation of each final subdivision map for such Reimbursing Landowner's Property. Each reimbursement payment from a Reimbursing Landowner shall be repaid by District to Participating Landowners within thirty (30) days following District's receipt of such funds from a Reimbursing Landowner and in the same Percentage Shares that such costs were paid. District shall not provide its consent to final map approval until such Reimbursing Landowner has paid its Pro-Rata Share in the amounts set forth herein. Notwithstanding anything herein to the contrary, or any termination of this Agreement, the obligation for a Reimbursing Landowner to reimburse Participating Landowners for all costs incurred hereunder shall remain in full force and effect even upon termination of this Agreement, until such time as such Reimbursing Landowner has repaid all amounts required hereunder.

## 2.4 Irrigation Facilities.

(A) The Parties agree that the costs of engineering, construction management, construction, plan check and inspection, change orders and District administrative costs related to the recycled water irrigation facilities to be installed on the Landowner Irrigation Easement and necessary to serve the Property ("**Landowner Irrigation Facilities**"), including forty percent (40%) of the Shared Transmission Facilities Costs, as defined below, is currently estimated to be One Million Seven Hundred and Fifty Thousand Dollars (\$1,750,000.00) ("**Landowner Irrigation Facilities Costs.**") The costs of the recycled water irrigation facilities to be installed on the District Irrigation Easement to serve the existing residents of the District ("**District Irrigation Facilities**"), if such facilities are ultimately constructed by District, is currently estimated to be Two Million One Hundred Thousand Dollars (\$2,100,000.00) ("**District Irrigation Facilities Costs**"), which includes sixty percent (60%) of the Shared Transmission Facilities Costs. The above estimates are preliminary only and will be revised as further information becomes available, or upon receipt of a final engineer's estimate. The District shall annually review the District EDU standard as the recycled water specifications and availability are determined. The facilities necessary to convey the recycled water from the District wastewater treatment plant to the Landowner Irrigation Easement and the District Irrigation Easement are referred to in this Agreement as the "**Shared Transmission Facilities**" and the cost of the Shared Transmission Facilities is referred to in this Agreement as the "**Shared Transmission Facilities Costs.**"

(B) In the event that the District determines to proceed with the construction of the District Irrigation Facilities in advance of the Participating Landowners' determination to proceed with the construction of the Landowner Irrigation Facilities, District shall pay for the costs of such construction. In the event that the District determines to proceed with the construction of the District Irrigation Facilities concurrently with the construction of the Landowner Irrigation Facilities, the Participating Landowners shall advance the full amount of the Shared Transmission Facilities Costs, subject to District reimbursement of its sixty percent (60%) share of the Shared Transmission Facilities Costs, within three (3) years from completion of construction, with interest at the Local Agency Investment Fund ("LAIF") rate. In the event that District determines not to construct the District Irrigation Facilities concurrently with, or in advance of, the construction of the Landowner Irrigation Facilities, District shall nonetheless be required to reimburse Participating Landowners for the sixty percent (60%) of the actual Shared Transmission Facilities Costs, in accordance with the terms set forth above. In the event that District has not fully reimbursed Participating Landowners for such advanced costs at the time of issuance of a building permit, then all or the remaining portion of the outstanding balance shall become a credit against any Bundled Fees owed to District, on a dollar for dollar basis, by each Participating Landowner, on a pro rata basis, until such time as such advance costs have been fully credited or reimbursed by District. To the extent such credits do not fully reimburse any Participating Landowner, such Participating Landowners shall be entitled to any Bundled Fees or charges collected by District from other development until all Participating Landowners are fully reimbursed.

(C) Participating Landowners agree to pay all actual Landowner Irrigation Facilities Costs and each Participating Landowner acknowledges and agrees that it is jointly and severally liable to the District for such costs, provided however, District shall first use its best efforts to apply any security provided by a defaulting Participating Landowner prior to implementing the joint and several liability provisions of this Section. In the event District sells any excess capacity in the Landowner Irrigation Facilities (to future development property other than the Properties), District shall reimburse the Landowners from such funds based on the Pro-Rata Shares herein within thirty (30) days following receipt of such funds from other benefitting properties.

(D) Notwithstanding any other provision in this Agreement, Landowners understand and acknowledge that District shall not advertise for bids for construction of the Landowner Irrigation Facilities or the District Irrigation Facilities, until Participating Landowners have deposited in accordance with this Section 2.4(D) the full estimated amount of the Landowner Irrigation Facilities Costs and the Shared Transmission Facilities Costs, with District, which amount is referred to herein as the "**Estimated Irrigation Facilities Costs**". At any time following an election by one or more Landowners to be Participating Landowners pursuant to Section 2.3(B) above, each Participating Landowner shall deposit its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of an advance funding amount equal to the Reimbursing Landowner's Pro-Rata Share of the Estimated Irrigation Facilities Costs ("**Irrigation Advance Funding**") in cash or by an irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form reasonably acceptable to the District within forty-five (45) days following such request from District.

(E) The District shall on a quarterly basis invoice each Participating Landowner for its respective Pro-Rata Share of the Estimated Irrigation Facilities Costs plus its Percentage Share of Irrigation Advance Funding for the next ninety (90) day period ("**Irrigation Facilities Quarterly Payment**"), in accordance with the process set forth in Section 1.3, inserting "Irrigation Facilities" in place of "WTP Improvements".

(F) The actual cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities may exceed the Estimated Irrigation Facilities Costs. Each Participating Landowner shall pay (i) its respective Pro-Rata Share of the difference between the actual cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities (as such costs are adjusted from time to time) and the Estimated Irrigation Facilities Costs, plus (ii) its Percentage Share of Irrigation Advance Funding for the difference between the actual cost of the Landowner Irrigation Facilities and the Shared Transmission Facilities (as such costs are adjusted from time to time) and the Estimated Irrigation Facilities Costs (hereinafter collectively referred to as the "**Irrigation Facilities Shortfall**") within thirty (30) days of receiving notice, and reasonable supporting documentation, from District that an Irrigation Facilities Shortfall exists and the amount of such Irrigation Facilities Shortfall ("**Irrigation Facilities Shortfall Notice**"). Such Irrigation Facilities Shortfall shall be paid in cash or irrevocable letter(s) of credit from one or more nationally-chartered banks in favor of District and in a form acceptable to the District. In the event that the cumulative amount of all Irrigation Facilities Shortfall Notices exceeds the Estimated Irrigation Facilities Costs by eight percent (8%), then the Parties shall meet and confer before the District issues any subsequent Irrigation Facilities Shortfall Notice. Additionally, the District and Landowners shall work cooperatively and in good faith to make all reasonable efforts to control the further costs of the Landowner Irrigation Facilities and the Shared Transmission Facilities. In the event the Estimated Irrigation Facilities Cost exceeds the actual Irrigation Facilities Costs, or any funds are remaining following completion of the Landowner Irrigation Facilities and the Shared Transmission Facilities, such excess funds shall be refunded to the Participating Landowners within sixty (60) days following completion of the Landowner Irrigation Facilities and the Shared Transmission Facilities, in the same percentages as such Participating Landowners contributed to the Irrigation Facilities construction costs.

(G) After commencement of construction of the Landowner Irrigation Facilities, District and Landowners agree to meet at least on a quarterly basis to review the status, progress and costs of such facilities. District shall also report quarterly on the amount of the ten percent (10%) contingency that has been expended, and shall further call a separate meeting with Landowners at such time as eighty percent (80%) of the ten percent (10%) contingency has been expended. District shall be responsible for scheduling such meetings and providing a report, with reasonable supporting documentation, on the status, progress and costs of such facilities.

(H) Each Reimbursing Landowner shall be required to pay their Pro-Rata Share of the actual costs for the Landowner Irrigation Facilities incurred by the Participating Landowners pursuant to this Section 2.4 subject to adjustment equal to any annual increases in the Engineering News-Record Construction Cost Index for San Francisco accruing from the date of completion of all design and permitting to the date of payment by such Reimbursing Landowner. The portion of the Irrigation Advance Funding attributable to the District's 60% portion of the Shared Transmission Facilities shall be reimbursed to Participating Landowner's directly by District pursuant to Section 2.4(B) above. Such reimbursement shall be paid to District prior to



recording of a final map for the Reimbursing Landowner's Property. Each reimbursement payment from a Reimbursing Landowner shall be repaid by District to Participating Landowners in the same Percentage Shares that such Irrigation Advance Funding was paid and shall be paid to Participating Landowners within thirty (30) days following receipt of such funds by District. District shall not provide consent to final map approval until such Reimbursing Landowner has paid its Pro-Rata Share of actual Landowner Irrigation Facilities Costs.

(I) District Obligation To Design and Construct. Provided Participating Landowners provide the security and funding required by this Agreement for the Irrigation Facilities, District shall design, permit, engineer, construct or cause to be constructed, the Irrigation Facilities. Upon receipt of Permitting/Design Advance Funding, District shall use diligent, good faith efforts to prepare design documents for the Irrigation Facilities and obtain all necessary permits and approvals for the Irrigation Facilities. Upon receipt of all permits and approvals, and receipt of all Irrigation Advance Funding, District shall cause the commencement of construction of the Irrigation Facilities. Following commencement of construction, District shall cause its contractors to diligently prosecute such construction to completion. District's obligations to commence and complete construction shall be subject to commercially reasonable delay due to Force Majeure causes and failure to construct in the winter months in accordance with standard industry practice. In the event that, despite District's diligent, good faith efforts to obtain permits, District is unable to obtain such permits within a commercially reasonable time, all security and unexpended funds shall be returned to the Participating Landowners upon request therefore, less any amounts already reasonably expended for the WTP Improvements. District shall obtain from all contractors, including engineers, subcontractors and suppliers, all normal and customary guaranties and warranties. The Irrigation Facilities shall be constructed (a) in a good and workmanlike manner and (b) in accordance with applicable laws, regulations and codes. District covenants to make best efforts to keep the Landowners' Properties free from any liens, including mechanic's liens, which may arise in the construction of the Irrigation Facilities, unless such lien results from a breach of this Agreement by such Landowner. The Parties acknowledge that the Landowners' obligations hereunder relate solely to financing of the Irrigation Facilities, and Landowners shall have no responsibility or liability for design, engineering or construction defects related to or arising out of the construction of the Irrigation Facilities.

(J) Release of Unused Funds/Security. Within ninety (90) days following the completion of the Landowner Irrigation Facilities Costs and the Shared Transmission Facilities Costs, District agrees to release all letters of credit and release any unexpended portion of the Participating Landowner's cash deposits to the Parties that deposited the same, except to the extent there are any claims relating to the Construction of the Landowner Irrigation Facilities Costs or the Shared Transmission Facilities Costs. If there are any claims during such ninety (90) day period, a portion of the security equal to the amount of the claim may be retained by District until the final resolution of such claim.

## **2.5 Irrigation Facilities Maintenance Costs.**

(A) Within thirty (30) days of completion of the Landowner Irrigation Facilities, each Participating Landowner agrees to deposit with District a one-time payment of Two Hundred Twenty Five Dollars (\$225.00) for each EDU within each Participating Landowner's respective Property and for each EDU in the Reimbursing Landowners' Properties (for a total payment of

One Hundred Fifty Thousand Seven Hundred Fifty Dollars (\$150,750.00) from all Participating Landowners) to pay the estimated cost of maintaining such facilities from completion through estimated build-out of the Property ("**Irrigation Facilities Maintenance Cost**"). Each Reimbursing Landowner shall be required to pay Two Hundred Twenty Five Dollars (\$225.00) for each EDU within their respective Property for the Irrigation Facilities Maintenance Cost to District prior to final map approval. District shall reimburse such costs to Participating Landowners within thirty (30) days following receipt thereof.

## **2.6 Recycled Water Facilities.**

(A) Subject to the provisions set forth below in this Section 2.6, Landowners agree to install recycled water irrigation facilities, including the distribution system within such Landowner's Property, service lines to the recycled water meter, the recycled water meter "setter" and the service extension to the point of connection to the recycled water irrigation system, within new residential and commercial developments on the Property, so that the District can increase the beneficial use of recycled water, and thereby reduce the demand for potable water supply within the Property.

Recycled water irrigation facilities shall be installed for landscape irrigation within the boundaries of the Landowner's Property that may include parks, schools, residential front and rear yard landscaping, and landscaped common areas. The actual areas within the Property that will be irrigated with recycled water shall be determined by the District on a project-by-project basis, subject to health and safety regulations, and after discussions with the effected Landowner. District shall make a determination of the requirements for the installation of recycled water irrigation facilities in new residential or commercial development and provide notice to the applicable Landowner at any time prior to installation of water facility lines in the Landowner's development project. Such notice shall include the following information:

(1) Identification of the areas where recycled water irrigation facilities are to be installed; and

(2) The specifications for such recycled water irrigation facilities, including applicable regulations of the Department of Health Services, including Title 22, and the provisions of the Master Reclamation Permit issued by the RWQCB.

(B) If District fails to produce Board adopted recycled water specifications within thirty (30) days following a Landowner's initial submittal of grading plans or Improvement Plans, District shall not require such Landowner to fund or install recycled facilities on such project.

## **2.7 Provision of Service.**

(A) As consideration for the terms and conditions set forth herein, as of the Effective Date, District agrees to provide all Landowners (except any defaulting Landowners hereunder) a conditional will serve letter upon request of such Landowner which provides that upon compliance with this Agreement, including payment in full for all amounts due hereunder from such Landowner (including all amounts due from a Reimbursing Landowner), such Landowner

will be entitled to a final will serve letter. District agrees to provide water service and wastewater service to the Property, subject to and contingent upon the satisfactory performance of all of the terms and conditions of this Agreement by Landowners and of other legal obligations of Landowners as set forth in duly enacted or adopted ordinances and regulations of District, and without limitation, subject to the WTP Improvements and the Landowner Irrigation Facilities being fully operational and in service. Water service is further contingent upon issuance of the appropriate permit(s) from the Department of Health Services. Additionally, wastewater service is further contingent upon issuance of the appropriate permit(s) from the RWQCB and the County of Sacramento for use of the recycled irrigation facilities on the Landowner Irrigation Easement.

(B) Notwithstanding the provisions of Section 2.7(A) above, in the event that one or more of the Landowners have not satisfactorily performed all of their respective legal obligations, whether pursuant to the terms and conditions of this Agreement or in duly enacted and adopted ordinances and regulations of District, District shall not withhold water service or wastewater service to the remaining Landowners and their respective projects, provided that all other contingencies to water service and/or wastewater service have been satisfied by such Landowner.

### **SECTION 3. Financing and Fees.**

#### **3.1 Mello-Roos Financing.**

(A) The Parties agree that the ultimate financing mechanism for the WTP Improvements and the Landowner Irrigation Facilities (collectively referred to herein in this Section 3 as "**Improvements**") may be a Community Facilities District (hereafter referred to as "**CFD #2**"), the boundaries of which shall be coincident with the boundaries of the projects of the Parties electing, in each Party's sole and absolute discretion, to participate in CFD #2 (each a "**CFD Participating Landowner**"), and which shall be subject to the requirements and limitations of Sections 53311 *et seq.* of the Government Code of the State of California. District will use its best efforts to form CFD #2 and act as lead agency. Nothing in this Section 3.1 shall obligate a Landowner to participate in CFD #2 or obligate District to make a finding nor to take any discretionary action regarding the formation of a Community Facilities District or the levy of a tax. Such decisions shall be made in accordance with all statutory requirements and procedures, and District ordinances and policies, and subject to the evidence and findings at the time that such a proposal is formally presented to the District's Board of Directors.

#### **3.2 Fund Control.**

(A) All funds and securities deposited by the Parties with the District shall be administered by a project fund manager retained as a consultant ("**Fund Manager**"). The Parties have elected to have Economic Planning Systems (2150 River Plaza Dr., suite 400, Sacramento, phone 916-649-8010) to be the Fund Manager. The costs of the Fund Manager shall be included in the administration costs included in this Agreement (as provided in Section 3.6 below). If EPS is unable or unwilling to provide such services, or in the event a majority of the Landowners decide to change the Fund Manager, the Fund Manager may be changed to any other qualified person or firm selected by a majority of the owners, with the written consent of the District Manager. The Parties acknowledge that all responsibilities and obligations for District to make financial calculations and determinations on funding amounts hereunder shall be delegated to

and made by the Fund Manager in accordance with the provisions herein. The Fund Manager shall be responsible for all determinations to be made by District hereunder regarding funding and accounting pursuant to this Agreement, including but not limited to accounting for all funds paid or advanced by Participating Landowners, determining the Pro-Rata Shares, determining the Percentage Shares for advance funding for each improvement cost, determining the costs to be paid by each Landowner pursuant to Section 3.6 below, determining reimbursement to Landowners for reimbursement from Future District WTP Funding, determining reimbursement for Advance Funding, determining Excess EDU reimbursement, determining reimbursement for Public EDUs, and determining amount of all other financial calculations and reimbursement or refunds due pursuant to the terms herein. All amounts to be paid hereunder shall be paid to and held in an account(s) established District, except for CFD funds and security provided hereunder which shall be held by District separately from such account. District shall not provide consent to approval of any final map (or any other final development approval for those Properties not obtaining a final map) and shall not provide any sewer or water service, for any of the Properties hereunder, unless and until the Fund Manager has sent written confirmation of payment in full of all amounts due hereunder. Landowners agree that District shall be entitled to conclusively rely on the determinations of the Fund Manager. Landowners hereby fully release District and shall fully defend, indemnify, save and hold harmless District, its governing body, officers, agents and employees from any claims, actions, or costs (collectively, “**Claims**”) brought by Landowners hereunder arising from or related to the determinations or calculations of Fund Manager hereunder, except Claims arising from the willful misconduct or fraud of District or material breach of this Agreement by District. Any such indemnity costs hereunder shall be paid in the same Pro-Rata Shares set forth herein. The Fund Manager may be changed at any time with ten (10) days written notice of the change signed by all Landowners.

### **3.3 Audit.**

(A) District shall keep itemized records of the expenses incurred that are related to the design and construction of the WTP Improvements and Irrigation Facilities, and all accounting of the Fund Manager, and all such records shall be retained for a minimum of three (3) years following completion of each improvement and shall be made available to the Parties for review during regular business hours, upon at least 72 hours advance written notice.

### **3.4 Bond Proceeds/Special Taxes - Construction Fund.**

(A) Pursuant to California Government Code Section 53314.9, the District agrees that upon the formation of CFD #2, the levy of a special tax upon the properties within the boundaries of CFD #2, and the receipt of bond proceeds pursuant to Section 3.1 above and/or the receipt of revenues from the collection of pay-as-you-go special taxes, the District shall repay the CFD Participating Landowners from the net amount of such bond proceeds and special tax proceeds available for the amount that each such CFD Participating Landowner advanced to the District and/or paid for the construction of Improvements, pursuant to this Agreement for the construction of the Improvements, as provided for in this Agreement, and to the extent allowed pursuant to those documents relating to the issuance of bonds and other applicable law. The District's agreement to repay the CFD Participating Landowners as provided in this Section 3.4 shall be included in both the resolution of intention to establish CFD #2 to be adopted pursuant to Section 53321 of the California Government Code and in the resolution of formation to establish CFD #2 to be adopted pursuant to Section 53325.1 of the California Government Code.

This Section 3.4(A) is not intended to limit or preclude the inclusion of funding for facilities other than the Improvements in CFD #2, provided that any such additional facilities are approved by the CFD Participating Landowners.

(B) Upon the sale of bonds and receipt of the net bond proceeds by District, each CFD Participating Landowner may reduce the security provided pursuant to Sections 1.3 and 2.4 of this Agreement by the respective amount of bond proceeds attributable to such Landowner's respective project, as reasonably determined by District. This provision is not intended to relieve each Participating Landowner from its shortfall obligations pursuant to Sections 1.3 and 2.4 of this Agreement.

(C) Notwithstanding any provision to the contrary, unless District and the successor-in-interest and assignee of Winncrest and FN enter into an amendment to the Shortfall Agreement deleting the requirement applicable to bond proceeds, the net bond proceeds of CFD #2 shall first be used to pay successors- in-interest and assignees of Winncrest and FN the full amount of the Reimbursement Fee (defined in Section 3.7(C) below) applicable to that portion of the Property within the CFD #2 boundaries as required by the Shortfall Agreement.

### **3.5 No Reimbursement.**

(A) Except as otherwise provided in this Agreement (including without limitation Section 1.2(B), Section 1.3(B), and Section 1.3(K) above), Landowners agree that the improvements which are to be paid for by Landowners will only serve buildings and residents attributable to the lots within and development of the Property. Except as otherwise provided in this Agreement (including without limitation Section 1.2(B), 1.3(B), and 1.3(K) above), Landowners understand and agree that Landowners will not be reimbursed for the costs of such Improvements, except as otherwise expressly provided herein.

### **3.6 Agreement Processing Costs.**

(A) Prior to the execution of this Agreement, certain Landowners have paid certain consultant costs incurred by the District in connection with the negotiation of this Agreement, including legal fees, in the approximate amount of One Hundred Thousand Dollars (\$100,000.00), pursuant to the Developer Deposit Agreement entered into by and between the District and Riverview including, without limitation, past due legal fees due to District incurred by other Landowners. Each Landowner agrees to pay its respective Pro-Rata Share of legal fees advanced under the Developer Deposit Agreement on the earlier of: (i) the first election to become a Participating Landowner for any portion of the design or construction hereunder or (ii) at the time a Reimbursing Landowner makes a reimbursement payment and prior to the first final map for such Reimbursing Landowner's Property. Such amounts shall be reimbursed to Riverview upon receipt by District. In addition, Landowners shall pay any future consultant costs incurred by the District in connection with the processing and adoption of this Agreement, including legal fees, administration costs for the Fund Manager and CEQA consultant costs, which costs shall be included with the applicable Estimated WTP Improvement Cost and Estimated Irrigation Facilities Costs (and each Landowner shall be responsible as either a Participating Landowner or Reimbursing Landowner for their Pro-Rata share of such costs as applicable for each improvement). In addition to all other legal and equitable remedies provided

herein for failure to pay such costs when due, the provisions of Section 4.4 below shall apply for failure to pay amounts due under this Section 4.4.

### 3.7 Fees For Other Services and Facilities.

(A) Landowners agree to pay a bundled fee in the amount of Seven Thousand Seven Hundred Twenty-one Dollars (\$7,721) per EDU ("**Bundled Fee**") to District for all development on the Property. The Bundled Fee shall be paid in full at the time of issuance of a building permit for residential units, and shall be paid in full at the time of issuance of a certificate of occupancy for commercial buildings. The Bundled Fee shall be adjusted annually in proportion to the annual increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items and Major Group Figures, published by the United States Department of Labor, Bureau of Labor Statistics, or similar index used by the District, in its reasonable discretion. The Bundled Fee includes a Water Augmentation Fee in the amount of Four Thousand Five Hundred Twenty-one Dollars (\$4,521) ("**Water Augmentation Fee**"). Landowners shall be entitled to a fee credit in the amount of Two Thousand Dollars (\$2,000) per EDU against the Water Augmentation Fee when such Landowner installs the in-tract reclaimed water system for the Property. In addition, should the District reduce the amount of the Water Augmentation Fee after the execution of this Agreement, Landowners shall be entitled to pay the reduced Water Augmentation Fee after the effective date of such reduction. Landowners shall not be entitled to reimbursement for the amount of any fees paid prior to the effective date of any reduction in the Water Augmentation Fee.

(B) All other fees included in the Bundled Fee shall be subject to any increases adopted by the District Board of Directors, if such increases are adopted in accordance with the Mitigation Fee Act (Government Code Section 66000, et seq.) and applied uniformly to all new development. Landowner's participation in implementing this Agreement and compliance with the terms and conditions herein, including without limitation payment of the Bundled Fee and Water Augmentation Fee, is intended to constitute complete satisfaction of the requirements of District in order to obtain will serve letters and water and sewer service for the Projects for the number of EDUs allocated to such Projects herein and shall be deemed full mitigation of the impact upon the District from the development of the Property. Upon completion of the facilities described herein, Landowners will have provided sufficient capacity for the EDUs set forth in Section 1.1 above to serve the Property.

(C) The amount of Five Thousand Nine Hundred Dollars (\$5,900) per EDU will be paid to District, to satisfy the obligations of each Landowner's Property as a "Benefitting Property" pursuant to the Shortfall Agreement. Any Landowner's Property shall be deemed to have paid all amounts due pursuant to Section 7 of the Shortfall Agreement upon payment of such \$5,900 per EDU. District shall collect such amounts upon the recordation of the first Final Map for each project, or if no Final Map is required, upon the recordation of the Parcel Map (or if no map is required for any project prior to any certificate of occupancy or provision of service to such Property). Such amount represents the amount to be reimbursed to successor-in-interests and assignees of Winncrest and FN for infrastructure previously funded by Winncrest and FN pursuant to the Shortfall Agreement ("**Reimbursement Fee**"). The Reimbursement Fee shall be paid for the benefit of the successor-in-interest and assignee of Winncrest and FN as and to the extent required by the Shortfall Agreement as determined by District in their sole discretion. Any

amounts not reimbursed to the successor-in -interest and assignee of Winncrest and FN by District may be retained by District and used by District pursuant to the terms of the Shortfall Agreement. The Reimbursement Fee is a fixed amount and shall not be subject to any increases, adjustments or interest. Compliance with the terms and conditions herein and payment of the Reimbursement Fee by a Landowner shall be full and final satisfaction of any and all payment obligations to District and to successor-in –interest and assignees of Winncrest and FN for a Benefitting Property pursuant to the Shortfall Agreement. District represents, warrants and covenants that the successors-in-interest and assignees to Winncrest and FN have expressly consented to this provision, as evidenced by the Letter of Acknowledgement and Consent attached hereto as Exhibit K which shall supersede and amend the obligation for the Properties to pay any greater amount pursuant to the existing Shortfall Agreement. Notwithstanding the foregoing, the Reimbursement Fee shall not be applicable to the Riverview or Lakeview Properties, as those properties are not subject to reimbursement obligation pursuant to the Shortfall Agreement.

(D) All costs and fees in this Section 3.7 are identified in Exhibit M attached hereto.

#### **SECTION 4.** Default by Landowner; Remedies of Other Landowners.

##### **4.1** Delinquent Landowners.

(A) Any Participating Landowner who fails, beyond any applicable notice and cure periods set forth in this Agreement, to contribute its Percentage Share of Advance Funding and its Pro-Rata Share for the costs of the WTP Improvements, the Landowner Irrigation Facilities, or other facilities, as required hereunder, or who fails to pay any other costs required hereunder including, without limitation, all agreement processing costs set forth in Section 3.6 above, and such Landowner has not provided adequate security upon which District may draw, or such security is inaccessible to District for any reason whatsoever, shall be referred to as a “**Delinquent Landowner**”. Participating Landowners who have timely paid their Percentage Share of Advance Funding and Pro-Rata Shares of the above referenced costs as required under this Agreement, or have provided adequate security upon which District may draw, shall be referred to as “**Current Landowners**”. In addition, any Reimbursing Landowner who fails to pay any and all amounts due hereunder as and when required by this Agreement (as set forth in Recital G and Section 3.6 and 3.7 herein) shall be considered in material default hereunder.

##### **4.2** Indemnification Obligations.

(A) Each Delinquent Landowner shall indemnify, defend, protect and hold the Current Landowners and Reimbursing Landowners, individually and collectively, harmless from any loss, cost, or expense, including, without limitation, reasonable attorneys’ fees and costs and late fees or penalties incurred or accruing under this Agreement and resulting from the Delinquent Landowner’s failure to make any Pro-Rata Share contribution, Advance Funding payment or other payment of funds required under this Agreement.

##### **4.3** Obligation to Advance Delinquent Amounts.

(A) All Current Landowners shall be required, within thirty (30) days following receipt of written notice that a Landowner has become a Delinquent Landowner, to advance the Delinquent Landowner's Pro-Rata Share of any delinquent payments due under this Agreement, with such advances being made in proportion to the Current Landowners' respective number of EDUs allocated under this Agreement as compared to the aggregate number of EDUs allocated to the Current Landowners under this Agreement, or as may otherwise be agreed to by the Current Landowners. If an otherwise Current Landowner fails to pay its share of a Delinquent Landowner's Pro-Rata Share as required under this Section 4.3, such Current Landowner shall immediately become a Delinquent Landowner, and the remaining Current Landowners shall be obligated hereunder to fund such Delinquent Landowner's share of any other Delinquent Landowner's Pro-Rata Share as provided hereunder. If the Current Landowners, or any of them, advance a Delinquent Landowner's Pro-Rata Share due under this Agreement, such Current Landowners shall thereafter be referred to as "**Advancing Landowners**", and such Advancing Landowners shall be entitled to recover from the Delinquent Landowner the amount advanced on behalf of the Delinquent Landowner, together with any and all costs associated with such Advancing Landowners' obtaining the necessary funds for such advance (including, without limitation, any loan fees or expenses and any legal fees reasonably incurred to obtain such funds), together with interest on the amount advanced by such Advancing Landowners at the rate of twelve percent (12%) per annum or the maximum rate allowable by law on delinquent financial obligations, whichever is less.

(B) The payments necessary to bring a Delinquent Landowner's Pro-Rata Share current shall include the costs and interest payments calculated on the number of days the subject Pro-Rata Share payment is delinquent, up to and including the date the payments are received by the District or Advancing Landowners. Thereafter, any and all amounts paid by said Delinquent Landowner to cure such default, or any amounts received by Current Landowners through reimbursements or credits that would otherwise have been payable to such Delinquent Landowner, as provided herein, including all amounts for interest, shall be paid to the Advancing Landowners who advanced such amounts for the Delinquent Landowner, in proportion to the amounts so advanced by the Advancing Landowners. As additional security, the Delinquent Landowner grants the Current Landowners a security interest in the Delinquent Landowner's right to receive any reimbursement under this Agreement to secure the Delinquent Landowner obligations under this Section 4 and further agrees to execute a UCC-1 financing statement as the Current Landowners may reasonably request. The Delinquent Landowner shall execute any financing statement provided by the Current Landowners and deliver those documents to the Current Landowners within five (5) days of the receipt of those documents.

(C) The Landowners acknowledge and agree that no other Landowner shall have any right to enforce this Agreement against a Landowner's real property (except as otherwise expressly provided herein) and no Landowner, shall have any right to record a contractual lien against such Landowner's Property provided that nothing in this Section 4.3 or elsewhere in this Agreement shall prohibit or preclude a Landowner from recording a judgment lien generally against a Delinquent Landowner's or defaulting Reimbursing Landowner's real property interests in Sacramento County (including such Delinquent Landowner's or defaulting Reimbursing Landowner's interest in the Property), as permitted by law.



**4.4** No Service to Delinquent Landowner/No Service to Defaulting Reimbursing Landowner.

(A) The Parties agree that, in the event that a Landowner becomes a Delinquent Landowner under this Agreement or in the event a Reimbursing Landowner fails to pay all amounts due hereunder when required by this Agreement or is otherwise in material default of its obligations hereunder and District and/or the Fund Manager receives notice of such delinquency or default, then until such Delinquent Landowner shall have fully cured such delinquency, including, without limitation, reimbursing the Advancing Landowners for all costs and interest incurred or accrued in connection with the Advancing Landowners advancing of the Delinquent Landowner's Pro-Rata Share, or until a Reimbursing Landowner has fully paid all amounts due hereunder when required by this Agreement or has cured such other material default, including without limitation reimbursing all Participating Landowners as required hereunder, District shall not provide, and the Delinquent Landowner or the defaulting Reimbursing Landowner shall not request or be entitled to, a final map, a final will serve, any other final approval, or any water or disposal services to the Delinquent Landowner (or defaulting Reimbursing Landowner as the case may be) and/or its portion of the Property. District shall be entitled to rely on the written determinations of Fund Manager regarding the amount due from such Delinquent Landowner or Reimbursing Landowner and the date that such Delinquent Landowner or Reimbursing Landowner has been paid current. District shall not to approve any final map or final will serve for any Property unless and until District receives a written statement from the Fund Manager showing all amounts due hereunder for such Property paid in full. This provision shall not require District to interrupt or disconnect existing services.

**SECTION 5.** Miscellaneous Provisions.

**5.1** Covenant to Grant Easements.

(A) Each Landowner agrees to convey to District, upon demand at any time following approval of a final subdivision map for the Property containing such easement or right of way, any easements or rights of way reasonably required to accommodate the facilities and improvements required by District to serve the Property, without compensation or subject to any conditions.

**5.2** Authority of District.

(A) Landowners and District agree that nothing in this Agreement is intended to limit or restrict the exercise of the normal and customary powers of District to act in accordance with its obligations to protect the public health and safety of the residents, owners, and occupants of property within the District. District retains the right and obligation to adopt ordinances and regulations addressing the needs of District provided that all such ordinances and regulations are uniformly applicable to similarly situated property within the boundaries of District.

### **5.3 Binding Agreement; Runs With Land.**

(A) This Agreement shall constitute a contract under the laws of the State of California between Landowners and District, and an equitable servitude of each Landowner (and Landowner's successors and assigns) as to the lands described and shown on Exhibits A-1, A-2, B-1, B-2, C-1 C-2, D-1, D-2, E-1, E-2, F-1, F-2, G-1 and G-2 and such servitude shall obligate each Landowner (and Landowner's successors and assigns), as to such lands, for the benefit of District and other lands within the District. A memorandum of this Agreement shall be recorded in the Official Records of the County of Sacramento, California in substantially the form attached hereto as Exhibit N. This Agreement is, and shall be, a covenant and shall run with and bind District and the owners of the lands described in this Agreement, subject to the termination provisions set forth in Section 5.5 below. Notwithstanding the foregoing, the right to reimbursement hereunder is personal to each Landowner and such right to reimbursement shall not run with the land and shall remain with such Landowner unless expressly assigned as part of an executed assignment and assumption agreement.

### **5.4 Term.**

(A) The term of this Agreement shall be for a period of thirty (30) years from the date of execution by the District. In the event of an earlier termination pursuant to the provisions hereof, or due to the failure to obtain necessary permits or approvals for any of the facilities, the District shall return to Landowners any funds provided to District pursuant to this Agreement, which have not been expended or committed under contract, in the same Pro-Rata Shares as such funds were contributed, within sixty (60) days following such termination. Notwithstanding any earlier termination of this Agreement or anything herein to the contrary, all provisions herein for Reimbursing Landowners to provide reimbursement to Participating Landowners for costs incurred by such Participating Landowners prior to termination of this Agreement shall survive such earlier termination and shall remain in full force and effect even upon termination of this Agreement prior to the 30 year term.

### **5.5 Termination.**

(A) Each Landowner (and Landowner's successors and assigns) may terminate this Agreement as to a specific lot or parcel at an earlier date than that set forth in Section 5.4, provided that all of the obligations with respect to the construction and financing of facilities and infrastructure, and the payment of fees and all reimbursement due hereunder from such Landowner has been fully satisfied. Such termination shall be evidenced by a Notice of Termination, executed by the respective Landowner and District, to be recorded in the Official Records of the County of Sacramento, California by such Landowner as to the lot or parcel so terminated. District shall provide such Notice of Termination within thirty (30) days following a request therefore from a Landowner (provided the Fund Manager has provided written confirmation that all amounts due from such Landowner have been paid in full). This Agreement shall automatically terminate and be of no further force or effect as to any single family residence or any other building and the lot or parcel on which it is located, when such residence or building has been approved by the County for occupancy.

**5.6** Notices.

(A) All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, (iii) sent by nationally recognized courier service such as Federal Express, or (vi) sent by facsimile or e-mail, provided that any notice sent by facsimile or e-mail shall also be sent by one of the other methods provided above. All notices, requests, demands or other communications shall be addressed to the Parties as follows:

To District: Rancho Murieta Community Services District  
15160 Jackson Road  
Rancho Murieta, CA 95683  
Attention: General Manager

With copy to: Kronick, Moskovitz, Tiedemann & Girard  
400 Capitol Mall, 27th Floor  
Sacramento, CA 95814  
Attention: Jonathan P. Hobbs

Notices required to be given to Landowners shall be addressed as follows:

To Residences East: CSGF Rancho Murieta LLC  
555 California Street, #3450  
San Francisco, CA 94104  
Attention: Jim Galovan

To Residences West: BBC Murieta Land, LLC  
853 North Elston  
Chicago, IL 60642  
Attention: Robert Weil

To Retreats: Murieta Retreats, LLC.  
11249 Gold Country Blvd., Suite 190  
Gold River, CA 95670  
Attention: Gerry Kamilos

To Gardens: Cosumnes River Land, LLC  
7200 Lone Pine Drive, Ste 200  
Rancho Murieta, CA 95683  
Attention: John Sullivan

To Riverview: PCCP CSGF RB PORTFOLIO, LLC  
555 California Street, Suite 3450  
San Francisco CA 94104  
Attention: Jim Galovan

With a copy to: Hock Construction Management, Inc.  
10630 Mather Blvd.  
Sacramento, CA 95655  
Attention: Les Hock

To Lakeview: Elk Grove Bilby Partners, LP  
900 Emmett Ave., Ste 200  
Belmont, CA 94002

To Rancho Murieta 205 LLC: Rancho Murieta 205 LLC  
(Successors in Interest to Winncrest/FN)  
10630 Mather Blvd.  
Sacramento, CA 95655  
Attention: Lori Rispoli

To Fund Manager: Economic Planning Systems  
2150 River Plaza Dr. Ste 400  
Sacramento, CA 95833  
Attention: Jamie Gomes

(B) Delivery of any notice or other communication hereunder shall be deemed made on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery, if sent by mail or courier service. Notice may also be given by facsimile or e-mail (provided another method in subsection (i)-(iii) above is also used) which shall be deemed delivered when received by the facsimile machine or e-mail of the receiving party if received before 5:00 p.m. (Pacific Time) on a business day, or if received after 5:00 p.m. (Pacific Time) or on a day other than a business day (*i.e.*, a Saturday, Sunday, or legal holiday), then such notice shall be deemed delivered on the following business day. The transmittal confirmation receipt produced by the facsimile machine or e-mail server of the sending party shall be prima facie evidence of such receipt (provided another method is used in addition to such fax or e-mail). Any party may change its address, facsimile number or e-mail for purposes of this Section by giving notice to the other Parties and the Fund Manager as herein provided.

(C) Any Party may change its address by giving notice in writing to the other Parties.

## **5.7 Force Majeure.**

(A) Performance by any Party related to construction of improvements shall not be deemed to be in default during any period where delays or defaults are due to war, acts of terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God,

or enactment of conflicting state or federal laws or regulations, except that payment of any amounts due hereunder shall not be excused for Force Majeure events.

#### **5.8** Entire Agreement.

(A) This is an integrated Agreement, and contains all of the terms, consideration, understanding and promises of the Parties. It is intended to be, and shall be, read as a whole. All recitals and exhibits are incorporated herein. This Agreement and the Exhibits hereto contain the entire agreement between the Parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement, all prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement and the Exhibits hereto.

#### **5.9** Legal Action.

(A) In addition to any other rights or remedies, any Party may institute legal action to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation.

#### **5.10** Attorneys' Fees.

(A) In the event of any litigation (including nonjudicial arbitration) arising out of this Agreement, the prevailing Party (or Parties) in such action, in addition to any other relief which may be granted, shall be entitled to recover its reasonable attorneys' fees and costs. Such attorneys' fees and costs shall include fees and costs on any appeal, and all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to such litigation or arbitration. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

#### **5.11** Applicable Law.

(A) This Agreement shall be construed and enforced in accordance with the laws of the State of California.

#### **5.12** Indemnity.

(A) Each Landowner hereby agrees to and shall defend, indemnify and hold District, its Board, officers, agents, and employees harmless from any liability for damage, litigation or claims: (i) relating to the approval of this Agreement by District, and (ii) hereby agrees to and shall defend, indemnify and hold District, its Board, officers, agents, and employees harmless from any liability for damages for personal injury, or bodily injury including death, as well as from claims for property damage (collectively “**Claims**”) to the extent such Claims arise from the operations or performance of such Landowner or the operations or performance of such Landowner's contractors, subcontractors, agents, or employees under this Agreement, whether

such operations or performance be by the indemnifying Landowner, or by any of the indemnifying Landowner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for indemnifying Landowner or any of the indemnifying Landowner's contractors or subcontractors, unless such damage or claim arises from the negligence or willful misconduct of District. A Landowner shall not be required to indemnify the District for damages or claims caused by the negligence or willful misconduct of the District, or its Board, officers, agents contractors, subcontractors or employees. The indemnity obligations under 5.12(i) above shall be joint and several. The indemnity obligations under 5.12(ii) above shall be several.

### **5.13 Waiver of Rights and Claims**

(A) In consideration of the mutual promises and covenants set forth in this Agreement, each Landowner (including successors in interest and assigns) hereby waives and releases any present or future rights or claims Landowner may have or possess with respect to the Property under Government Code section 66000 et. seq. with respect to the District's establishment, receipt and use of those fees and reimbursement amounts specifically required by this Agreement including without limitation the Bundled Fee and required to be paid to District under this Agreement. This provision is not intended to prevent Landowners from objecting to or challenging any proposed increase in the Bundled Fee, or portions thereof, other than indexed annual adjustments, or objecting to or challenging any proposed new fees and this Section 5.13 shall not be a waiver of any rights or remedies Landowners may have against District for a breach of this Agreement by District.

### **5.14 Joint and Several Liability Procedures.**

(A) Whenever in this Agreement, the Landowners are jointly and severally liable to the District, District agrees to adhere to the following procedure prior to enforcing such liability against any Party:

(B) In the event that a Participating Landowner is required to pay a Pro-Rata Share or make any other monetary payment or contribution pursuant to this Agreement, and after notice and request to make such payment or contribution by District, has failed to do so, District shall first seek to satisfy the obligation of such Participating Landowner by drawing upon any security deposited or provided by such Landowner pursuant to Section 1.3 and/or Section 2.4 above.

(C) Should a Participating Landowner fail to make a required payment or contribution, and there is inadequate security provided by such Participating Landowner upon which District may draw, or such security is inaccessible to District for any reason whatsoever, then such Participating Landowner shall be designated a Delinquent Landowner, as such term is defined in Section 4.1 above, and District shall request in writing that the remaining Participating Landowners collectively make the payment or contribution of the Delinquent Landowner within thirty (30) days of such request by the District.

(D) If the remaining Participating Landowners do not collectively make the payment or contribution of the Delinquent Landowner within the time specified in Section 5.14(B) above, then each Participating Landowner shall be jointly and severally liable for the payment or contribution of the Delinquent Landowner, and District may demand and take any lawful action, without further delay or condition, to require and obtain full payment from any or all of the Participating Landowners, including the Delinquent Landowner, as District deems necessary in its sole discretion.

**5.15** Dispute Resolution Regarding Allocation of Pro-Rata Shares, Percentage Shares, Payment

(A) In the event issues, claims, controversies or disputes arise concerning matters regarding the calculation or determination of costs hereunder, including without limitation estimated costs, the allocation of Pro-Rata Shares, Percentage Shares, amounts due under invoices, reimbursement amounts, shortfall calculations, the actual improvement costs, approval of change orders, and timing of construction, as a condition precedent to arbitration, all such disputes, shall first be resolved according to this Section 5.15.

(B) Should the parties be unable to resolve any dispute described in section 5.15(A) informally, the parties shall endeavor to resolve any such dispute by mediation before a mutually agreeable mediator, with a preference given to a mediator with experience in construction and development matters. Any controversy or claim described in section 5.15(A) that remain unresolved after 60 days of initiation of mediation proceedings shall be finally resolved by binding arbitration. The arbitration shall be conducted and administered by JAMS in accordance with the JAMS rules and procedures. All arbitration proceedings shall be held in Sacramento County before a single neutral arbitrator agreeable to the parties, with a preference given to an arbitrator with experience in construction and development matters. The parties shall operate in good faith in an attempt to conclude the arbitration proceedings within 60 days of the initiation of the arbitration. The arbitrator shall have no power to vary or modify any of the provisions of this Agreement. The arbitration award shall be in writing and may be reduced to judgment consistent with the California Code of Civil Procedure. The Parties shall have the right to conduct discovery consistent with the California Code of Civil Procedure section 1283.05.

**5.16** No Joint Venture.

(A) It is specifically understood and agreed by and among the Parties hereto that the subject project is a private development. No partnership, joint venture or other association of any kind is formed by this Agreement.

**5.17** Cooperation.

(A) In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the Parties hereby agree to cooperate in defending said action.

**5.18** Third Parties.

(A) This Agreement is made and entered into for the sole protection and benefit of the Parties. No other person shall have any right of action based upon any provision in this Agreement.

**5.19** Time of the Essence.

(A) The Parties agree that time is of the essence for each Agreement provision of which time is an element.

**5.20** Assignment.

(A) Subject to the provisions of Section 1.2 above, each Landowner shall have the right to assign this Agreement, or any portion thereof, in connection with any sale, transfer or conveyance of the Property, or any portion thereof, and upon the express written assignment by a Landowner and assumption by the assignee of this Agreement in the form attached hereto as Exhibit L, and the conveyance of Landowner's interest in the Property related thereto, and upon provision of a copy of the executed assignment and assumption agreement to the District, such Landowner shall be released from any future liability or obligation hereunder, related to the portion of the Property so conveyed and the assignee shall be deemed the "Landowner," with all rights and obligations related thereto, with respect to such conveyed property. Notwithstanding the foregoing, no Participating Landowner shall be relieved of any liability or obligations hereunder unless and until the proposed assignee provides adequate replacement security, as determined by District, to adequately secure the remaining obligations under this Agreement.

**5.21** Amendments.

(A) This Agreement may be amended only in writing by mutual consent of the Parties or their successors in interest. Notwithstanding the foregoing, in the event there is additional excess capacity in the WTP Improvements and/or the Irrigation Facilities (in addition to the capacity for the Properties, the existing EDUs and the public EDUs), the Landowners shall have the right to amend this Agreement to allow any other property owner within the District to become a party to this Agreement in order to obtain capacity in the WTP Improvements and/or the Irrigation Facilities by complying with the terms and conditions herein, provided the consent of the District Board of Directors is obtained, which consent shall not be unreasonably withheld, delayed or conditioned. Such amendment will allocate any excess capacity to such property owner and provide for the additional property owner to become a party hereunder, and reallocate the Pro-Rata Shares hereunder based on the additional property.

**5.22** Severability



(A) The provisions of this Agreement are intended to be severable. If any term or provision of this Agreement is illegal or invalid for any reason whatsoever, any invalidation by judgment or court order shall in no way affect any of the other provisions hereof or the application thereof to any other person and the remainder of the Agreement shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement. Such invalidation shall not limit or restrict the obligations of Landowners or District with respect to obligations previously incurred in connection with an actual formation of CFD #2 or with the prior issuance of bonds thereby.

### **5.23 Exhibits.**

(A) The following exhibits are attached hereto and are incorporated herein by this reference:

- A-1 Legal Description of the Retreats
- A-2 Diagram of the subdivision for the Retreats
- B-1 Legal Description of the Residences of Murieta Hills – East
- B-2 Diagram of the subdivision for the Residences of Murieta Hills – East
- C-1 Legal Description of the Residences of Murieta Hills – West
- C-2 Diagram of the subdivision for the Residences of Murieta Hills – West
- D-1 Legal Description of the Murieta Gardens Shopping Center
- D-2 Diagram of the subdivision for the Murieta Gardens Shopping Center
- E-1 Legal Description of Murieta Gardens Residential Project
- E-2 Diagram of the subdivision for Murieta Gardens Residential Project
- F-1 Legal Description of Riverview
- F-2 Diagram of the subdivision for Riverview
- G-1 Legal Description of Lakeview
- G-2 Diagram of the subdivision for Lakeview
- H EDU Calculations (for both water and sewer)
- I Grant and Agreement Irrigation Easement, District
- J Grant and Agreement Irrigation Easement, Landowners

- K Letter of Acknowledgment and Consent
- L Form of Assignment and Assumption
- M RMCSO Bundled Fee Summary
- N Memorandum of Financing and Services Agreement

*[Signatures page follows]*

IN WITNESS WHEREOF, the Parties hereto execute this Agreement:

\_\_\_\_\_, 2013

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

APPROVED BY THE BOARD OF DIRECTORS AT ITS MEETING ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013

By: \_\_\_\_\_  
Gerald E. Pasek,  
President, Board of Directors

"DISTRICT"

Approved as to form:

By: \_\_\_\_\_  
Jonathan Hobbs,  
District Counsel

\_\_\_\_\_, 2013

CSGF RANCHO MURIETA, LLC, a Delaware limited liability company

By: PCCP CSGF RB PORTFOLIO, LLC a Delaware limited liability company, its Member

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Authorized Signatory

"Residences East"

\_\_\_\_\_, 2013

BBC MURIETA LAND LLC, a California limited liability company

By: BBC LONGVIEW, LLC, an Illinois limited liability company, its Manager

By: LINCOLNSHIRE ASSOCIATES II, LTD., a Texas limited partnership, its Manager

By: DDC 2009 IRREVOCABLE TRUST, its General Partner

By: \_\_\_\_\_  
David D. Colburn, Trustee

"Residences West"

\_\_\_\_\_, 2013

MURIETA RETREATS, LLC,  
a California limited liability company,  
Member

By: The Robert J. Cassano and Sandra L.  
Cassano Revocable Living Trust, its  
Manager Member

By: \_\_\_\_\_  
Name: Robert J. Cassano  
Title: Co-Trustee

"RETREATS"

\_\_\_\_\_, 2013

COSUMNES RIVER LAND, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Carol Anderson Ward  
Title: Manager

By: \_\_\_\_\_  
John M Sullivan  
Title: Manager

"GARDENS"

\_\_\_\_\_, 2013

PCCP CSGF RB PORTFOLIO, LLC a Delaware  
limited liability company

By: \_\_\_\_\_  
Title: \_\_\_\_\_

" RIVERVIEW"

\_\_\_\_\_, 2013

ELK GROVE BILBY PARTNERS, L.P.,  
a California limited partnership

By: VPI 2004, Inc., a California corporation,  
its General Partner

By: \_\_\_\_\_

Title: \_\_\_\_\_

" LAKEVIEW"

**ACKNOWLEDGMENTS**

**(FORM OF ACKNOWLEDGMENT)**

State of California            )  
  )  
County of \_\_\_\_\_        )

On \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_, (here insert name and title of the officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A-1**

**Legal Description of the Retreats**

**EXHIBIT A-2**

**Diagram of the subdivision  
for the Retreats**



**EXHIBIT B-1**

**Legal Description of the Residences  
of Murieta Hills - East**

**EXHIBIT B-2**

**Diagram of the subdivision  
for the Residences of Murieta Hills - East**

**EXHIBIT C-1**

**Legal Description of the  
Residences of Murieta Hills – West**

**EXHIBIT C-2**

**Diagram of the subdivision  
for the Residences of Murieta Hills – West**

**EXHIBIT –D-1**

**Legal Description  
of the Murieta Gardens Shopping Center**

**EXHIBIT D-2**

**Diagram of the subdivision for  
the Murieta Gardens Shopping Center**

**EXHIBIT –E-1**

**Legal Description of  
Murieta Gardens Residential Project**

**EXHIBIT E-2**

**Diagram of the subdivision  
for Murieta Gardens Residential Project**



**EXHIBIT F-1**

**Legal Description  
of Riverview**

**EXHIBIT F-2**

**Diagram of the subdivision  
for Riverview**

**EXHIBIT G-1**  
**Legal Description**  
**of Lakeview**

**EXHIBIT G-2**

**Diagram of the subdivision  
for Lakeview**

**EXHIBIT H**

**EDU Calculations  
(for both water and sewer)**

**EXHIBIT I**

**Grant and Agreement Irrigation Easement, District**

**EXHIBIT J**

**Grant and Agreement Irrigation Easement, Landowners**

## **EXHIBIT K**

### **Letter of Acknowledgment and Consent**



## **EXHIBIT L**

### **Form of Assignment and Assumption**

**EXHIBIT M**

**RMCSB Bundled Fee Summary**

**EXHIBIT N**

**Memorandum of Financing and Services Agreement**

**EXHIBIT A-1**

**Legal Description of the Retreats**

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE unincorporated area of the COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**PARCEL ONE :**

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA IN SECTION 34, TOWNSHIP 8 NORTH, RANGE 8 EAST, MOUNT DIABLO MERIDIAN, BEING A PORTION OF PARCEL 10 AS SHOWN ON THAT PARTICULAR PARCEL MAP FILED IN BOOK 117 OF PARCEL MAPS AT PAGE 15, SACRAMENTO COUNTY RECORDS, AND A PORTION OF PARCEL 6 OF THAT PARTICULAR PARCEL MAP FILED IN BOOK 12 OF PARCEL MAPS, AT PAGE 47 SAID COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: :

BEGINNING AT THE NORTHWESTERLY CORNER OF SAID PARCEL 10, THENCE, FROM SAID POINT OF BEGINNING ALONG THE NORTHERLY BOUNDARY LINE OF SAID PARCEL 10 THE FOLLOWING 3 COURSES:

1. SOUTH 86°54'59" EAST 128.01 FEET; THENCE,
2. TO THE LEFT, ALONG THE ARC OF AN 845.00 FEET RADIUS, TANGENT, CURVE BEING CONCAVE TO THE NORTH, HAVING A CENTRAL ANGLE OF 37°22'47", AND ARC LENGTH OF 551.28 FEET; THENCE ,
3. TO THE RIGHT, ALONG THE ARC OF A 25.00 FEET RADIUS, TANGENT, CURVE BEING CONCAVE TO THE SOUTH HAVING A CENTRAL ANGLE OF 87°06'07", AND AN ARC LENGTH OF 38.01 FEET; THENCE LEAVING SAID NORTHERLY BOUNDARY ALONG THE EASTERLY BOUNDARY OF SAID PARCEL 10 TO THE FOLLOWING 4 COURSES:

1. SOUTH 37°11'39" EAST 22.70 FEET, THENCE,
2. TO THE RIGHT, ALONG THE ARC OF A 261.00 FEET RADIUS, TANGENT, CURVE, HAVING A CENTRAL ANGLE OF 61°13'29" AND ARC LENGTH OF 278.90 FEET; THENCE,
3. SOUTH 24°01'50" WEST 399.71 FEET; THENCE,
4. TO THE LEFT ALONG THE ARC OF A 329.00 FEET RADIUS, TANGENT, CURVE CONCAVE TO THE EAST, HAVING A CENTRAL ANGLE OF 100°27'45", AND AN ARC LENGTH OF 576.87 FEET; THENCE, LEAVING SAID EASTERLY LINE ALONG THE MOST SOUTHERLY LINE OF SAID PARCEL 10 THE FOLLOWING 8 COURSES:

1. SOUTH 13°34'05" WEST 55.00 FEET; THENCE,
2. SOUTH 29°50'17" EAST 136.00 FEET; THENCE,
3. SOUTH 71°18'38" WEST 36.31 FEET; THENCE ,
4. SOUTH 63°50'54" WEST 187.82 FEET; THENCE,
5. SOUTH 65°50'42" WEST 282.07 FEET; THENCE,
6. SOUTH 79°40'32" WEST 154.22 FEET; THENCE,
7. SOUTH 70°01'52" WEST 112.67 FEET; THENCE,
8. SOUTH 81°19'26" WEST 121.46 FEET; THENCE,

LEAVING SAID SOUTHERLY LINE ALONG THE FOLLOWING 3 COURSES:

1. NORTH 24°03'09" WEST 159.59 FEET TO A POINT ON THE LINE COMMON TO SAID PARCEL 6 AND SAID PARCEL 10; THENCE,
2. LEAVING SAID COMMON LINE, CONTINUING NORTH 24°03'09" WEST 32.50 FEET; THENCE
3. NORTH 49°20'16" EAST 147.67 TO A POINT ON SAID COMMON LINE, THENCE

ALONG SAID COMMON LINE THE FOLLOWING 13 COURSES:

1. NORTH 67°59'08" EAST 117.99 FEET; THENCE,
2. NORTH 60°31'38" EAST 155.96 FEET; THENCE,

3. NORTH 52°04'29" EAST 176.57 FEET; THENCE,
4. NORTH 19°10'45" EAST 92.02 FEET; THENCE,
5. NORTH 64°15'05" EAST 123.20 FEET; THENCE,
6. TO THE RIGHT, ALONG THE ARC OF A 380.00 FEET RADIUS, NON-TANGENT, CURVE BEING CONCAVE TO THE EAST, HAVING A RADIAL BEARING OF SOUTH 64°15'05" WEST, A CENTRAL ANGLE OF 49°46'59" AND AN ARC LENGTH OF 330.17 FEET; THENCE,
7. NORTH 24°02'04" EAST 171.86 FEET; THENCE,
8. NORTH 85°10'01" WEST 65.36 FEET; THENCE,
9. SOUTH 66°43'30" WEST 53.09 FEET; THENCE,
10. SOUTH 32°25'23" WEST 451.52 FEET; THENCE,
11. SOUTH 44°46'29" WEST 230.18 FEET; THENCE,
12. SOUTH 50°40'45" WEST 154.24 FEET; THENCE,
13. SOUTH 64°23'20" WEST 120.65 FEET; THENCE,

LEAVING SAID COMMON LINE ALONG THE FOLLOWING 2 COURSES:

1. NORTH 82°02'29" WEST 81.36 FEET; THENCE,
2. SOUTH 58°18'56" WEST 205.24 FEET TO A POINT ON SAID COMMON LINE; THENCE,

ALONG SAID COMMON LINE THE FOLLOWING 6 COURSES:

1. NORTH 51°03'49" WEST 82.50 FEET; THENCE,
2. NORTH 05°33'11" EAST 339.19 FEET; THENCE,
3. NORTH 24°00'11" WEST 170.24 FEET; THENCE,
4. NORTH 34°37'45" WEST 224.50 FEET; THENCE,
5. NORTH 22°03'18" EAST 209.13 FEET; THENCE,
6. NORTH 32°53'06" EAST 224.26 FEET TO THE MOST NORTHERLY CORNER OF SAID PARCEL 6; THENCE ,

CONTINUING ALONG THE WESTERLY LINE OF SAID PARCEL 10, NORTH 32°53'06" EAST 11.53 FEET TO THE POINT OF BEGINNING, AS DESCRIBED IN THE LOT LINE ADJUSTMENT, RESOLUTION NO. 01-BLS-0741 RECORDED MAY 21, 2003, IN BOOK 20030521, PAGE 2358.

ASSESSOR'S PARCEL NUMBER: 073-0790-044-0000

**PARCEL TWO :**

PARCEL 2, AS SHOWN ON THAT CERTAIN PARCEL MAP FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, ON April 29, 1999, IN BOOK 154 OF PARCEL MAPS, AT PAGE 3.

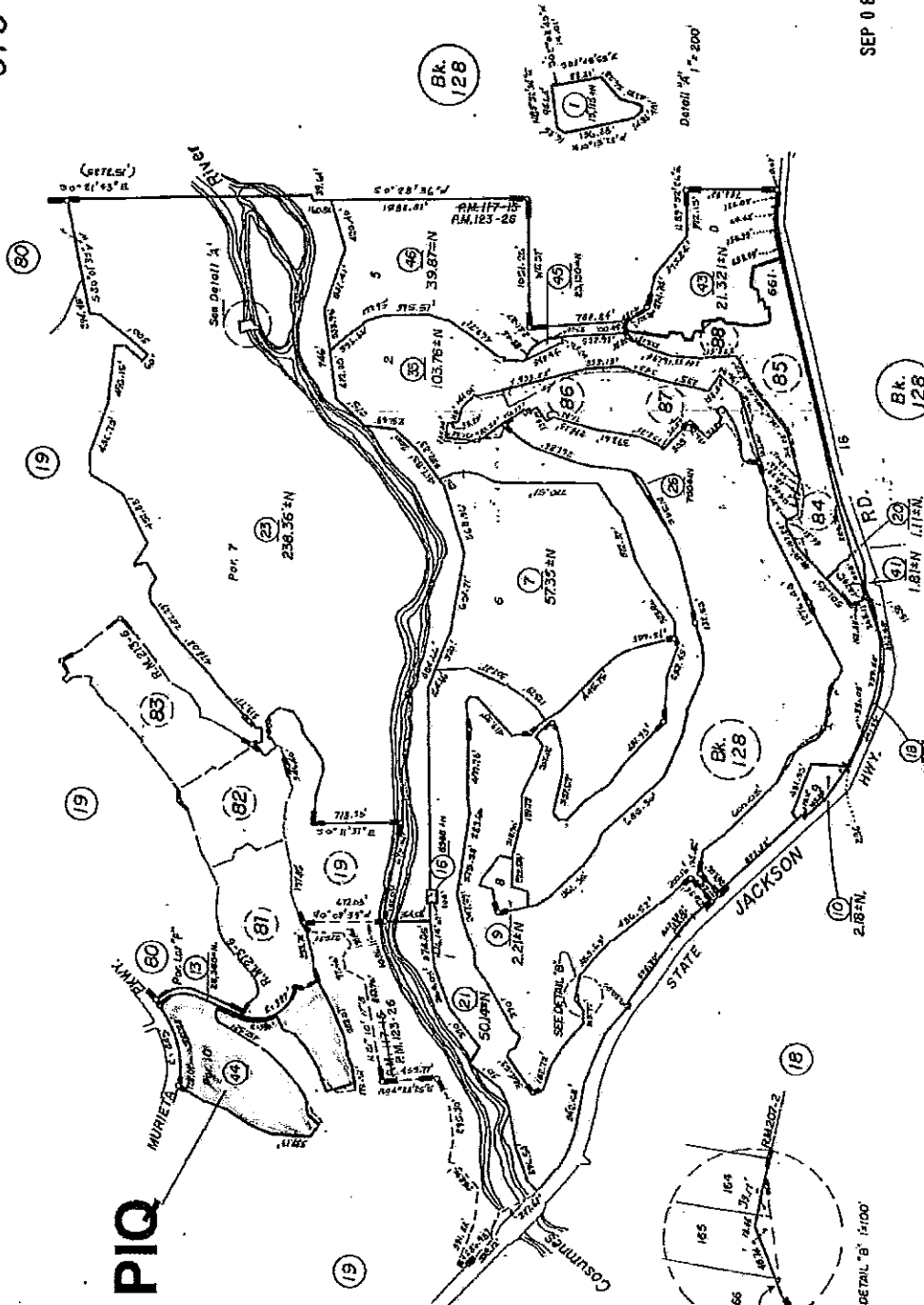
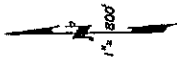
ASSESSOR'S PARCEL NUMBER: 073-0190-099-0000

**PARCEL THREE :**

NON-EXCLUSIVE PERPETUAL EASEMENTS FOR VEHICULAR, BICYCLE AND PEDESTRIAN INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "GRANT OF EASEMENTS AGREEMENT", RECORDED September 24, 2004, IN BOOK 20040924 PAGE 1250, OFFICIAL RECORDS.

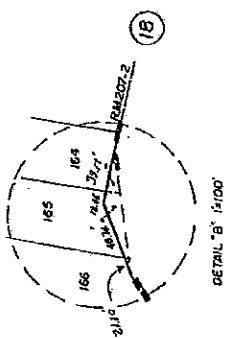
POR. T.7N. & T.8N., R.8E., M.D.B. & M.

073-79



PIQ

IMPORTANT: This plat is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands, and not to determine dimensions, distances, bearings or acreage.



Bk. 128

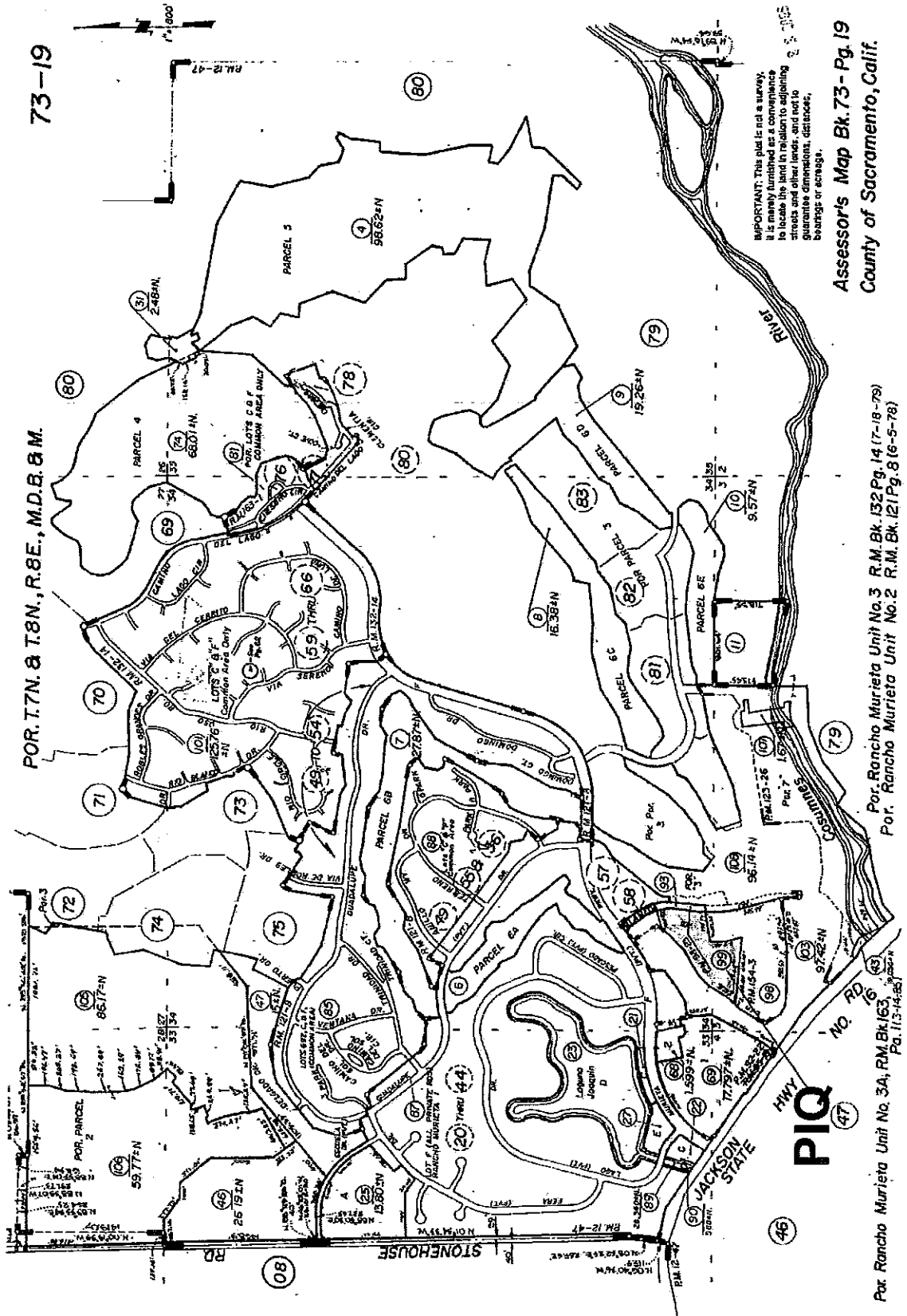
SEP 08 2004

Assessor's Map Bk. 073, Pg. 79  
County of Sacramento, Calif.

For The Greens Unit 1, R.M. Bk. 306 Pg. 5 (10-30-2002)  
For Rancho Muriela South Unit 2B, R.M. Bk. 207, Pg. 217-J-90  
For Rancho Murieta Unit No. 6, R.M. Bk. 213, Pg. 6 (1-9-91)

POR. T.7N. & T.8N., R.8E., M.D.B. & M.

73-19



Assessor's Map Bk. 73-Pg. 19  
County of Sacramento, Calif.

Por. Rancho Murietta Unit No. 3 R.M. Bk. 132 Pg. 14 (7-18-78)  
Por. Rancho Murietta Unit No. 2 R.M. Bk. 121 Pg. 8 (6-5-78)

Por. Rancho Murietta Unit No. 3A, R.M. Bk. 163, Pg. 113-14, 15

IMPORTANT: This plan is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands, and not to guarantee dimensions, distance, bearings or acreage.

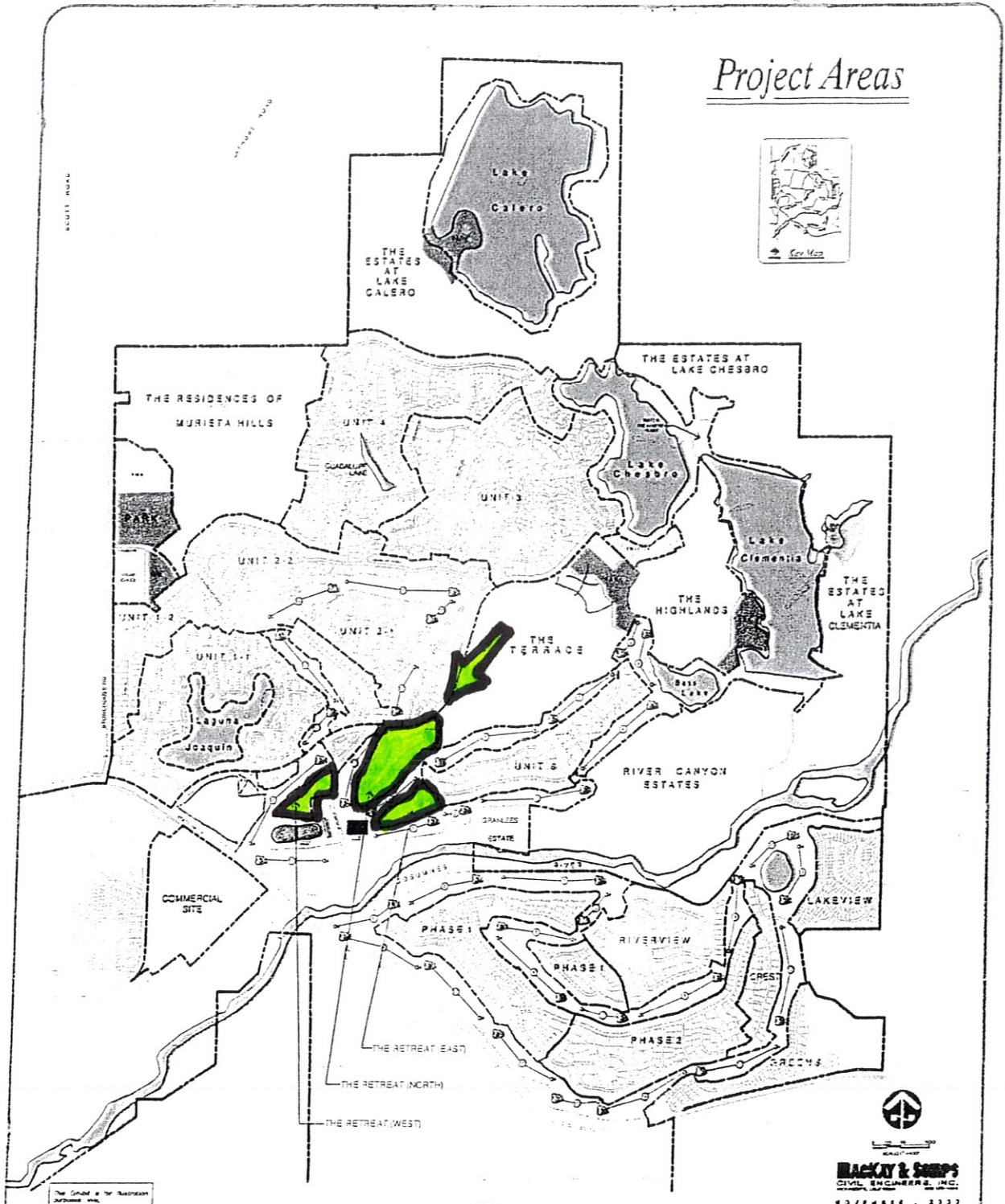


**EXHIBIT A-2**

**Diagram of the subdivision  
for the Retreats**

# EXHIBIT A-2

## Project Areas



  
BLACK & SHIPP  
CIVIL ENGINEERS, INC.  
40764884 . 2337

# Rancho Murietta

**EXHIBIT B-1**

**Legal Description of the Residences  
of Murieta Hills - East**

**LEGAL DESCRIPTION**

Real property in the unincorporated area of the County of Sacramento, State of California, described as follows:

PARCEL ONE:

PARCEL TEN AS DESCRIBED IN BOOK 20010905 AT PAGE 245 IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY ALSO BEING A PORTION OF PARCEL 3 AS SHOWN AND DESCRIBED IN THAT CERTAIN "PARCEL MAP OF RANCHO MURIETA" RECORDED IN BOOK 12 OF PARCEL MAPS AT PAGE 47 IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY, STATE OF CALIFORNIA, TOGETHER WITH A PORTION OF PARCEL ELEVEN ALSO DESCRIBED IN BOOK 20010905 AT PAGE 245, OFFICIAL RECORDS OF SACRAMENTO COUNTY, AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 8 NORTH, RANGE 8 EAST, MOUNT DIABLO MERIDIAN, THENCE, NORTH 89°36'16" EAST, A DISTANCE OF 1559.56 FEET ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING OF THE PARCEL TO BE DESCRIBED;

THENCE, FROM THE POINT OF BEGINNING, NORTH 89°36'16" EAST, A DISTANCE OF 516.32 FEET ALONG SAID SOUTH LINE;

THENCE, NORTH 89°37'01" EAST, A DISTANCE OF 1021.73 FEET TO A POINT ON THE WESTERLY BOUNDARY LINE OF RANCHO MURIETA UNIT NO. 4 AS RECORDED IN BOOK 142 OF MAPS AT PAGE 9 IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY;

THENCE, SOUTH 25°46'45" WEST, A DISTANCE OF 183.71 FEET ALONG SAID LINE;

THENCE, SOUTH 54°23'16" EAST, A DISTANCE OF 127.38 FEET ALONG SAID LINE;

THENCE, SOUTH 09°13'14" WEST, A DISTANCE OF 531.50 FEET ALONG SAID LINE;

THENCE, SOUTH 87°25'09" WEST, A DISTANCE OF 56.39 FEET ALONG SAID LINE;

THENCE, SOUTH 64°22'02" WEST, A DISTANCE OF 172.38 FEET ALONG SAID LINE;

THENCE, SOUTH 08°58'59" EAST, A DISTANCE OF 303.89 FEET ALONG SAID LINE;

THENCE, SOUTH 22°24'47" WEST, A DISTANCE OF 354.65 FEET ALONG SAID LINE;

THENCE, SOUTH 05°00'46" WEST, A DISTANCE OF 290.35 FEET ALONG SAID LINE;

THENCE, SOUTH 76°44'27" EAST, A DISTANCE OF 160.04 FEET ALONG LINE TO THE ARC OF A NON-TANGENT CURVE ON THE WESTERLY RIGHT-OF-WAY LINE OF PUERTO DRIVE HAVING A RADIAL BEARING OF NORTH 87°15'47" WEST;

THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE RIGHT A DISTANCE OF 37.54 FEET TO THE SOUTHERLY LINE OF SAID PARCEL 2, SAID CURVE HAS A CENTRAL ANGLE OF 01°21'38" AND RADIUS OF 1581.00 FEET;

THENCE, SOUTH 50°45'21" WEST, A DISTANCE OF 468.11 FEET ALONG SAID SOUTHERLY LINE;

THENCE, SOUTH 87°02'57" WEST, A DISTANCE OF 971.31 FEET ALONG SAID SOUTHERLY LINE;

THENCE, SOUTH 49°45'01" WEST, A DISTANCE OF 635.49 FEET ALONG SAID SOUTHERLY LINE TO THE INTERSECTION WITH THE EASTERLY LINE OF A PARCEL LAND DESCRIBED IN BOOK 800430 AT PAGE 561 AS RECORDED IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY;

THENCE, NORTH 27°56'32" WEST, A DISTANCE OF 150.83 FEET ALONG SAID LINE;

THENCE, NORTH 59°20'09" EAST, A DISTANCE OF 447.25 FEET TO THE ARC OF A NON-TANGENT CURVE HAVING A RADIAL BEARING OF NORTH 59°20'09" EAST;

THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE RIGHT A DISTANCE OF 135.24 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 28°23'01" AND A RADIUS OF 273.00 FEET;

THENCE, ON THE ARC OF A CURVE TO THE LEFT A DISTANCE OF 379.47 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 26°17'26" AND A RADIUS OF 827.00 FEET;

THENCE, NORTH 61°25'44" EAST, A DISTANCE OF 46.00 FEET TO THE ARC OF A NON-TANGENT CURVE HAVING A RADIAL BEARING OF NORTH 61°25'44" EAST;

THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 30.53 FEET, SAID CURVE HAS A CENTRAL ANGLE 87°27'53" AND A RADIUS OF 20.00 FEET;

THENCE, NORTH 63°57'51" EAST, A DISTANCE OF 21.34 FEET;

THENCE, ON THE ARC OF A CURVE TO THE RIGHT A DISTANCE OF 82.85 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 17°36'53" AND A RADIUS OF 269.50 FEET;

THENCE, NORTH 21°54'13" WEST, A DISTANCE OF 138.65 FEET;

THENCE, NORTH 79°24'23" EAST, A DISTANCE 77.49 FEET;

THENCE, NORTH 50°37'32" EAST, A DISTANCE OF 219.71 FEET;

THENCE, NORTH 42°10'28" EAST, A DISTANCE OF 35.00 FEET TO THE ARC OF NON-TANGENT CURVE HAVING A RADIAL BEARING OF NORTH 42°10'28" EAST;

THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 45.38 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 14°24'19" AND RADIUS OF 180.50 FEET;

THENCE, ON THE ARC OF A CURVE TO THE LEFT A DISTANCE OF 29.76 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 85°15'33" AND RADIUS OF 20.00 FEET;

THENCE, ON THE ARC OF A CURVE TO THE RIGHT A DISTANCE OF 92.46 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 12°37'44" AND RADIUS OF 419.50 FEET;

THENCE, NORTH 37°19'46" WEST, A DISTANCE OF 93.41 FEET;

THENCE, NORTH 37°36'32" WEST, A DISTANCE OF 89.77 FEET;

THENCE, NORTH 25°20'31" WEST, A DISTANCE OF 172.34 FEET;

THENCE, NORTH 11°54'26" WEST, A DISTANCE OF 162.29 FEET;

THENCE, NORTH 00°10'10" EAST, A DISTANCE OF 267.49 FEET;

THENCE, NORTH 02°52'00" EAST, A DISTANCE OF 193.69 FEET TO THE ARC OF A NON-

TANGENT CURVE HAVING A RADIAL BEARING OF SOUTH 14°06'29" WEST;

THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 5.57 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 00°39'49" AND RADIUS OF 481.00 FEET;

THENCE, NORTH 13°26'40" EAST, A DISTANCE OF 205.27 FEET;

THENCE, NORTH 00°23'44" WEST, A DISTANCE OF 196.47 FEET TO THE POINT OF BEGINNING;

AS ALSO DESCRIBED AS NEW PARCEL B IN THAT CERTAIN LOT LINE ADJUSTMENT RECORDED JULY 12, 2004, IN BOOK 20040712 PAGE 162, OFFICIAL RECORDS.

PARCEL TWO:

REAL PROPERTY RIGHTS, INCLUDING NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS, AS CONTAINED IN THE SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED SEPTEMBER 26, 1996, IN BOOK 19960926, ,PAGE 1353 AND RE-RECORDED FEBRUARY 10, 1998, IN BOOK 19980210, PAGE 0773, AS AMENDED BY THE FIRST AMENDMENT OF SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED FEBRUARY 13, 1998, IN BOOK 19980213, PAGE 0883 AND CONFIRMED IN THAT CERTAIN "MUTUAL BENEFIT AGREEMENT" RECORDED SEPTEMBER 24, 2004, IN BOOK 20040924 PAGE 1249, OFFICIAL RECORDS.

PARCEL THREE:

NONEXCLUSIVE PERPETUAL EASEMENTS FOR VEHICULAR, BICYCLE AND PEDESTRIAN INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "GRANT OF EASEMENTS AGREEMENT", RECORDED SEPTEMBER 24, 2004, IN BOOK 20040924 PAGE 1250, OFFICIAL RECORDS.

APN: 073-0190-047-0000 AND 073-0190-105-0000

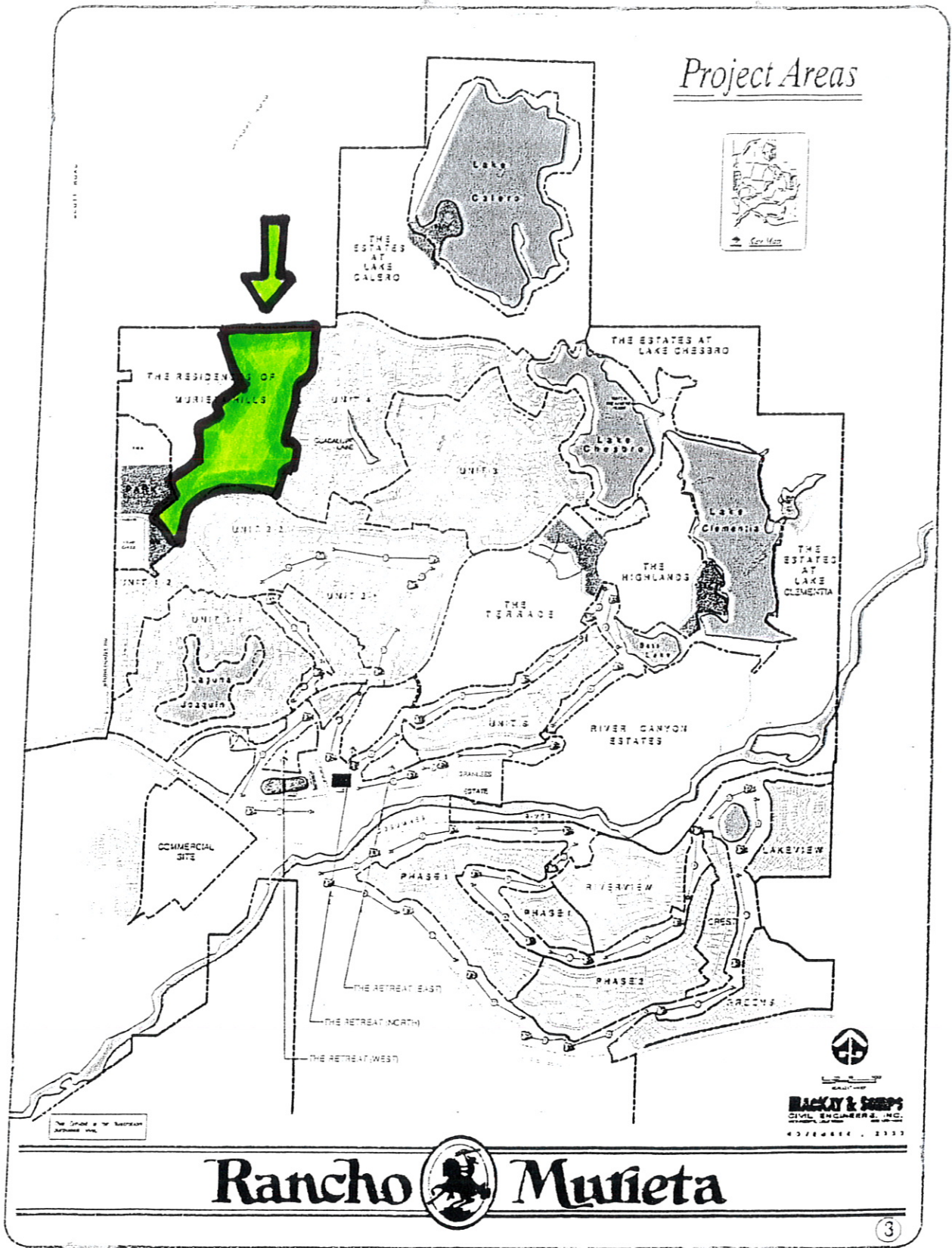
**EXHIBIT B-2**

**Diagram of the subdivision  
for the Residences of Murieta Hills - East**



# EXHIBIT B-2

## Project Areas



# Rancho Murieta



**EXHIBIT C-1**

**Legal Description of the  
Residences of Murieta Hills – West**

## PARCEL ONE:

PARCEL ELEVEN AS DESCRIBED IN BOOK 20010905 AT PAGE 245 IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY ALSO BEING A PORTION OF PARCEL 2 AS SHOWN AND DESCRIBED IN THAT CERTAIN "PARCEL MAP OF RANCHO MURIETA" RECORDED IN BOOK 12 OF PARCEL MAPS AT PAGE 47 IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY, STATE OF CALIFORNIA, EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL:

COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 8 NORTH, RANGE 8 EAST, MOUNT DIABLO MERIDIAN, THENCE NORTH  $89^{\circ} 36' 16''$  EAST, A DISTANCE OF 1559.56 FEET ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING OF THE PARCEL TO BE DESCRIBED; THENCE, FROM THE POINT OF BEGINNING, NORTH  $89^{\circ} 36' 16''$  EAST, A DISTANCE OF 516.32 FEET ALONG SAID SOUTH LINE; THENCE, NORTH  $89^{\circ} 37' 01''$  EAST, A DISTANCE OF 1021.73 FEET TO A POINT ON THE WESTERLY BOUNDARY LINE OF RANCHO MURIETA UNIT NO. 4 AS RECORDED IN BOOK 142 OF MAPS AT PAGE 9 IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY; THENCE, SOUTH  $25^{\circ} 46' 45''$  WEST, A DISTANCE OF 183.71 FEET ALONG SAID LINE; THENCE, SOUTH  $54^{\circ} 23' 16''$  EAST, A DISTANCE OF 127.38 FEET ALONG SAID LINE; THENCE, SOUTH  $09^{\circ} 13' 14''$  WEST, A DISTANCE OF 531.50 FEET ALONG SAID LINE; THENCE, SOUTH  $87^{\circ} 25' 09''$  WEST, A DISTANCE OF 56.39 FEET ALONG SAID LINE; THENCE, SOUTH  $64^{\circ} 22' 02''$  WEST, A DISTANCE OF 172.38 FEET ALONG SAID LINE; THENCE, SOUTH  $08^{\circ} 58' 59''$  EAST, A DISTANCE OF 303.89 FEET ALONG SAID LINE; THENCE, SOUTH  $22^{\circ} 24' 47''$  WEST, A DISTANCE OF 354.65 FEET ALONG SAID LINE; THENCE, SOUTH  $05^{\circ} 00' 46''$  WEST, A DISTANCE OF 290.35 FEET ALONG SAID LINE; THENCE, SOUTH  $76^{\circ} 44' 27''$  EAST, A DISTANCE OF 160.04 FEET ALONG SAID LINE TO THE ARC OF A NON-TANGENT CURVE ON THE WESTERLY RIGHT-OF-WAY LINE OF PUERTO DRIVE HAVING A RADIAL BEARING OF NORTH  $87^{\circ} 15' 47''$  WEST; THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE RIGHT A DISTANCE OF 37.54 FEET TO THE SOUTHERLY LINE OF SAID PARCEL 2, SAID CURVE HAS A CENTRAL ANGLE OF  $01^{\circ} 21' 38''$  AND A RADIUS OF 1581.00 FEET; THENCE, SOUTH  $50^{\circ} 45' 21''$  WEST, A DISTANCE OF 468.11 FEET ALONG SAID SOUTHERLY LINE; THENCE, SOUTH  $87^{\circ} 02' 57''$  WEST, A DISTANCE OF 971.31 FEET ALONG SAID SOUTHERLY LINE; THENCE, SOUTH  $49^{\circ} 45' 01''$  WEST, A DISTANCE OF 635.49 FEET ALONG SAID SOUTHERLY LINE TO THE INTERSECTION WITH THE EASTERLY LINE OF A PARCEL LAND DESCRIBED IN BOOK 800430 AT PAGE 561 AS RECORDED IN THE OFFICIAL RECORDS OF SACRAMENTO COUNTY; THENCE, NORTH  $27^{\circ} 56' 32''$  WEST, A DISTANCE OF 150.83 FEET ALONG SAID LINE; THENCE, NORTH  $59^{\circ} 20' 09''$  EAST, A DISTANCE OF 447.25 FEET TO THE ARC OF A NON-TANGENT CURVE HAVING RADIAL BEARING OF NORTH  $59^{\circ} 20' 09''$  EAST; THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE RIGHT A DISTANCE OF 135.24 FEET, SAID CURVE HAS A CENTRAL ANGLE OF  $28^{\circ} 23' 01''$  AND A RADIUS OF 273.00 FEET; THENCE, ON THE ARC OF A CURVE TO THE LEFT A DISTANCE OF 379.47 FEET, SAID CURVE HAS A CENTRAL ANGLE OF  $26^{\circ} 17' 26''$  AND A RADIUS OF 827.00 FEET; THENCE, NORTH  $61^{\circ} 25' 44''$  EAST, A DISTANCE OF 46.00 FEET TO THE ARC OF A NON-TANGENT CURVE HAVING A RADIAL BEARING OF NORTH  $61^{\circ} 25' 44''$  EAST; THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 30.53 FEET, SAID CURVE HAS A CENTRAL ANGLE OF  $87^{\circ} 27' 53''$  AND A RADIUS OF 20.00 FEET; THENCE, NORTH  $63^{\circ} 57' 51''$  EAST, A DISTANCE OF 21.34 FEET; THENCE, ON THE ARC OF A CURVE TO THE RIGHT A DISTANCE OF 82.85 FEET, SAID CURVE HAS A CENTRAL ANGLE OF  $17^{\circ} 36' 53''$  AND A RADIUS OF 269.50 FEET; THENCE, NORTH  $21^{\circ} 54' 13''$  WEST, A DISTANCE OF 138.65 FEET; THENCE, NORTH  $79^{\circ} 24' 23''$  EAST, A DISTANCE OF 77.49 FEET; THENCE, NORTH  $50^{\circ} 37' 32''$  EAST, A DISTANCE OF 219.71 FEET; THENCE, NORTH  $42^{\circ} 10' 28''$  EAST, A DISTANCE OF 35.00 FEET TO THE ARC OF A NON-TANGENT CURVE HAVING A RADIAL BEARING OF NORTH  $42^{\circ} 10' 28''$  EAST; THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 45.38 FEET, SAID CURVE HAS A CENTRAL ANGLE OF  $14^{\circ} 24' 19''$  AND RADIUS OF 180.50 FEET; THENCE, ON THE ARC OF A CURVE TO THE LEFT A DISTANCE OF 29.76 FEET, SAID CURVE HAS A

CENTRAL ANGLE OF 85°15'33" AND RADIUS OF 20.00 FEET;THENCE, ON THE ARC OF A CURVE TO THE RIGHT A DISTANCE OF 92.46 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 12°37'44" AND RADIUS OF 419.50 FEET;THENCE, NORTH 37°19'46" WEST, A DISTANCE OF 93.41 FEET;THENCE, NORTH 37°36'32" WEST, A DISTANCE OF 89.77 FEET;THENCE, NORTH 25°20'31" WEST, A DISTANCE OF 172.34 FEET;THENCE, NORTH 11°54'26" WEST, A DISTANCE OF 162.29 FEET;THENCE, NORTH 00°10'10" EAST, A DISTANCE OF 267.49 FEET;THENCE, NORTH 02°52'00" EAST, A DISTANCE OF 193.69 FEET TO THE ARC OF A NON-TANGENT CURVE HAVING A RADIAL BEARING OF SOUTH 14°06'29" WEST;THENCE, ON THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 5.57 FEET, SAID CURVE HAS A CENTRAL ANGLE OF 00°39'49" AND RADIUS OF 481.00 FEET;THENCE, NORTH 13°26'40" EAST, A DISTANCE OF 205.27 FEET;THENCE, NORTH 00°23'44" WEST, A DISTANCE OF 196.47 FEET TO THE POINT OF BEGINNING;AS ALSO DESCRIBED AS NEW PARCEL A IN THAT CERTAIN LOT LINE ADJUSTMENT RECORDED JULY 12, 2004, IN BOOK 20040712 PAGE 162 OFFICIAL RECORDS.

PARCEL TWO:

REAL PROPERTY RIGHTS, INCLUDING NON-EXCLUSIVE EASEMENTS FOR INGRESS, EGRESS AND ACCESS, AS CONTAINED IN THE SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED SEPTEMBER 26, 1996, INSTRUMENT NO. 199609261353 AND RERECORDED FEBRUARY 10, 1998, INSTRUMENT NO. 199802100773, AS AMENDED BY THE FIRST AMENDMENT OF SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED FEBRUARY 13, 1998, INSTRUMENT NO. 199802130883 AND CONFIRMED IN THAT CERTAIN "MUTUAL BENEFIT AGREEMENT" RECORDED SEPTEMBER 24, 2004, IN BOOK 20040924 PAGE 1249, OFFICIAL RECORDS.

PARCEL THREE:

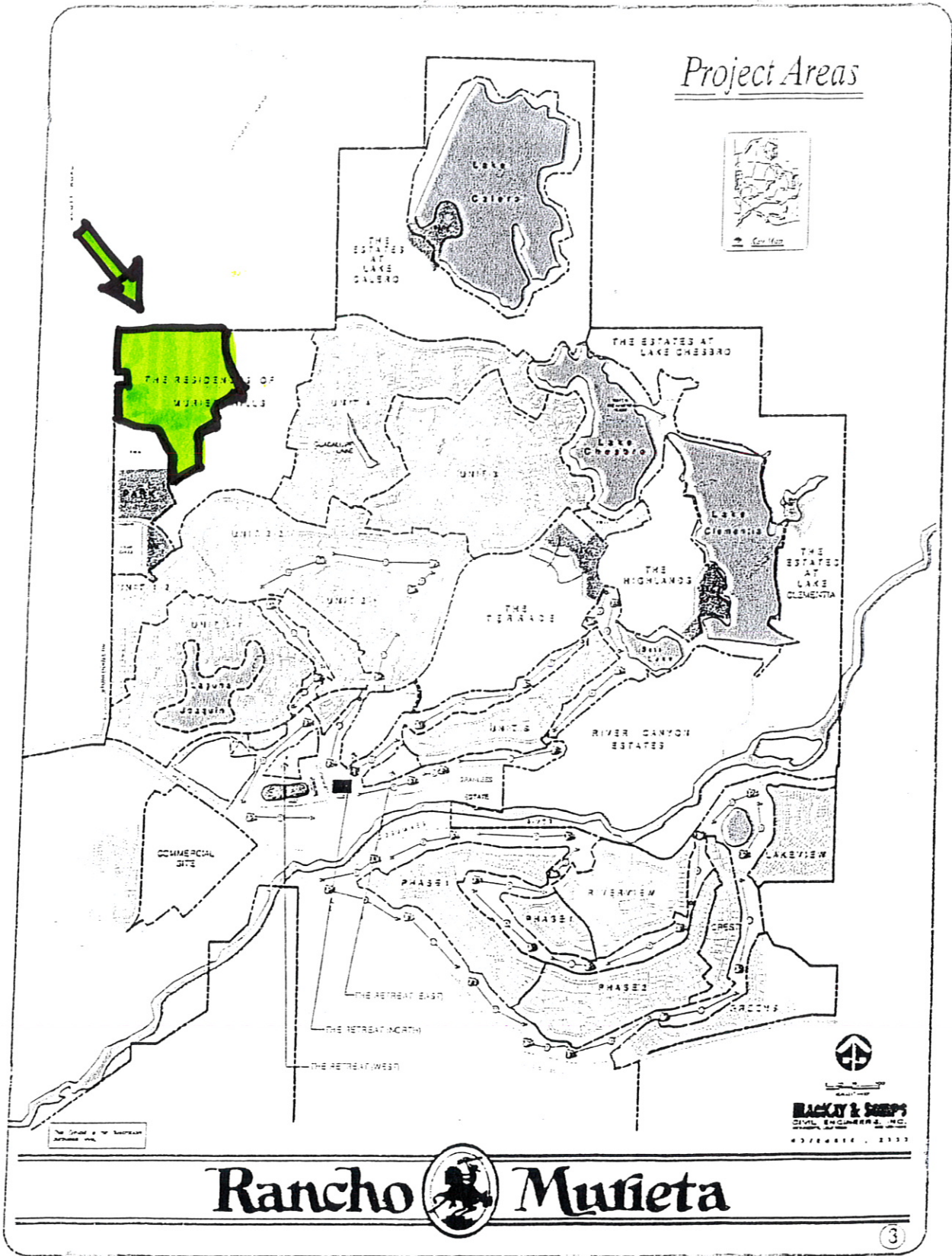
NONEXCLUSIVE PERPETUAL EASEMENTS FOR VEHICULAR, BICYCLE AND PEDESTRIAN INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "GRANT OF EASEMENTS AGREEMENT", RECORDED SEPTEMBER 24, 2004, IN BOOK 20040924 PAGE 1250, OFFICIAL RECORDS.

**EXHIBIT C-2**

**Diagram of the subdivision  
for the Residences of Murieta Hills – West**

# EXHIBIT C-2

## Project Areas



# Rancho Murieta

  
**BLACK & VEATCH**  
CIVIL ENGINEERS, INC.  
43784814 - 2333

**EXHIBIT –D-1**

**Legal Description  
of the Murieta Gardens Shopping Center**

EXHIBIT D-1  
SHOPPING CENTER  
LOTS 1 AND 3

MURIETA GARDENS I and II  
BOUNDARY DESCRIPTION

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Section 3 and a portion of Section 4 Township 7 North, Range 8 East, M.D.M. and a portion of Section 33, Township 8 North, Range 8 East, M.D.M. as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16 and also shown on the "Plat of Subdivision of Parcel No. 11 Rancho Murieta", filed for record in said County on February 25, 1975, in Book 98 of Maps, Map No. 25. More particularly described as follows:

"Resultant Lot 1", Resultant Lot 2", "Resultant Lot 3" and "Resultant Lot 4" as described in "Lot Line Adjustment Resolution No. 05-BLS-0782", filed for record in the office of the Recorder of Sacramento County on December 9, 2005 in Book 20051209, page 0931 More particularly described as follows:

Resultant Lot 1

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Lot 10 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16. More particularly described as follows:

BEGINNING at the most Northerly corner of said Lot 10, said point also being on the Southwest right of way line of Jackson Road (State Highway Route 16); thence along said Southwest right of way line the following five (5) courses and distances: 1.) South  $56^{\circ} 37' 39''$  East, 198.43 feet; 2.) South  $57^{\circ} 16' 11''$  East, 103.93 feet; 3.) South  $53^{\circ} 20' 25''$  East, 56.41 feet; 4.) South  $57^{\circ} 33' 54''$  East, 256.06 feet; 5.) South  $51^{\circ} 02' 37''$  East, 138.79 feet; thence leaving said Southwest right of way line, South  $35^{\circ} 00' 00''$  West, 133.46 feet; thence South  $44^{\circ} 39' 54''$  West, 68.50 feet; thence South  $35^{\circ} 00' 00''$  West, 24.21 feet; thence along the arc of an 820.00 foot radius curve, concave to the Northwest, through a central angle of  $55^{\circ} 02' 21''$ , the chord of which bears South  $62^{\circ} 31' 10''$  West, 757.76 feet; thence North  $89^{\circ} 57' 39''$  West, 300.15 feet to a point on the East line of Murieta Drive, a private road; thence along said East right of way line the following two (2) courses and distances: 1.) North  $00^{\circ} 02' 21''$  East, 407.59 feet; 2.) Along the arc of a 960.00 foot radius curve, concave to the Southeast, through a central angle of  $27^{\circ} 07' 16''$  the chord of which bears North  $13^{\circ} 35' 59''$  East, 450.19 feet to the most Westerly corner of Lot 9 as shown on said "Plat of Subdivision of Parcel No. 14 Rancho Murieta"; thence along the South boundary of said Lot 9 the following three (3) courses and distances: 1.) South  $56^{\circ} 37' 39''$  East, 25.00 feet; 2.) South  $64^{\circ} 34' 50''$  East, 172.00 feet; 3.) North  $50^{\circ} 47' 04''$  East, 220.01 feet; 4.) North  $33^{\circ} 22' 21''$  East, 65.00 feet to the point of beginning.

Resultant Lot 2

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Lot 10 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16. More particularly described as follows:

COMMENCING at the most Easterly corner of said Lot 10, said point also being on the Southwest right of way line of Jackson Road (State Highway Route 16); thence along the Northeast line of said Lot 10 the following two (2) courses and distances: 1.) North  $45^{\circ} 50' 17''$  West, 220.06 feet (shown of record as being 225.05 feet); 2.) North  $51^{\circ} 02' 37''$  West, 19.58 feet to the true point of beginning of this description; thence from said point of beginning, leaving said right of way line, South  $38^{\circ} 54' 30''$  West, 64.50 feet; thence South  $82^{\circ} 51' 35''$  West, 5.34 feet; thence along the arc of a non-tangent 78.00 foot radius curve, concave to the West, from a radius point that bears South  $82^{\circ} 51' 35''$  West, through a central angle of  $46^{\circ} 02' 55''$ , the chord of which bears South  $15^{\circ} 53' 02''$  West, 61.02 feet; thence South  $38^{\circ} 54' 30''$  West, 36.71 feet; thence along the arc of a 245.00 foot radius curve, concave to the Northwest, through a central angle of  $24^{\circ} 15' 35''$ , the chord of which bears South  $51^{\circ} 02' 18''$  West, 102.96 feet; thence along the arc of a reversing 169.00 foot radius curve, concave to the Southeast, through a central angle of  $22^{\circ} 20' 37''$ , the chord of which bears South  $51^{\circ} 59' 47''$  West, 65.49 feet; thence along the arc of a reversing 1357.79 foot radius curve, concave to the Northwest, through a central angle of  $31^{\circ} 05' 27''$ , the chord of which bears South  $56^{\circ} 22' 11''$  West, 727.78 feet; thence South  $15^{\circ} 22' 17''$  East, 81.04 feet; thence South  $74^{\circ} 37' 43''$  West, 80.47 feet; thence South  $53^{\circ} 19' 12''$  West, 320.67 feet; thence North  $37^{\circ} 32' 53''$  West, 108.36 feet; thence North  $89^{\circ} 57' 39''$  West, 353.34 feet to a point on the West line of said Lot 10, also being the East right of way line of Murieta Drive, a private road; thence along said West lot line the following three (3) courses and distances: 1.) North  $00^{\circ} 02' 21''$  East, 464.15 feet; 2.) North  $11^{\circ} 20' 57''$  East, 50.99 feet; 3.) North  $00^{\circ} 02' 21''$  East, 160.85 feet; thence leaving said West property line, South  $89^{\circ} 57' 39''$  East, 300.15 feet; thence along the arc of an 820.00 foot radius curve, concave to the Northwest, through a central angle of  $55^{\circ} 02' 21''$ , the chord of which bears North  $62^{\circ} 31' 10''$  East, 757.76 feet; thence North  $35^{\circ} 00' 00''$  East, 24.21 feet; thence North  $44^{\circ} 39' 54''$  East, 68.50 feet; thence North  $35^{\circ} 00' 00''$  East, 133.46 feet to a point on the Northeast property line of said Lot 10, also being the Southwest right of way of said Jackson Road; thence along said lot line, South  $51^{\circ} 02' 37''$  East, 558.63 feet to the point of beginning.

Resultant Lot 3

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Lot 10 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16. More particularly described as follows:



BEGINNING at the most Easterly corner of said Lot 10; thence along the Southeasterly boundary thereof the following six (6) courses and distances: 1.) South  $43^{\circ} 58' 09''$  West, 1439.04 feet; 2.) South  $52^{\circ} 30' 00''$  West, 100.00 feet; 3.) North  $37^{\circ} 30' 00''$  West, 225.00 feet; 4.) South  $52^{\circ} 30' 00''$  West, 500.00 feet; 5.) North  $37^{\circ} 30' 00''$  West, 120.00 feet; 6.) South  $52^{\circ} 30' 00''$  West, 293.97 feet to the Southwest corner of said Lot 10; thence along the West line thereof, the following two (2) courses and distances: 1.) Along the arc of a non-tangent 480.00 foot radius curve concave to the Northwest, from a radius point that bears North  $37^{\circ} 30' 00''$  West, through a central angle of  $52^{\circ} 27' 39''$ , the chord of which bears North  $26^{\circ} 16' 11''$  East, 424.30 feet; 2.) North  $00^{\circ} 02' 21''$  East, 241.64 feet; thence leaving the West line of said Lot 10, South  $89^{\circ} 57' 39''$  East, 353.34 feet; thence South  $37^{\circ} 32' 53''$  East, 108.36 feet; thence North  $53^{\circ} 19' 12''$  East, 320.67 feet; thence North  $74^{\circ} 37' 43''$  East, 80.47 feet; thence North  $15^{\circ} 22' 17''$  West, 81.04 feet; thence along the arc of a non-tangent 1357.79 foot radius curve, concave to the Northwest, from a radius point that bears North  $18^{\circ} 05' 05''$  West, through a central angle of  $31^{\circ} 05' 27''$ , the chord of which bears North  $56^{\circ} 22' 11''$  East, 727.78 feet; thence along the arc of a reversing 169.00 foot radius curve, concave to the Southeast, through a central angle of  $22^{\circ} 20' 37''$ , the chord of which bears North  $51^{\circ} 59' 47''$  East, 65.49 feet; thence along the arc of a reversing 245.00 foot radius curve, concave to the Northwest, through a central angle of  $24^{\circ} 15' 35''$ , the chord of which bears North  $51^{\circ} 02' 18''$  East, 102.96 feet; thence North  $38^{\circ} 54' 30''$  East, 36.71 feet; thence along the arc of a 78.00 foot radius curve, concave to the Northwest, through a central angle of  $46^{\circ} 02' 55''$ , the chord of which bears North  $15^{\circ} 53' 02''$  East, 61.02 feet; thence North  $82^{\circ} 51' 35''$  East, 5.34 feet; thence North  $38^{\circ} 54' 30''$  East, 64.50 feet to a point on the Northeast line of said Lot 10; thence along said East line the following two (2) courses and distances: 1.) South  $51^{\circ} 02' 37''$  East, 19.58 feet; 2.) South  $45^{\circ} 50' 17''$  East, 222.06 feet to the point of beginning.

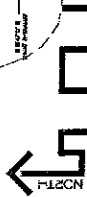
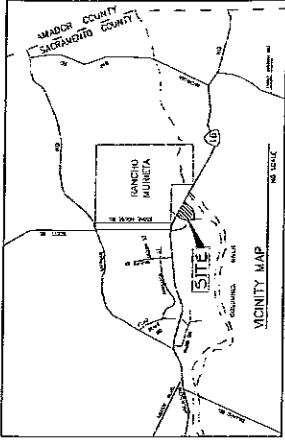
#### Resultant Lot 4

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being all of Lot 8 and all of Lot 4 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16 and also being all of Lot 6 as shown on the "Plat of Subdivision of Parcel No. 11 Rancho Murieta", filed for record in said County on February 25, 1975, in Book 98 of Maps, Map No. 25.

END OF DESCRIPTION

**BOUNDARY LINE ADJUSTMENT**

LOT 10 BOOK 103 OF MAPS PAGE 16  
 RANCHO MURIETA, SACRAMENTO COUNTY, CALIFORNIA  
 September, 2005  
 SCALE: 1"=100'  
 BAKER-WILLIAMS ENGINEERING GROUP



SCALE: 1"=100'

LONE PINE DRIVE (PRIVATE)

MURIETA DRIVE (PRIVATE)

JACKSON ROAD (HWY. 16)

RANCHO MURIETA AIRPORT

CANTOVA WAY (PRIVATE)

MURIETA MOBILE HOME VILLAGE

COSMINES RIVER

COUNTY OF SACRAMENTO

073-0687

LOT 1 88.8 ACRES

LOT 2 218.4 ACRES

LOT 3 107.1 ACRES

LOT 4 88.4 ACRES

LOT 4 88.4 ACRES

LOT 4 88.4 ACRES

LOT 4 88.4 ACRES

LOT 4 88.4 ACRES

LOT 4 88.4 ACRES

LOT 4 88.4 ACRES

NO.	DESCRIPTION	DATE	BY	CHECKED	SCALE	DATE
1	PREPARED	08/01/05	JW	JW	1"=100'	08/01/05
2	CHECKED	08/01/05	JW	JW	1"=100'	08/01/05
3	APPROVED	08/01/05	JW	JW	1"=100'	08/01/05
4	REVISION					
5	REVISION					
6	REVISION					
7	REVISION					
8	REVISION					
9	REVISION					
10	REVISION					

BOUNDARY LINE ADJUSTMENT  
**MURIETA GARDENS**  
 RANCHO MURIETA  
 SACRAMENTO COUNTY  
 CALIFORNIA

**Baker-Williams Engineering Group**  
 Baker-Williams Engineering Group  
 Engineering Services (Land Survey) / Professional Planning / GPS Services  
 2015 N. 25th Street, Suite 100, Sacramento, CA 95833  
 (916) 486-1100

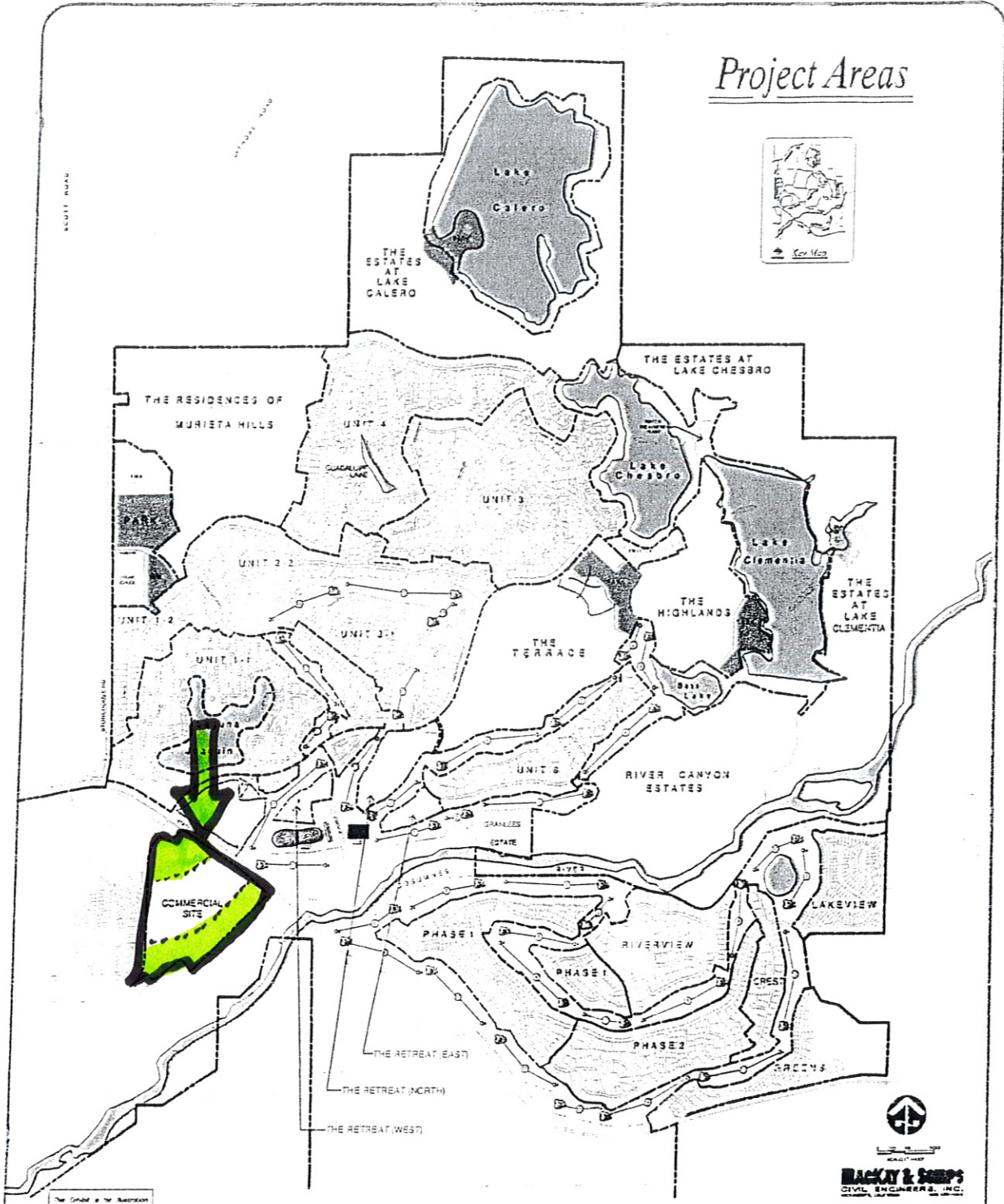
PROJECT NO. 05-01  
 DATE: AUG. 2005  
 SHEET NO. 432

**EXHIBIT D-2**

**Diagram of the subdivision for  
the Murieta Gardens Shopping Center**

# EXHIBIT D-2

## Project Areas



The Grading is for Subdivision and should not be used for any other purpose.

  
SCALE: 1" = 100'  
**HACKAY & SCHEPPE**  
CIVIL ENGINEERS, INC.  
43724614 . 2013

# Rancho Murieta

**EXHIBIT –E-1**

**Legal Description of  
Murieta Gardens Residential Project**

**EXHIBIT E-1**  
**RESIDENTIAL**  
**LOT 2**

MURIETA GARDENS I and II  
BOUNDARY DESCRIPTION

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Section 3 and a portion of Section 4 Township 7 North, Range 8 East, M.D.M. and a portion of Section 33, Township 8 North, Range 8 East, M.D.M. as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16 and also shown on the "Plat of Subdivision of Parcel No. 11 Rancho Murieta", filed for record in said County on February 25, 1975, in Book 98 of Maps, Map No. 25. More particularly described as follows:

"Resultant Lot 1", Resultant Lot 2", "Resultant Lot 3" and "Resultant Lot 4" as described in "Lot Line Adjustment Resolution No. 05-BLS-0782", filed for record in the office of the Recorder of Sacramento County on December 9, 2005 in Book 20051209, page 0931 More particularly described as follows:

Resultant Lot 1

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Lot 10 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16. More particularly described as follows:

BEGINNING at the most Northerly corner of said Lot 10, said point also being on the Southwest right of way line of Jackson Road (State Highway Route 16); thence along said Southwest right of way line the following five (5) courses and distances: 1.) South  $56^{\circ} 37' 39''$  East, 198.43 feet; 2.) South  $57^{\circ} 16' 11''$  East, 103.93 feet; 3.) South  $53^{\circ} 20' 25''$  East, 56.41 feet; 4.) South  $57^{\circ} 33' 54''$  East, 256.06 feet; 5.) South  $51^{\circ} 02' 37''$  East, 138.79 feet; thence leaving said Southwest right of way line, South  $35^{\circ} 00' 00''$  West, 133.46 feet; thence South  $44^{\circ} 39' 54''$  West, 68.50 feet; thence South  $35^{\circ} 00' 00''$  West, 24.21 feet; thence along the arc of an 820.00 foot radius curve, concave to the Northwest, through a central angle of  $55^{\circ} 02' 21''$ , the chord of which bears South  $62^{\circ} 31' 10''$  West, 757.76 feet; thence North  $89^{\circ} 57' 39''$  West, 300.15 feet to a point on the East line of Murieta Drive, a private road; thence along said East right of way line the following two (2) courses and distances: 1.) North  $00^{\circ} 02' 21''$  East, 407.59 feet; 2.) Along the arc of a 960.00 foot radius curve, concave to the Southeast, through a central angle of  $27^{\circ} 07' 16''$  the chord of which bears North  $13^{\circ} 35' 59''$  East, 450.19 feet to the most Westerly corner of Lot 9 as shown on said "Plat of Subdivision of Parcel No. 14 Rancho Murieta"; thence along the South boundary of said Lot 9 the following three (3) courses and distances: 1.) South  $56^{\circ} 37' 39''$  East, 25.00 feet; 2.) South  $64^{\circ} 34' 50''$  East, 172.00 feet; 3.) North  $50^{\circ} 47' 04''$  East, 220.01 feet; 4.) North  $33^{\circ} 22' 21''$  East, 65.00 feet to the point of beginning.

Resultant Lot 2

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Lot 10 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16. More particularly described as follows:

COMMENCING at the most Easterly corner of said Lot 10, said point also being on the Southwest right of way line of Jackson Road (State Highway Route 16); thence along the Northeast line of said Lot 10 the following two (2) courses and distances: 1.) North  $45^{\circ} 50' 17''$  West, 220.06 feet (shown of record as being 225.05 feet); 2.) North  $51^{\circ} 02' 37''$  West, 19.58 feet to the true point of beginning of this description; thence from said point of beginning, leaving said right of way line, South  $38^{\circ} 54' 30''$  West, 64.50 feet; thence South  $82^{\circ} 51' 35''$  West, 5.34 feet; thence along the arc of a non-tangent 78.00 foot radius curve, concave to the West, from a radius point that bears South  $82^{\circ} 51' 35''$  West, through a central angle of  $46^{\circ} 02' 55''$ , the chord of which bears South  $15^{\circ} 53' 02''$  West, 61.02 feet; thence South  $38^{\circ} 54' 30''$  West, 36.71 feet; thence along the arc of a 245.00 foot radius curve, concave to the Northwest, through a central angle of  $24^{\circ} 15' 35''$ , the chord of which bears South  $51^{\circ} 02' 18''$  West, 102.96 feet; thence along the arc of a reversing 169.00 foot radius curve, concave to the Southeast, through a central angle of  $22^{\circ} 20' 37''$ , the chord of which bears South  $51^{\circ} 59' 47''$  West, 65.49 feet; thence along the arc of a reversing 1357.79 foot radius curve, concave to the Northwest, through a central angle of  $31^{\circ} 05' 27''$ , the chord of which bears South  $56^{\circ} 22' 11''$  West, 727.78 feet; thence South  $15^{\circ} 22' 17''$  East, 81.04 feet; thence South  $74^{\circ} 37' 43''$  West, 80.47 feet; thence South  $53^{\circ} 19' 12''$  West, 320.67 feet; thence North  $37^{\circ} 32' 53''$  West, 108.36 feet; thence North  $89^{\circ} 57' 39''$  West, 353.34 feet to a point on the West line of said Lot 10, also being the East right of way line of Murieta Drive, a private road; thence along said West lot line the following three (3) courses and distances: 1.) North  $00^{\circ} 02' 21''$  East, 464.15 feet; 2.) North  $11^{\circ} 20' 57''$  East, 50.99 feet; 3.) North  $00^{\circ} 02' 21''$  East, 160.85 feet; thence leaving said West property line, South  $89^{\circ} 57' 39''$  East, 300.15 feet; thence along the arc of an 820.00 foot radius curve, concave to the Northwest, through a central angle of  $55^{\circ} 02' 21''$ , the chord of which bears North  $62^{\circ} 31' 10''$  East, 757.76 feet; thence North  $35^{\circ} 00' 00''$  East, 24.21 feet; thence North  $44^{\circ} 39' 54''$  East, 68.50 feet; thence North  $35^{\circ} 00' 00''$  East, 133.46 feet to a point on the Northeast property line of said Lot 10, also being the Southwest right of way of said Jackson Road; thence along said lot line, South  $51^{\circ} 02' 37''$  East, 558.63 feet to the point of beginning.

Resultant Lot 3

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being a portion of Lot 10 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16. More particularly described as follows:

BEGINNING at the most Easterly corner of said Lot 10; thence along the Southeasterly boundary thereof the following six (6) courses and distances: 1.) South  $43^{\circ} 58' 09''$  West, 1439.04 feet; 2.) South  $52^{\circ} 30' 00''$  West, 100.00 feet; 3.) North  $37^{\circ} 30' 00''$  West, 225.00 feet; 4.) South  $52^{\circ} 30' 00''$  West, 500.00 feet; 5.) North  $37^{\circ} 30' 00''$  West, 120.00 feet; 6.) South  $52^{\circ} 30' 00''$  West, 293.97 feet to the Southwest corner of said Lot 10; thence along the West line thereof, the following two (2) courses and distances: 1.) Along the arc of a non-tangent 480.00 foot radius curve concave to the Northwest, from a radius point that bears North  $37^{\circ} 30' 00''$  West, through a central angle of  $52^{\circ} 27' 39''$ , the chord of which bears North  $26^{\circ} 16' 11''$  East, 424.30 feet; 2.) North  $00^{\circ} 02' 21''$  East, 241.64 feet; thence leaving the West line of said Lot 10, South  $89^{\circ} 57' 39''$  East, 353.34 feet; thence South  $37^{\circ} 32' 53''$  East, 108.36 feet; thence North  $53^{\circ} 19' 12''$  East, 320.67 feet; thence North  $74^{\circ} 37' 43''$  East, 80.47 feet; thence North  $15^{\circ} 22' 17''$  West, 81.04 feet; thence along the arc of a non-tangent 1357.79 foot radius curve, concave to the Northwest, from a radius point that bears North  $18^{\circ} 05' 05''$  West, through a central angle of  $31^{\circ} 05' 27''$ , the chord of which bears North  $56^{\circ} 22' 11''$  East, 727.78 feet; thence along the arc of a reversing 169.00 foot radius curve, concave to the Southeast, through a central angle of  $22^{\circ} 20' 37''$ , the chord of which bears North  $51^{\circ} 59' 47''$  East, 65.49 feet; thence along the arc of a reversing 245.00 foot radius curve, concave to the Northwest, through a central angle of  $24^{\circ} 15' 35''$ , the chord of which bears North  $51^{\circ} 02' 18''$  East, 102.96 feet; thence North  $38^{\circ} 54' 30''$  East, 36.71 feet; thence along the arc of a 78.00 foot radius curve, concave to the Northwest, through a central angle of  $46^{\circ} 02' 55''$ , the chord of which bears North  $15^{\circ} 53' 02''$  East, 61.02 feet; thence North  $82^{\circ} 51' 35''$  East, 5.34 feet; thence North  $38^{\circ} 54' 30''$  East, 64.50 feet to a point on the Northeast line of said Lot 10; thence along said East line the following two (2) courses and distances: 1.) South  $51^{\circ} 02' 37''$  East, 19.58 feet; 2.) South  $45^{\circ} 50' 17''$  East, 222.06 feet to the point of beginning.

#### Resultant Lot 4

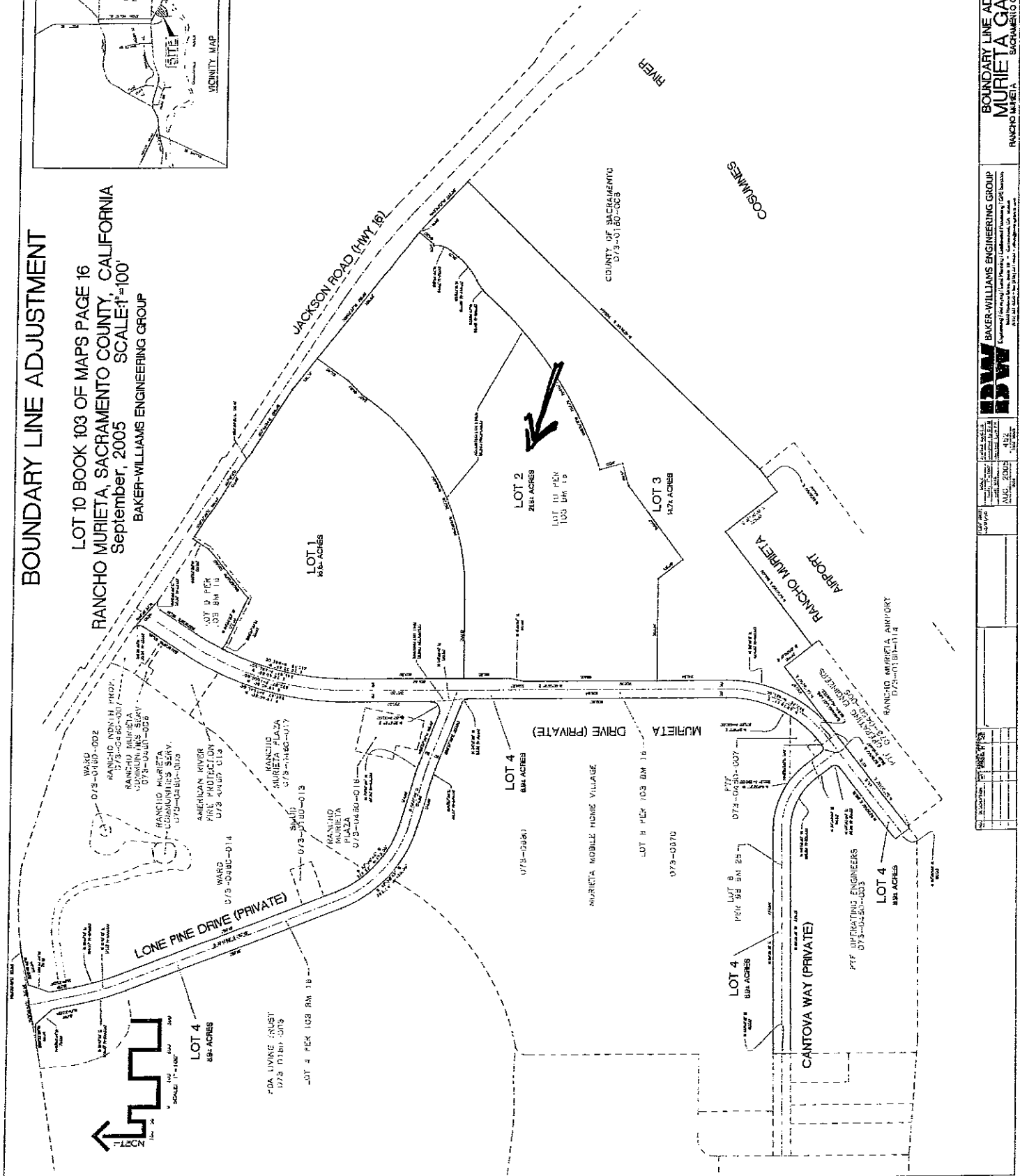
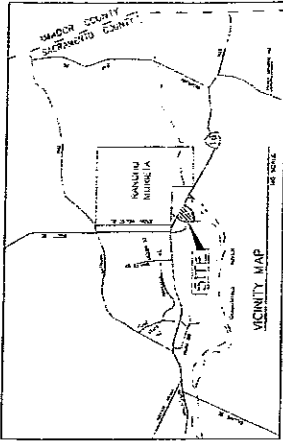
ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California, and being all of Lot 8 and all of Lot 4 as shown on the "Plat of Subdivision of Parcel No. 14 Rancho Murieta", filed for record in the office of the Recorder of Sacramento County on May 19, 1976, in Book 103 of Maps, Map No. 16 and also being all of Lot 6 as shown on the "Plat of Subdivision of Parcel No. 11 Rancho Murieta", filed for record in said County on February 25, 1975, in Book 98 of Maps, Map No. 25.

END OF DESCRIPTION



# BOUNDARY LINE ADJUSTMENT

LOT 10 BOOK 103 OF MAPS PAGE 16  
 RANCHO MURIETA, SACRAMENTO COUNTY, CALIFORNIA  
 September, 2005  
 SCALE: 1"=100'  
 BAKER-WILLIAMS ENGINEERING GROUP



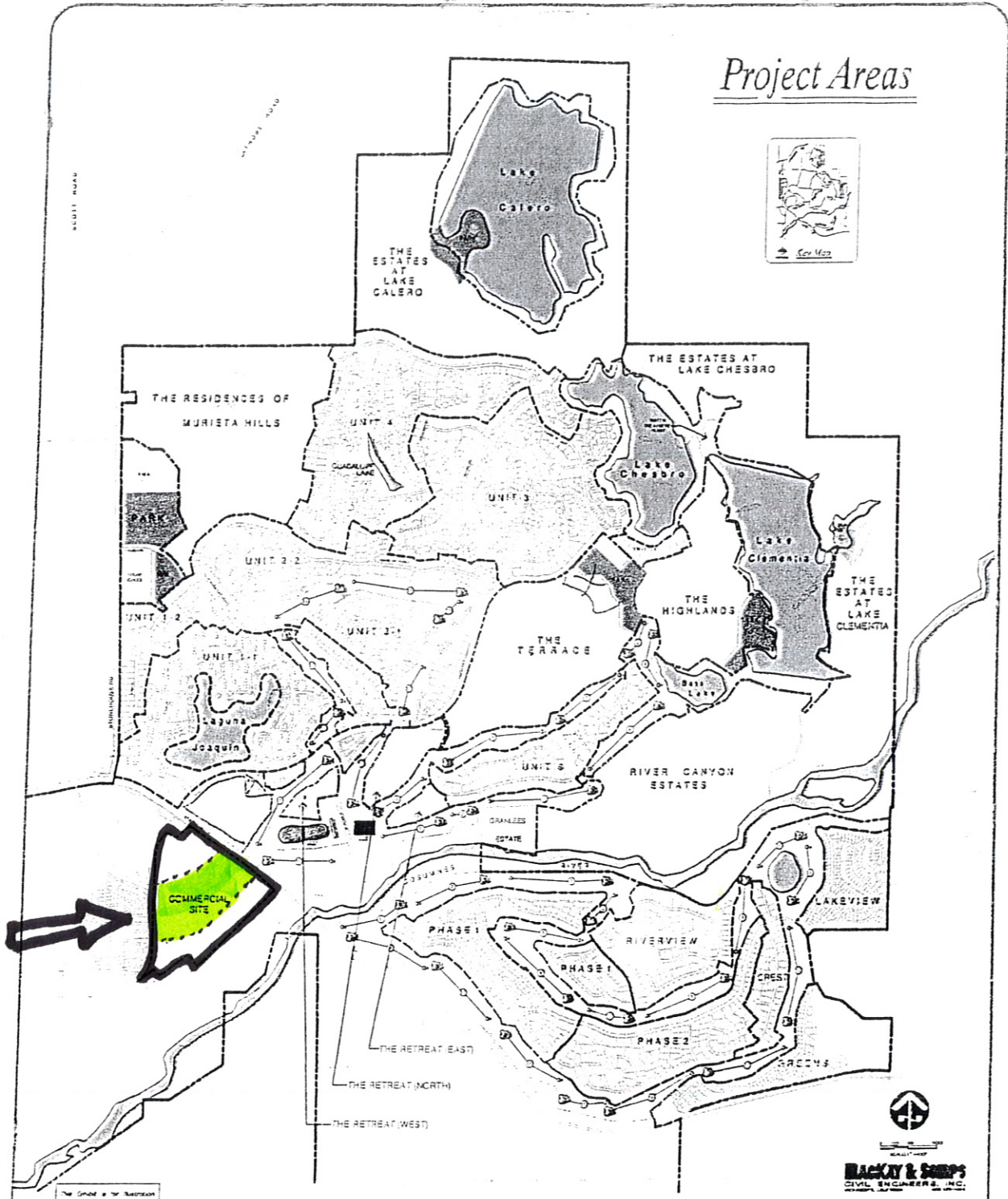
<b>BDW</b> BAKER-WILLIAMS ENGINEERING GROUP 4152 J Street, Sacramento, CA 95817 (916) 486-1100 FAX: (916) 486-1101 www.bakerwilliams.com		PROJECT NO. 05-001 DATE: 09/01/05 SHEET NO. 1 OF 1
BOUNDARY LINE ADJUSTMENT MURIETA GARDENS SACRAMENTO COUNTY, CALIFORNIA		

**EXHIBIT E-2**

**Diagram of the subdivision  
for Murieta Gardens Residential Project**

# EXHIBIT E-2

## Project Areas



# Rancho Murieta

**EXHIBIT F-1**

**Legal Description  
of Riverview**

Real property in the City of Sacramento, County of Sacramento, State of California, described as follows:

PARCEL ONE:

THAT REAL PROPERTY SITUATE IN THE UNINCORPORATED AREA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 6, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "BEING A DIVISION OF PARCEL 7 AND INCLUDING A PORTION OF PARCEL 3 PER BOOK 12 OF PARCEL MAPS, PAGE 47, SACRAMENTO COUNTY RECORDS", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, ON FEBRUARY 28, 1990 IN BOOK 117 OF PARCEL MAPS, AT PAGE 15.

PARCEL TWO:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OF VEHICULAR AND PEDESTRIAN TRAFFIC, WHICH EASEMENT SHALL BE APPURTENANT TO THAT CERTAIN PARCEL MAP RECORDED FEBRUARY 28, 1990, IN BOOK 117 OF PARCEL MAPS, PAGE NO. 15, OVER AND ACROSS THE LAND OF THE GRANTOR BETWEEN SAID PARCEL MAP AND A PUBLIC ROAD, STREET, OR HIGHWAY. THE FINAL ALIGNMENT OF SAID EASEMENT SHALL BE CONSISTENT WITH THE DEDICATION OF PUBLIC AND/OR PRIVATE ROADS ON ANY FINAL PARCEL OR SUBDIVISION MAP APPROVED BY THE COUNTY OF SACRAMENTO AND RECORDED AFTER THE DATE THIS EASEMENT DEED IS RECORDED. IF THE PARCEL OR SUBDIVISION MAP CREATING THE PUBLIC AND/OR PRIVATE ROADS IS NOT RECORDED WITHIN A REASONABLE TIME, THE EASEMENTS SHALL BE SPECIFICALLY LOCATED AS SET FORTH ON THE ROAD CIRCULATION PLAN PREPARED BY THE GRANTOR AND FILED OR TO BE FILED WITH THE COUNTY OF SACRAMENTO. THE GRANTOR AND GRANTEE, OR THEIR SUCCESSORS, SHALL JOINT IN EXECUTING ANY DOCUMENTS NECESSARY TO SPECIFICALLY DESCRIBED THE LOCATION OF THE EASEMENTS.

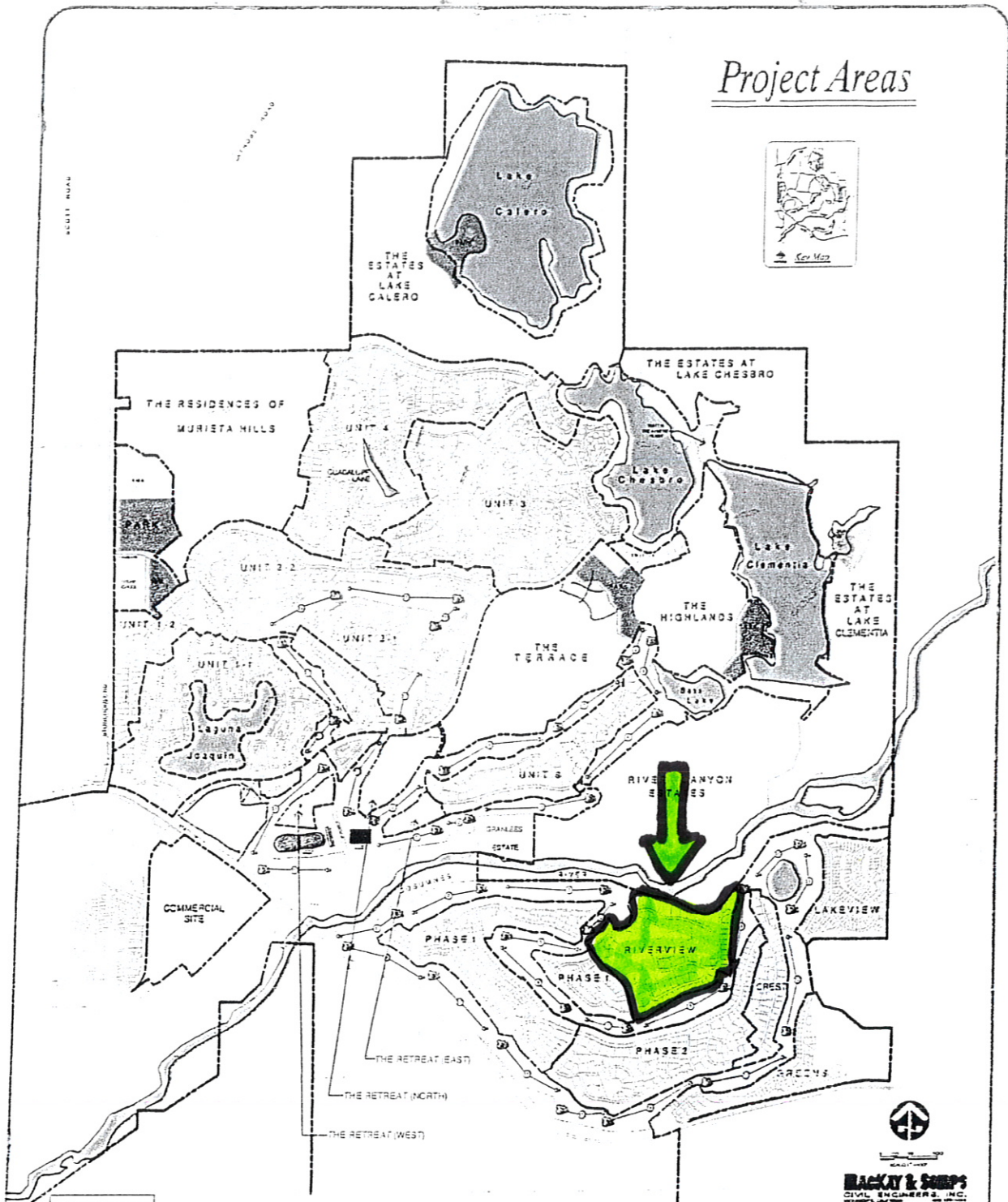
APN: 073-0790-007

**EXHIBIT F-2**

**Diagram of the subdivision  
for Riverview**

# EXHIBIT F-2

## Project Areas



The Grantee is the Association  
of Homeowners.

**BLACK & SHIPP**  
CIVIL ENGINEERS, INC.  
43784614 . 3333

# Rancho Murieta

**EXHIBIT G-1**  
**Legal Description**  
**of Lakeview**



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

Parcel 5 as shown on that certain Parcel Map entitled "Being a division of Parcel 7 and including a portion of Parcel 3 per Book 12 of Parcel Maps, Page 47, Sacramento County Records", filed in the office of the County Recorder of Sacramento County, California on February 28, 1990 in Book 117 of Parcel Maps, at Page 15 as modified by the Amended Parcel Map filed April 3, 1991 in Book 123 of Parcel Maps at Page 26.

**EXCEPTING THEREFROM:**

Commencing at the most southwesterly corner of Parcel 5 as shown in said Book 123 of Parcel Maps at Page 26, also being a common line with Parcel 2 as shown in said Book 123 of Parcel Maps at Page 26 and on the westerly line of a road easement as described in Book 20011025 at Page 1161 in the Official records of the County of Sacramento;

Thence, North 02°54'50" West, a distance of 522.90 feet along said common line between Parcel 2 and Parcel 5 and the westerly line of said road easement to the Point of Beginning of the easement to be described;

Thence, from the Point of Beginning, South 85°31'02" West, a distance of 43.50 feet along said common line between Parcel 2 and Parcel 5;

Thence, North 25°07'21" West, a distance of 348.94 feet along said common line between Parcel 2 and Parcel 5 to a point on the westerly line of said road easement;

Thence, South 60°01'20" east, a distance of 88.05 feet along said the westerly line of said road easement to a point of curvature of a tangent curve;

Thence, on the arc of a curve to the right a distance of 221.27 feet along the westerly line of said road easement, said curve has central angle of 57°06'30" and a radius of 222.00 feet;

Thence, South 02°54'50" East, a distance of 87.64 feet along the westerly line of said road easement to the Point of Beginning.

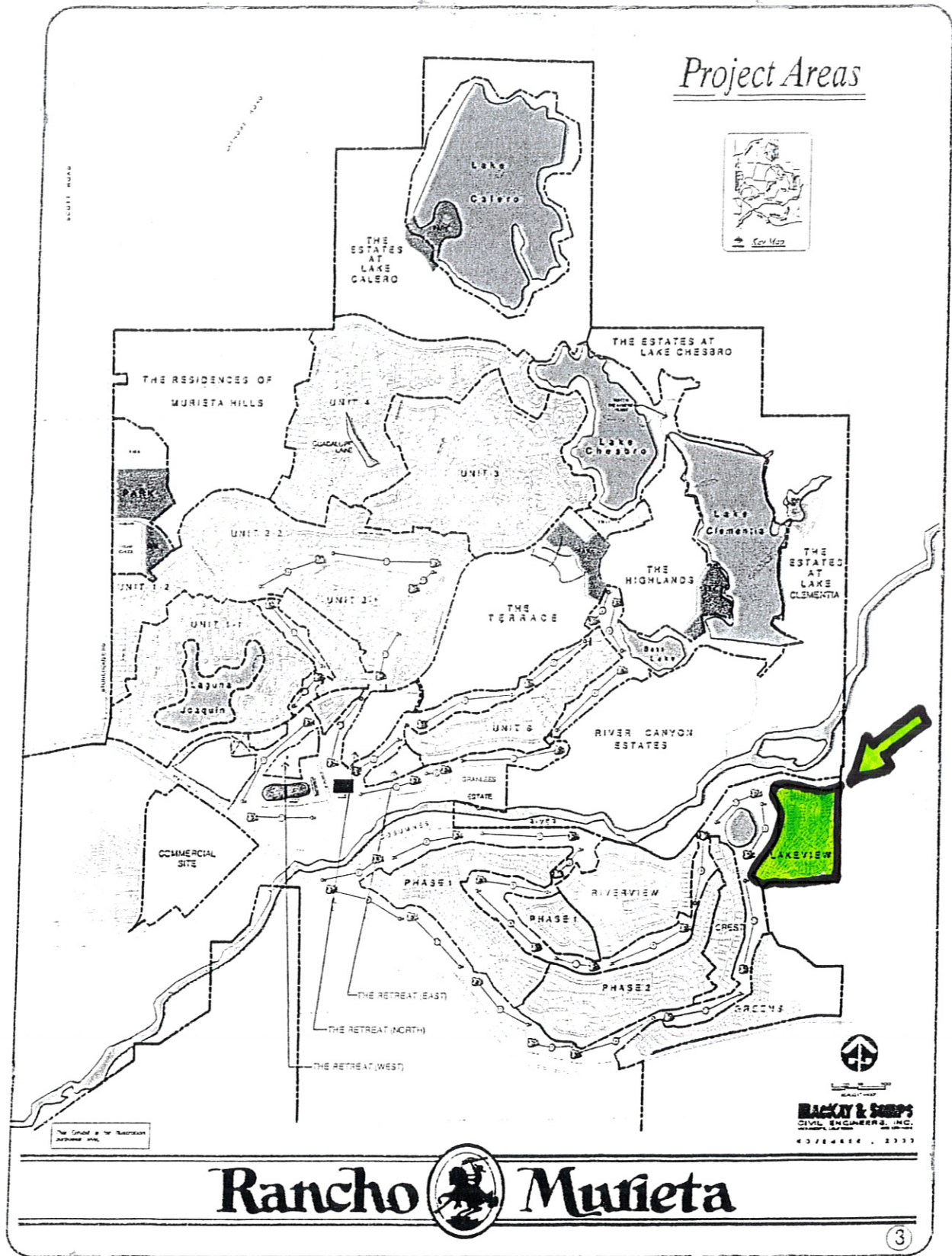
**Apn: 073-0790-046**

**EXHIBIT G-2**

**Diagram of the subdivision  
for Lakeview**

# EXHIBIT G-2

## Project Areas



**Rancho Murieta**

**EXHIBIT H**

**EDU Calculations  
(for both water and sewer)**

## EXHIBIT H

### Rancho Murieta CSD Financing and Services Agreement

Exhibit H: All 670 Properties included  
**Estimated Fair Share of Eligible Facility Costs**

(1) Draft Fair Share Allocation: CSD (Fund Manager) to verify lot size and usage.

(2) Draft Improvement Cost pending Facility Pre-Bid Estimates

Exhibit H

	(1) EDU (lots)	gpd >12,000 sf lots 750	gpd <12,000 sf lots 650	gpd 1/2 Plex lots 400	Estimated Capacity gpd	Water Pro rata Share (based on gpd)	Sewer Pro rata Share (based on EDU)
<b>New Development:</b>							
Riverview (PCCP)	140	40	100	0	95,000	21.93%	20.90%
Residences of Murieta Hills East (PCCP)	99	49	50	0	69,250	15.99%	14.78%
Residences of Murieta Hills West (BBC)	99	49	50	0	69,250	15.99%	14.78%
Lakeview (Village)	99	49	50	0	69,250	15.99%	14.78%
Murieta Retreats (CK Homes)	84	0	0	84	33,600	7.76%	12.54%
Murieta Gardens (Regency) - MDR	99	0	99	0	64,350	14.85%	14.78%
Murieta Gardens (Regency) - Comc'l	50	0	50	0	32,500	7.50%	7.46%
Sub-total:	670				433,200	100.00%	100.00%
Property Owners Design Capacity: 1,000,692 (433,200x1.1 syst.loss x2.1 peaking factor)							
<b>RMCS D</b>							
Existing Plant Capacity (1.5 MGD)	900				1,500,000		
Proposed Public Connections	50				86,625	(750 gpd/EDUx1.1 syst.loss x2.1 peaking factor).	
<b>Total WTP Shared Capacity:</b>	<b>1620</b>				<b>2,587,317</b>		
RM205, LLC Borrowed Capacity + Escuela	65 <small>(footnote)</small>				112,613	(750 gpd/EDUx1.1 syst.loss x2.1 peaking factor).	
Ultimate WTP Design Capacity:	1685				2,699,930	gpd	

Item	Facility Description	Estimated Cost (2)	Riverview	Residences East	Residences West	Lakeview	Retreats	Gardens MDR	Gardens Comc'l	Total
1	Estimated Water Treatment Plant Design & Constr	\$6,500,000								
	District WTP Initial Funding	(\$1,500,000)								
	Estimated Prop Owner Shared Cost:	\$5,000,000	\$1,096,491	\$799,284	\$799,284	\$799,284	\$387,812	\$742,729	\$375,115	\$5,000,000
	Future District WTP Reimbursement per Project	(\$1,500,000)	(\$328,947)	(\$239,785)	(\$239,785)	(\$239,785)	(\$116,343)	(\$222,819)	(\$112,535)	(\$1,500,000)
	Estimated Net Prop Owner Funding per Project:		\$767,544	\$559,499	\$559,499	\$559,499	\$271,468	\$519,910	\$262,581	\$3,500,000
2	Irrigation Easement Acquisition	\$2,766,000	\$577,970	\$408,707	\$408,707	\$408,707	\$346,782	\$408,707	\$206,418	\$2,766,000
	(Easement previously transferred to CSD : this exhibit H estimates the fair share allocation of acquisition cost per property)									
3	Landowner Irrigation Facilities	\$1,750,000	\$365,672	\$258,582	\$258,582	\$258,582	\$219,403	\$258,582	\$130,597	\$1,750,000
4	District Irrigation Facilities	\$2,100,000	\$438,806	\$310,299	\$310,299	\$310,299	\$263,284	\$310,299	\$156,716	\$2,100,000
	Future District Irrigation Reimbursement per Project (If Advance funded by Property Owner(s))		(\$438,806)	(\$310,299)	(\$310,299)	(\$310,299)	(\$263,284)	(\$310,299)	(\$156,716)	(\$2,100,000)
	<b>Estimated Prop Owner Obligation (gross):</b>	<b>\$11,616,000</b>	<b>\$2,478,939</b>	<b>\$1,776,872</b>	<b>\$1,776,872</b>	<b>\$1,776,872</b>	<b>\$1,217,280</b>	<b>\$1,720,317</b>	<b>\$868,847</b>	<b>\$11,616,000</b>
	<b>Estimated Prop Owner Obligation (Net):</b>	<b>\$8,016,000</b>	<b>\$1,711,186</b>	<b>\$1,226,789</b>	<b>\$1,226,789</b>	<b>\$1,226,789</b>	<b>\$837,653</b>	<b>\$1,187,200</b>	<b>\$599,596</b>	<b>\$8,016,000</b>
	<b>Estimated District Obligation:</b>	<b>\$5,100,000</b>								

EDU of WT Plant Capacity will be added to the design to cover South borrowed capacity & Escuela School obligation  
This added capacity is a cost obligation of RM 205 LLC, and is not included in the New Development Shared cost.

**EXHIBIT I**

**Grant and Agreement Irrigation Easement, District**

EXHIBIT I

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT  
15160 Jackson Highway  
Rancho Murieta, CA 95683  
Attention: General Manager

EXEMPT FROM RECORDING FEES  
PER GOVERNMENT CODE  
SECTION 27383

THIS SPACE FOR RECORDER'S USE ONLY

GRANT AND AGREEMENT REGARDING  
IRRIGATION EASEMENT

THIS GRANT AND AGREEMENT REGARDING IRRIGATION EASEMENT (hereinafter "Agreement") is made as of November 16, 2007, by **VAN VLECK RANCHING AND RESOURCES, INC.**, a California corporation ("**Grantor**") in favor of the **RANCHO MURIETA COMMUNITY SERVICES DISTRICT**, a special district of the State of California ("**Grantee**").

RECITALS

A. Grantor is the fee owner of that certain real property located in the unincorporated area of Sacramento County, State of California, as depicted on **Exhibit A** attached hereto and made a part hereof (the "**Property**").

B. Grantee operates a tertiary wastewater reclamation plant ("**WWRP**") in the vicinity of Grantor's Property and pursuant to Waste Discharge Requirements Order No. 5-01-124 ("**WDR**") issued by the California Regional Water Quality Control Board ("**RWQCB**") is currently permitted to provide recycled water to the Rancho Murieta Country Club for golf course irrigation.

C. Grantee desires to acquire, and Grantor desires to grant, a permanent easement over a portion of the Property consisting of forty-six (46) acres, more or less, for purposes of irrigating with Recycled Water, as more particularly set forth below, which permanent easement is terminable as set forth in Section 2 below. The easement granted herein pertains to that portion of the Property identified as Parcels 7i and 8i on **Exhibit A**, and which is described on **Exhibit B** attached hereto (the "**Easement Area**"). The Easement Area is currently used by Grantor as irrigated pastureland for the grazing of livestock.

D. Grantee intends to file an application with the RWQCB to amend its WDR or obtain a new WDR to allow for the provision of Recycled Water for irrigation of the Easement Area.

GRANT OF EASEMENT

1. **GRANT OF EASEMENT; PURPOSE OF EASEMENT.** In consideration of the matters recited above and the mutual covenants, terms, conditions, and restrictions contained herein,

Grantor hereby voluntarily grants and conveys to Grantee: (a) a permanent, nonexclusive easement to convey the Recycled Water to and over the Easement Area, and to irrigate the Easement Area and every part thereof with the Recycled Water, and (b) a permanent, nonexclusive easement to install, construct, reconstruct, inspect, maintain, use, repair, service, remove, relocate and/or replace irrigation lines, pipelines, valves, meters, discharge equipment, irrigation equipment and/or other supporting or associated fixtures, equipment and appurtenances (collectively, the "**Irrigation Equipment**") over, along, across and to the Easement Area and (c) a permanent, nonexclusive right-of-way to enter upon and access at any time all areas of the Easement Area (whether by vehicular or pedestrian means) to accomplish the purposes of (a) and (b) above (collectively, the "**Easement**"). The Easement granted herein may be used by Grantee and its employees, agents, representatives and contractors.

2. **TERM OF EASEMENT.** The Easement granted herein shall commence upon the execution of this Agreement by both parties and its subsequent recordation in the Official Records of Sacramento County, California, and such easement shall continue in perpetuity unless terminated, in whole or in part, (a) by the mutual written consent of the parties, (b) upon Grantee's failure to use such rights for a period of twenty-four (24) or more consecutive calendar months, or (c) as set forth below in Section 14. Upon any termination of this Agreement for any one or more of the reasons set forth immediately above, the Grantee agrees to execute, acknowledge and deliver to Grantor a recordable written termination statement in form and substance satisfactory to Grantor promptly following the Grantor's delivery to Grantee of a written request therefore. For purposes of subpart (b), above, the twenty-four (24) month period shall not commence until after Grantee has activated the initial operation of the Irrigation Equipment necessary to deposit its Recycled Water upon the Easement Area.

3. **PURPOSE:** The purpose of the Easement granted hereby is, among other things, to provide Grantee with the means to irrigate the Easement Area with Recycled Water in accordance with authorizations or permits issued by the RWQCB, the County of Sacramento, and other governmental regulators.

4. **DUTIES OF GRANTOR:** To accomplish the purpose of this Agreement, the following duties are conveyed upon Grantor:

(a) Grantor shall comply with all applicable federal and state laws and regulations, and orders of public authority, and with all of the requirements, terms, and conditions of the applicable permits to be held by Grantee (and copied to Grantor), including any Waste Discharge Requirements Order issued by the RWQCB and amendments thereto, any other permits issued by the County of Sacramento and the RWQCB, and any California Environmental Quality Act ("**CEQA**") mitigation measures (collectively herein, "**Applicable Laws**").

(b) Following written notice of Applicable Laws delivered by Grantee to Grantor, the Grantor shall enjoin or prevent any activity on or use of the Easement Area that would violate any of the requirements, terms, and conditions of the Applicable Laws.

(c) Except as set forth in Section 5(c) below, Grantor shall pay before delinquency any taxes, assessments, fees, and charges of whatever description that may be levied on or assessed against the Easement Area by any competent authority.

(d) Grantor, at Grantor's sole cost and expense and for the entire term of this Agreement, shall maintain the Easement Area in a condition consistent with the condition of the Easement Area existing on the date of the mutual execution and delivery of this Agreement.



(e) Grantor shall immediately notify Grantee of, and be solely responsible for reimbursing Grantee for, any damage to the Irrigation Equipment caused by or resulting from the acts or omissions of Grantor, its agents, employees or contractors.

5. **DUTIES OF GRANTEE:**

(a) Grantee shall (i) promptly deliver to Grantor written notice of any Applicable Laws, and (ii) comply with all of the requirements, terms, and conditions of the Applicable Laws relating to Grantee's use of the Easement hereby granted. Without limiting the foregoing, the rate, timing and manner of delivery and/or application of the Recycled Water on the Easement Area shall conform with the conditions of the WDR and any amendments thereto or other authorization or permit issued by the RWQCB. Grantee agrees to provide at least ten (10) calendar days notice to Grantor (which notice to Grantor may be verbal or in writing) prior to any irrigation of the Easement Area with Recycled Water.

(b) Grantee shall at its sole cost and expense construct, control and operate the Irrigation Equipment on the Easement Area, and maintain the Irrigation Equipment in good working order and condition consistent with the manner Grantee maintains similar irrigation facilities. In the event Grantee, in exercise of its rights granted herein, is required to excavate a portion of the area within the Easement Area for maintenance, repair or replacement of the Irrigation Equipment serviced by Grantee, Grantee agrees to restore, or cause the restoration of, such portion to its base condition. Grantee shall keep Grantor's property free and clear of any liens or encumbrances relating to or arising in connection with the use of the Easement Area by reason of the Easement.

(c) Grantee shall pay before delinquency the portion of any taxes, assessments, fees, and charges of whatever description that may be levied on or assessed against the Easement Area by any competent authority to the extent resulting directly from Grantee's exercise of its rights pursuant to this Agreement.

6. **COMPLIANCE WITH THE LAW.** Grantor represents and warrants to Grantee that Grantor has not used the Easement Area or any portion thereof for the production, disposal or storage of any Hazardous Materials (as defined below), and Grantor has not received notice of any such prior use or any proceeding or inquiry by a governmental authority with respect to the presence of Hazardous Materials on the Easement Area. Grantor will not, at any time from and after the date hereof, use all or any portion of the Easement Area in violation of any governmental laws, ordinances, regulations or orders, including those relating to environmental conditions on, under or about the Easement Area, including but not limited to soil and groundwater conditions and Hazardous Materials. Grantor shall defend, indemnify and hold Grantee harmless from and against any and all losses, costs (including reasonable attorneys' fees), liabilities and claims arising from any violations of existence of Hazardous Materials that are now or hereinafter become located in, on or under the Easement Area, and shall assume full responsibility and cost to remedy such violations and/or the existence of Hazardous Materials if not caused by Grantee. "**Hazardous Materials**" shall include, but are not limited to, substances requiring investigation, removal or remediation under any federal, state or local statute, regulation, ordinance or policy including any and all pollutants, wastes, flammables, explosives, radioactive materials, hazardous or toxic materials, hazardous or toxic wastes, hazardous or toxic substance or contaminant and all other materials governed by the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, (42 U.S.C. 9601 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the California Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), and the California Hazardous Substances Account Act (Cal. Health & Safety Code § 25300 *et seq.*). Hazardous Materials shall include, but not be limited to, asbestos, asbestos-containing materials, petroleum, petroleum products, polychlorinated biphenyl ("**PCB**") or PCB-containing materials.

7. **LIMITATION ON USE.** Grantee acknowledges that the Easement granted herein is nonexclusive. Grantee agrees that Grantor may use the Easement Area for the grazing of livestock and the cutting of grass for the production of hay for feeding livestock. Grantee further agrees that Grantor shall have the right to grant other easements on the Easement Area, including but not limited to Swainson's Hawk easements, provided that such other easements granted by Grantor do not interfere with Grantee's Easement and the rights granted pursuant to this Agreement.

8. **INSURANCE.** Grantee shall obtain and maintain in full force and effect at all times while the Easement exists public liability and property damage insurance having limits of liability of at least \$1 million per occurrence and \$2 million in the aggregate. Such insurance shall be issued by an insurer licensed to do business in the State of California, with a rating not less than A-VII by A&M Best's Insurance Rating Guide, or Grantee's insurance pool if reasonably acceptable to Grantor. Grantee shall name Grantor as an additional insured and shall cause to be issued proper certificates of insurance and endorsements required to be maintained hereunder and provide copies thereof to Grantor.

9. **REPRESENTATIONS AND WARRANTIES OF THE PARTIES.**

9.1 Grantor. Grantor represents and warrants as follows:

(a) Authority. Grantor is the sole fee owner of the Property, and has the full right, power, and authority to enter into this Agreement and to carry out its obligations hereunder.

(b) No Breach. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions or restrictions, reciprocal easement agreement, or other agreement or instrument to which Grantor or Grantor's Property may be bound.

(c) No Senior Interest. There are no holders of any mortgages, deeds of trust or other security interests with respect to the Property, or the portion thereof covered by this Agreement, whose rights are senior to the rights granted hereunder to Grantee. Any subsequent holder who comes into possession of the Property, or any portion thereof, pursuant to a foreclosure, deed of trust, or deed in lieu of foreclosure, shall take the Property, or portion thereof, subject to the rights granted hereunder to Grantee. There is a deed of trust on the neighboring sixty acres (1i through 4i, as identified on Exhibit A) that is held by Grantor as security on the purchase of said neighboring property by Rancho Murieta 670, LLC.

9.2 Grantee. Grantee represents and warrants as follows:

(a) Authority. Grantee has the full right, power, and authority to enter into this Agreement and to carry out its obligations hereunder.

(b) No Breach. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions or restrictions, reciprocal easement agreement, or other agreement or instrument to which the Grantee may be bound.

10. **INDEMNITY.**

10.1 Indemnity by Grantor. Grantor shall indemnify, defend and hold Grantee, its officers, directors, shareholders, and employees harmless from and against any and all claims, demands, actions, damages, liability, loss and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with or arising from the activities

conducted by Grantor, its employees, contractors or agents pursuant to this Agreement, or from any breach or default on the part of Grantor in the performance of any covenant or agreement contained herein required to be kept or performed by Grantor, except to the extent caused by the acts of Grantee, its employees, contractors or agents.

10.2 Indemnity by Grantee. Grantee shall indemnify, defend and hold Grantor, its officers, directors, shareholders, and employees harmless from and against any and all claims, demands, actions, damages, liability, loss and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with or arising from the activities conducted by Grantee, its employees, contractors or agents pursuant to this Agreement, or from any breach or default on the part of Grantee in the performance of any covenant or agreement contained herein required to be kept or performed by Grantee, except to the extent caused by the acts of Grantor, its employees, contractors or agents.

10.3 Comparative Negligence. It is the intent of the parties that where negligence or responsibility for injury or damages are determined to have been shared, principles of comparative negligence will be followed and each party shall bear the proportionate share of any loss, damage, expense and liability attributable to that party's negligence.

11. **RELOCATION OF EASEMENT AREA.** The parties acknowledge and agree that Grantor shall have the right to relocate all or a portion of the Easement Area to an area then owned by Grantor in fee. The areas currently owned by Grantor in fee and identified on Exhibit A attached hereto as "Relocation Areas" are currently potential areas for the relocation of all or a portion of the Easement Area. The parties acknowledge and agree that any relocation of all or a portion of the Easement Area as set forth in this Section 11 is subject to all of the following conditions being satisfied by the effective date of any such relocation:

(a) Grantor shall be required to give Grantee a minimum of one hundred and eighty (180) days prior written notice of Grantor's intent to relocate all or a portion of the Easement Area to a substitute area owned in fee by Grantor (the "**Substitute Easement Area**");

(b) Any relocation of all or a portion of the Easement Area to a Substitute Easement Area shall be subject to the prior written consent of Grantee, which consent shall not be unreasonably withheld by Grantee. Grantor acknowledges and agrees that it shall be deemed "reasonable" for Grantee to withhold its consent to any relocation of all or a portion of the Easement Area if Grantee determines (in its sole and absolute discretion) that such relocation would adversely affect Grantee's ability to irrigate the Substitute Easement Area in accordance with Applicable Laws or increase the costs incurred by Grantee to irrigate the Substitute Easement Area in accordance with Applicable Laws;

(c) Grantee shall have secured an amendment to its WDR or other required authorization or permits from RWQCB, the County of Sacramento or other regulatory agencies to allow for the provision of Recycled Water for irrigation of the Substitute Easement Area;

(d) In no event shall the Substitute Easement Area be less than twenty-five (25) contiguous acres.

(e) The Substitute Easement Area must be able to receive the same amount of Recycled Water for irrigation in accordance with Applicable Laws as the Easement Area being substituted in accordance with the rules and regulations of the RWQCB, the Grantee, the County of Sacramento, and other regulatory agencies having jurisdiction over such matters, as well as the Applicable Laws.

(f) Grantor shall be solely responsible for and shall advance the estimated costs, fees and expenses as reasonably requested by Grantee and/or promptly reimburse Grantee for any and all costs, fees and expenses arising out of or relating to Grantee's efforts to secure an amendment to its WDR or other required authorization or permits from RWQCB, the County of Sacramento or other regulatory agencies to allow for the provision of Recycled Water for irrigation of the Substitute Easement Area (regardless of whether or not Grantee is ultimately successful in obtaining such an amendment to its WDR, or other authorizations or permits); and

(g) Grantor acknowledges that Grantee will expend considerable sums in the installation of Irrigation Equipment. In addition to Grantor's other obligations, Grantor shall be solely responsible for and shall advance the estimated costs, fees and expenses as reasonably requested by Grantee and/or promptly reimburse Grantee for any and all costs, fees and expenses arising out of or relating to the removal, relocation, installation and/or upgrading of any Irrigation Equipment from the original Easement Area to the Substitute Easement Area.

12. **NOTICES:** Any notice, demand, request, consent, approval, or communication that the parties desire or is required to give to the others shall be in writing and either serviced personally or sent by first-class mail, postage prepaid, addressed as follows:

To Grantor: VAN VLECK RANCHING AND RESOURCES, INC.  
7879 Van Vleck Road  
Rancho Murieta, CA 95683  
Attention: Jerry Spencer, Ranch Manager  
Telephone: 916-351-0348  
Facsimile: 209-744-1532

To Grantee: RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
15160 Jackson Highway  
Rancho Murieta, CA 95683  
Attention: General Manager  
Telephone: 916-354-3700  
Facsimile: 916-314-3530

or to such other address or the attention of such other officers as from time to time shall be designated by written notice to the other.

13. **RECORDATION.** Grantee shall promptly record this Agreement in the Official Records of Sacramento County, California, and may re-record it at any time as may be required to preserve its rights in this Agreement.

14. **TERMINATION OF AGREEMENT.** Either Grantor or Grantee may terminate this Agreement upon sixty (60) days prior written notice to the other party in the event the irrigation of the Easement Area with Recycled Water is declared unlawful by a legislative act of the State of California.

15. **ASSIGNMENT.** Except as otherwise agreed in writing by the parties hereto, no party may assign its rights and obligations hereunder without the prior written consent of the other parties, which consent shall not be unreasonably withheld unless otherwise agreed in writing.

16. **GENERAL PROVISIONS:**

A. Controlling Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of California.

B. Construction. Any general rule of construction to the contrary notwithstanding, this Agreement shall be construed in favor of the grant to effectuate the purpose of this Agreement. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purposes of this Agreement that would render the provisions valid shall be favored over any interpretation that renders it invalid.

C. Burden on Land. The Easement granted in this Agreement shall be a burden on the Property, which burden shall run with the land and shall be binding on any future owners and encumbrances of the Property or any part thereof and their successors and assigns.

D. Severability. If any provision of this Agreement, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this Agreement, or the application of such provision to persons or circumstances other than those to which it is found to be invalid, as the case may be, shall not be affected thereby.

E. Entire Agreement. This instrument sets forth the entire agreement of the parties and supersedes all previous discussions, negotiations, understandings or agreements between them concerning the subject matter contained herein.

F. Successors. The covenants, terms, conditions, and restrictions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assignees and shall be a burden upon the Grantor's Property.

G. Captions. The captions in this instrument have been inserted solely for convenience of reference and are not part of this instrument and shall have no effect on construction or interpretation.

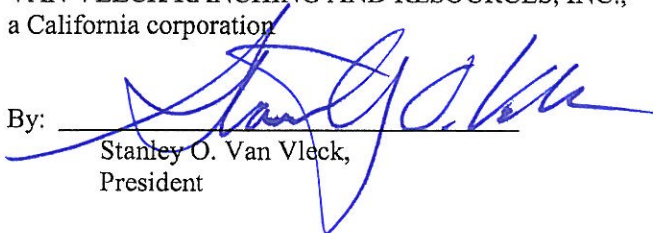
H. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

**[SIGNATURES TO FOLLOW ON NEXT PAGE]**

IN WITNESS WHEREOF, the parties hereto, acting by and through their respective duly authorized representatives, have executed this Agreement on the day and year first above written.

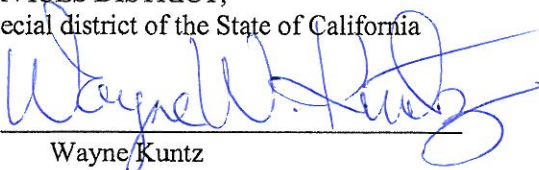
GRANTOR:

VAN VLECK RANCHING AND RESOURCES, INC.,  
a California corporation

By:   
Stanley O. Van Vleck,  
President

GRANTEE:

RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT,  
a special district of the State of California

By:   
Wayne Kuntz  
President, Board of Directors

**EXHIBIT A**

**DEPICTION OF PROPERTY**

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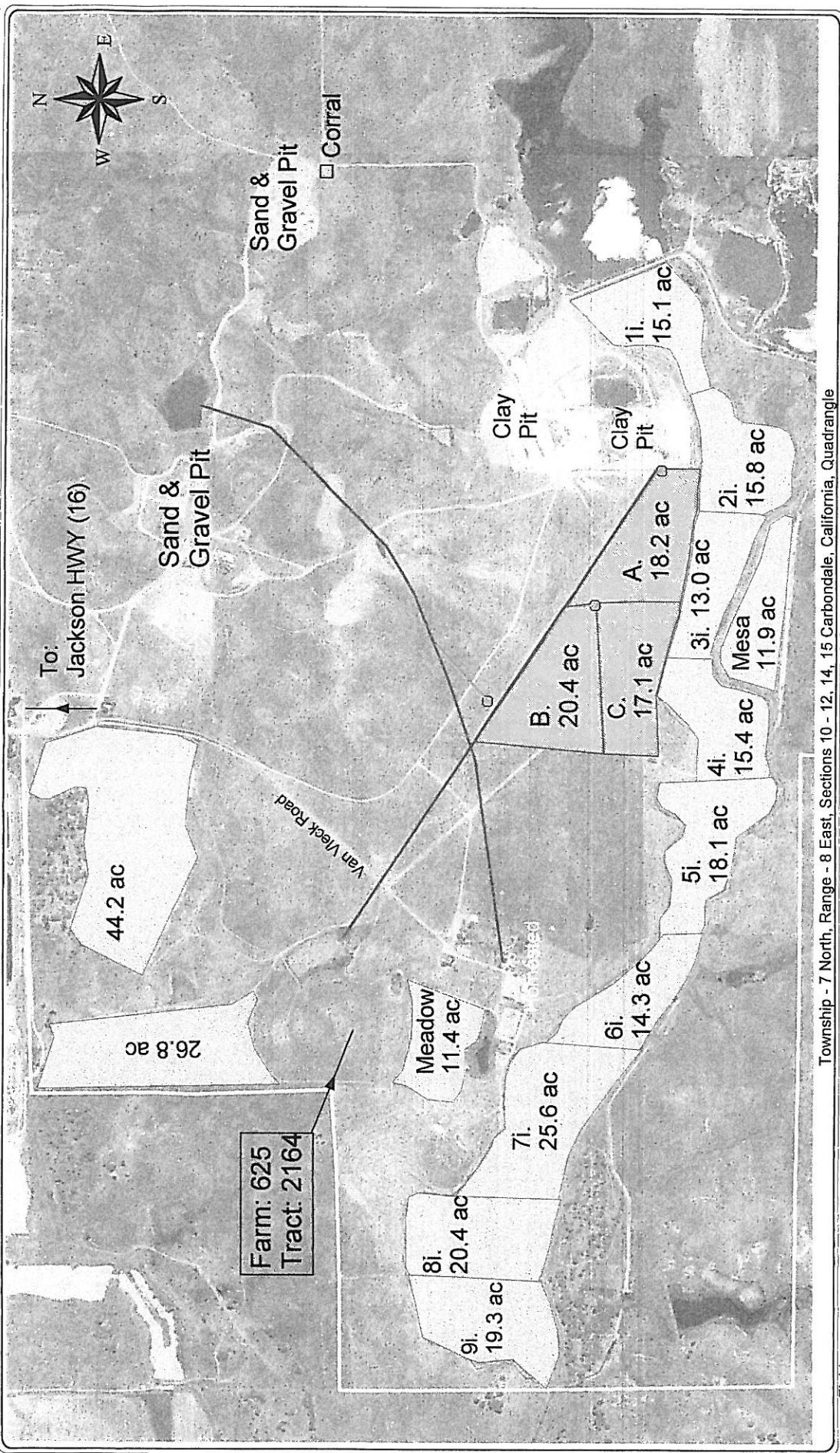
VAN VLECK RANCHING AND RESOURCES, INC., FY 2004

EQIP CONSERVATION PLAN MAP

PORTIONS OF APNS 128-0080-06-000 AND  
128-0100-029-000



Van Vleck Ranching and Resources Inc. FY-2004 EQIP Conservation Plan Map



Township - 7 North, Range - 8 East, Sections 10 - 12, 14, 15 Carbondale, California, Quadrangle  
 Scale = 1" = 800' (June, 2003 Aerial Photography)  
 Prepared By: USDA-NRCS, G250/04, CED, Stoughtonville P.C.D., Sacramento County  
 Fields: Existing Pipeline (516) ———, Pipeline (430-EE) (FY-03 EQIP) ———, Irrigated Pasture/Hayland  New Fields  
 Property Line: ———, Pipeline (516)  Pipeline (516)  
 Irrigated Pasture/Hayland  Fence (382) ———, Trough (614)  Trough (614)



**EXHIBIT B**

**LEGAL DESCRIPTION OF EASEMENT AREA**

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THAT CERTAIN REAL PROPERTY LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS:

**AREAS 7.i AND 8.i AS SHOWN ON THE VAN VLECK RANCHING AND RESOURCES, INC. – FY 2004 EQIP CONSERVATION PLAN MAP ATTACHED HERETO AS EXHIBIT A.**

PORTIONS OF APNS 128-008-067-0000 AND 128-0100-029-0000

STATE OF CALIFORNIA

State of California )  
County of Sacramento )

On November 20, 2007 before me, Stacy Elaine Harjer (here insert name and title of the officer), personally appeared Stanley O. VanMeek

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Stacy Elaine Harjer (Seal)



State of California )  
County of Sacramento )

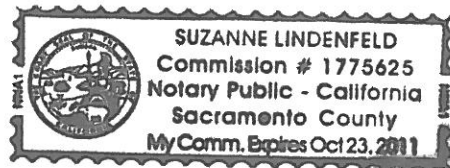
On Jan. 7, 2008 before me, Suzanne Lindenfeld (here insert name and title of the officer), personally appeared Wayne W. Kuntz,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Suzanne Lindenfeld (Seal)



1028637v1

This is to certify that the interest in real property conveyed in this Grant and Agreement regarding Irrigation Easement, dated November 27, 2007, from Van Vleck Ranching and Resources, Inc., a California corporation, to Rancho Murieta Community Services District was accepted by the Board of Directors of the Rancho Murieta Community Services District on November 27, 2007, a unanimous vote of all five members.

Rancho Murieta Community Services District



Edward R. Crouse, General Manager

11/28/07

EXHIBIT I

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT  
15160 Jackson Highway  
Rancho Murieta, CA 95683  
Attention: General Manager

EXEMPT FROM RECORDING FEES  
PER GOVERNMENT CODE  
SECTION 27383

THIS SPACE FOR RECORDER'S USE ONLY

GRANT AND AGREEMENT REGARDING  
IRRIGATION EASEMENT

THIS GRANT AND AGREEMENT REGARDING IRRIGATION EASEMENT (hereinafter "Agreement") is made as of January 7, 2008, by VAN VLECK RANCHING AND RESOURCES, INC, a California corporation ("Grantor") in favor of the RANCHO MURIETA COMMUNITY SERVICES DISTRICT, a special district of the State of California ("Grantee").

RECITALS

A. Grantor is the fee owner of that certain real property located in the unincorporated area of Sacramento County, State of California, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Property").

B. Grantee operates a tertiary wastewater reclamation plant ("WWRP") in the vicinity of Grantor's Property and pursuant to Waste Discharge Requirements Order No. 5-01-124 ("WDR") issued by the California Regional Water Quality Control Board ("RWQCB") is currently permitted to provide recycled water to the Rancho Murieta Country Club for golf course irrigation.

C. Grantee desires to acquire, and Grantor desires to grant, a permanent easement over a portion of the Property consisting of fifty one (51) acres, more or less, for purposes of irrigating with Recycled Water, as more particularly set forth below, which permanent easement is terminable as set forth in Section 2 below. The easement granted herein pertains to that portion of the Property which is shown on Exhibit B attached hereto and described on Exhibit C attached hereto (the "Easement Area"). The Easement Area is currently used by Grantor as irrigated pastureland for the grazing of livestock.

D. Grantee intends to file an application with the RWQCB to amend its WDR or obtain a new WDR to allow for the provision of Recycled Water for irrigation of the Easement Area.

GRANT OF EASEMENT

I. **GRANT OF EASEMENT; PURPOSE OF EASEMENT.** In consideration of the matters recited above and the mutual covenants, terms, conditions, and restrictions contained herein, Grantor hereby voluntarily grants and conveys to Grantee: (a) a permanent, nonexclusive easement to

convey the Recycled Water to and over the Easement Area, and to irrigate the Easement Area and every part thereof with the Recycled Water , and (b) a permanent, nonexclusive easement to install, construct, reconstruct, inspect, maintain, use, repair, service, remove, relocate and/or replace irrigation lines, pipelines, valves, meters, discharge equipment, irrigation equipment and/or other supporting or associated fixtures, equipment and appurtenances (collectively, the "Irrigation Equipment") over, along, across and to the Easement Area and (c) a permanent, nonexclusive right-of-way to enter upon and access at any time all areas of the Easement Area (whether by vehicular or pedestrian means) to accomplish the purposes of (a) and (b) above (collectively, the "Easement"). The Easement granted herein may be used by Grantee and its employees, agents, representatives and contractors.

2. **TERM OF EASEMENT.** The Easement granted herein shall commence upon the execution of this Agreement by both parties and its subsequent recordation in the Official Records of Sacramento County, California, and such easement shall continue in perpetuity unless terminated, in whole or in part, (a) by the mutual written consent of the parties, (b) upon Grantee's failure to use such rights for a period of twenty-four (24) or more consecutive calendar months, or (c) as set forth below in Section 14. Upon any termination of this Agreement for any one or more of the reasons set forth immediately above, the Grantee agrees to execute, acknowledge and deliver to Grantor a recordable written termination statement in form and substance satisfactory to Grantor promptly following the Grantor's delivery to Grantee of a written request therefore. For purposes of subpart (b), above, the twenty-four (24) month period shall not commence until after Grantee has activated the initial operation of the Irrigation Equipment necessary to deposit its Recycled Water upon the Easement Area.

3. **PURPOSE:** The purpose of the Easement granted hereby is, among other things, to provide Grantee with the means to irrigate the Easement Area with Recycled Water in accordance with authorizations or permits issued by the RWQCB, the County of Sacramento, and other governmental regulators.

4. **DUTIES OF GRANTOR:** To accomplish the purpose of this Agreement, the following duties are conveyed upon Grantor:

(a) Grantor shall comply with all applicable federal and state laws and regulations, and orders of public authority, and with all of the requirements, terms, and conditions of the applicable permits to be held by Grantee (and copied to Grantor), including any Waste Discharge Requirements Order issued by the RWQCB and amendments thereto, any other permits issued by the County of Sacramento and the RWQCB, and any California Environmental Quality Act ("CEQA") mitigation measures (collectively herein, "Applicable Laws").

(b) Following written notice of Applicable Laws delivered by Grantee to Grantor, the Grantor shall enjoin or prevent any activity on or use of the Easement Area that would violate any of the requirements, terms, and conditions of the Applicable Laws.

(c) Except as set forth in Section 5(c) below, Grantor shall pay before delinquency any taxes, assessments, fees, and charges of whatever description that may be levied on or assessed against the Easement Area by any competent authority.

(d) Grantor, at Grantor's sole cost and expense and for the entire term of this Agreement, shall maintain the Easement Area in a condition consistent with the condition of the Easement Area existing on the date of the mutual execution and delivery of this Agreement.

(e) Grantor shall immediately notify Grantee of, and be solely responsible for reimbursing Grantee for, any damage to the Irrigation Equipment caused by or resulting from the acts or omissions of Grantor, its agents, employees or contractors.

5. **DUTIES OF GRANTEE:**

(a) Grantee shall (i) promptly deliver to Grantor written notice of any Applicable Laws, and (ii) comply with all of the requirements, terms, and conditions of the Applicable Laws relating to Grantee's use of the Easement hereby granted. Without limiting the foregoing, the rate, timing and manner of delivery and/or application of the Recycled Water on the Easement Area shall conform with the conditions of the WDR and any amendments thereto or other authorization or permit issued by the RWQCB. Grantee agrees to provide at least ten (10) calendar days notice to Grantor (which notice to Grantor may be verbal or in writing) prior to any irrigation of the Easement Area with Recycled Water.

(b) Grantee shall at its sole cost and expense construct, control and operate the Irrigation Equipment on the Easement Area, and maintain the Irrigation Equipment in good working order and condition consistent with the manner Grantee maintains similar irrigation facilities. In the event Grantee, in exercise of its rights granted herein, is required to excavate a portion of the area within the Easement Area for maintenance, repair or replacement of the Irrigation Equipment serviced by Grantee, Grantee agrees to restore, or cause the restoration of, such portion to its base condition. Grantee shall keep Grantor's property free and clear of any liens or encumbrances relating to or arising in connection with the use of the Easement Area by reason of the Easement.

(c) Grantee shall pay before delinquency the portion of any taxes, assessments, fees, and charges of whatever description that may be levied on or assessed against the Easement Area by any competent authority to the extent resulting directly from Grantee's exercise of its rights pursuant to this Agreement.

6. **COMPLIANCE WITH THE LAW.** Grantor represents and warrants to Grantee that Grantor has not used the Easement Area or any portion thereof for the production, disposal or storage of any Hazardous Materials (as defined below), and Grantor has not received notice of any such prior use or any proceeding or inquiry by a governmental authority with respect to the presence of Hazardous Materials on the Easement Area. Grantor will not, at any time from and after the date hereof, use all or any portion of the Easement Area in violation of any governmental laws, ordinances, regulations or orders, including those relating to environmental conditions on, under or about the Easement Area, including but not limited to soil and groundwater conditions and Hazardous Materials. Grantor shall defend, indemnify and hold Grantee harmless from and against any and all losses, costs (including reasonable attorneys' fees), liabilities and claims arising from any violations of existence of Hazardous Materials that are now or hereinafter become located in, on or under the Easement Area, and shall assume full responsibility and cost to remedy such violations and/or the existence of Hazardous Materials if not caused by Grantee. "Hazardous Materials" shall include, but are not limited to, substances requiring investigation, removal or remediation under any federal, state or local statute, regulation, ordinance or policy including any and all pollutants, wastes, flammables, explosives, radioactive materials, hazardous or toxic materials, hazardous or toxic wastes, hazardous or toxic substance or contaminant and all other materials governed by the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, (42 U.S.C. 9601 § et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the California Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq., and the California Hazardous Substances Account Act (Cal. Health & Safety Code § 25300 et seq.). Hazardous Materials shall include, but not be limited to, asbestos, asbestos-containing materials, petroleum, petroleum products, polychlorinated biphenyl ("PCB") or PCB-containing materials.

7. **LIMITATION ON USE.** Grantee acknowledges that the Easement granted herein is nonexclusive. Grantee agrees that Grantor may use the Easement Area for the grazing of livestock and the cutting of grass for the production of hay for feeding livestock. Grantee further agrees that Grantor shall have the right to grant other easements on the Easement Area, including but not limited to Swainson's Hawk easements, provided that such other easements granted by Grantor do not interfere with Grantee's Easement and the rights granted pursuant to this Agreement.

8. **INSURANCE.** Grantee shall obtain and maintain in full force and effect at all times while the Easement exists public liability and property damage insurance having limits of liability of at least \$1 million per occurrence and \$2 million in the aggregate. Such insurance shall be issued by an insurer licensed to do business in the State of California, with a rating not less than A-VII by A&M Best's Insurance Rating Guide, or Grantee's insurance pool if reasonably acceptable to Grantor. Grantee shall name Grantor as an additional insured and shall cause to be issued proper certificates of insurance and endorsements required to be maintained hereunder and provide copies thereof to Grantor.

9. **REPRESENTATIONS AND WARRANTIES OF THE PARTIES.**

9.1 Grantor. Grantor represents and warrants as follows:

(a) Authority. Grantor is the sole fee owner of the Property, and has the full right, power, and authority to enter into this Agreement and to carry out its obligations hereunder.

(b) No Breach. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions or restrictions, reciprocal easement agreement, or other agreement or instrument to which Grantor or Grantor's Property may be bound.

(c) No Senior Interest. There are no holders of any mortgages, deeds of trust or other security interests with respect to the Property, or the portion thereof covered by this Agreement, whose rights are senior to the rights granted hereunder to Grantee. Any subsequent holder who comes into possession of the Property, or any portion thereof, pursuant to a foreclosure, deed of trust, or deed in lieu of foreclosure, shall take the Property, or portion thereof, subject to the rights granted hereunder to Grantee. There is a deed of trust on the neighboring sixty acres (1i through 4i, on Exhibit A) that his held by Grantor as security on the purchase of said neighboring property by Rancho Murieta 670, LLC.

9.2 Grantee. Grantee represents and warrants as follows:

(a) Authority. Grantee has the full right, power, and authority to enter into this Agreement and to carry out its obligations hereunder.

(b) No Breach. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions or restrictions, reciprocal easement agreement, or other agreement or instrument to which the Grantee may be bound.

10. **INDEMNITY.**

10.1 Indemnity by Grantor. Grantor shall indemnify, defend and hold Grantee, its officers, directors, shareholders, and employees harmless from and against any and all claims, demands, actions, damages, liability, loss and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with or arising from the activities conducted by Grantor, its employees, contractors or agents pursuant to this Agreement, or from any



breach or default on the part of Grantor in the performance of any covenant or agreement contained herein required to be kept or performed by Grantor, except to the extent caused by the acts of Grantee, its employees, contractors or agents.

10.2 Indemnity by Grantee. Grantee shall indemnify, defend and hold Grantor, its officers, directors, shareholders, and employees harmless from and against any and all claims, demands, actions, damages, liability, loss and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with or arising from the activities conducted by Grantee, its employees, contractors or agents pursuant to this Agreement, or from any breach or default on the part of Grantee in the performance of any covenant or agreement contained herein required to be kept or performed by Grantee, except to the extent caused by the acts of Grantor, its employees, contractors or agents.

10.3 Comparative Negligence. It is the intent of the parties that where negligence or responsibility for injury or damages are determined to have been shared, principles of comparative negligence will be followed and each party shall bear the proportionate share of any loss, damage, expense and liability attributable to that party's negligence.

11. **RELOCATION OF EASEMENT AREA.** The parties acknowledge and agree that Grantor shall have the right to relocate all or a portion of the Easement Area to an area then owned by Grantor in fee. The areas currently owned by Grantor in fee and identified on **Exhibit D** attached hereto are currently potential areas for the relocation of all or a portion of the Easement Area. The parties acknowledge and agree that any relocation of all or a portion of the Easement Area as set forth in this Section 11 is subject to all of the following conditions being satisfied by the effective date of any such relocation:

(a) Grantor shall be required to give Grantee a minimum of one hundred and eighty (180) days prior written notice of Grantor's intent to relocate all or a portion of the Easement Area to a substitute area owned in fee by Grantor (the "Substitute Easement Area");

(b) Any relocation of all or a portion of the Easement Area to a Substitute Easement Area shall be subject to the prior written consent of Grantee, which consent shall not be unreasonably withheld by Grantee. Grantor acknowledges and agrees that it shall be deemed "reasonable" for Grantee to withhold its consent to any relocation of all or a portion of the Easement Area if Grantee determines (in its sole and absolute discretion) that such relocation would adversely affect Grantee's ability to irrigate the Substitute Easement Area in accordance with Applicable Laws or increase the costs incurred by Grantee to irrigate the Substitute Easement Area in accordance with Applicable Laws;

(c) Grantee shall have secured an amendment to its WDR or other required authorization or permits from RWQCB, the County of Sacramento or other regulatory agencies to allow for the provision of Recycled Water for irrigation of the Substitute Easement Area;

(d) In no event shall the Substitute Easement Area be less than twenty-five (25) contiguous acres.

(e) The Substitute Easement Area must be able to receive the same amount of Recycled Water for irrigation in accordance with Applicable Laws as the Easement Area being substituted in accordance with the rules and regulations of the RWQCB, the Grantee, the County of Sacramento, and other regulatory agencies having jurisdiction over such matters, as well as the Applicable Laws.



(f) Grantor shall be solely responsible for and shall advance the estimated costs, fees and expenses as reasonably requested by Grantee and/or promptly reimburse Grantee for any and all costs, fees and expenses arising out of or relating to Grantee's efforts to secure an amendment to its WDR or other required authorization or permits from RWQCB, the County of Sacramento or other regulatory agencies to allow for the provision of Recycled Water for irrigation of the Substitute Easement Area (regardless of whether or not Grantee is ultimately successful in obtaining such an amendment to its WDR, or other authorizations or permits); and

(g) Grantor acknowledges that Grantee will expend considerable sums in the installation of Irrigation Equipment. In addition to Grantor's other obligations, Grantor shall be solely responsible for and shall advance the estimated costs, fees and expenses as reasonably requested by Grantee and/or promptly reimburse Grantee for any and all costs, fees and expenses arising out of or relating to the removal, relocation, installation and/or upgrading of any Irrigation Equipment from the original Easement Area to the Substitute Easement Area.

12. **NOTICES:** Any notice, demand, request, consent, approval, or communication that the parties desire or is required to give to the others shall be in writing and either serviced personally or sent by first-class mail, postage prepaid, addressed as follows:

To Grantor: VAN VLECK RANCHING AND RESOURCES, INC.  
7879 Van Vleck Road  
Rancho Murieta, CA 95683  
Attention: Jerry Spencer, Ranch Manager  
Telephone: 916-351-0348  
Facsimile: 209-744-1532

To Grantee: RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
15160 Jackson Highway  
Rancho Murieta, CA 95683  
Attention: General Manager  
Telephone: 916-354-3700  
Facsimile: 916-314-3530

or to such other address or the attention of such other officers as from time to time shall be designated by written notice to the other.

13. **RECORDATION.** Grantee shall promptly record this Agreement in the Official Records of Sacramento County, California, and may re-record it at any time as may be required to preserve its rights in this Agreement.

14. **TERMINATION OF AGREEMENT.** Either Grantor or Grantee may terminate this Agreement upon sixty (60) days prior written notice to the other party in the event the irrigation of the Easement Area with Recycled Water is declared unlawful by a legislative act of the State of California.

15. **ASSIGNMENT.** Except as otherwise agreed in writing by the parties hereto, no party may assign its rights and obligations hereunder without the prior written consent of the other parties, which consent shall not be unreasonably withheld unless otherwise agreed in writing.

16. **GENERAL PROVISIONS:**

A. Controlling Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of California.

B. Construction. Any general rule of construction to the contrary notwithstanding, this Agreement shall be construed in favor of the grant to effectuate the purpose of this Agreement. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purposes of this Agreement that would render the provisions valid shall be favored over any interpretation that renders it invalid.

C. Burden on Land. The Easement granted in this Agreement shall be a burden on the Property, which burden shall run with the land and shall be binding on any future owners and encumbrances of the Property or any part thereof and their successors and assigns.

D. Severability. If any provision of this Agreement, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this Agreement, or the application of such provision to persons or circumstances other than those to which it is found to be invalid, as the case may be, shall not be affected thereby.

E. Entire Agreement. This instrument sets forth the entire agreement of the parties and supersedes all previous discussions, negotiations, understandings or agreements between them concerning the subject matter contained herein.

F. Successors. The covenants, terms, conditions, and restrictions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assignees and shall be a burden upon the Grantor's Property.

G. Captions. The captions in this instrument have been inserted solely for convenience of reference and are not part of this instrument and shall have no effect on construction or interpretation.

H. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

**[SIGNATURES TO FOLLOW ON NEXT PAGE]**

IN WITNESS WHEREOF, the parties hereto, acting by and through their respective duly authorized representatives, have executed this Agreement on the day and year first above written.

GRANTOR:

VAN VLECK RANCHING AND RESOURCES, INC.,  
a California corporation

By: 

Stanley O. Van Vleck,  
President

GRANTEE:

RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT,  
a special district of the State of California

By: 

Wayne Kuntz  
President, Board of Directors

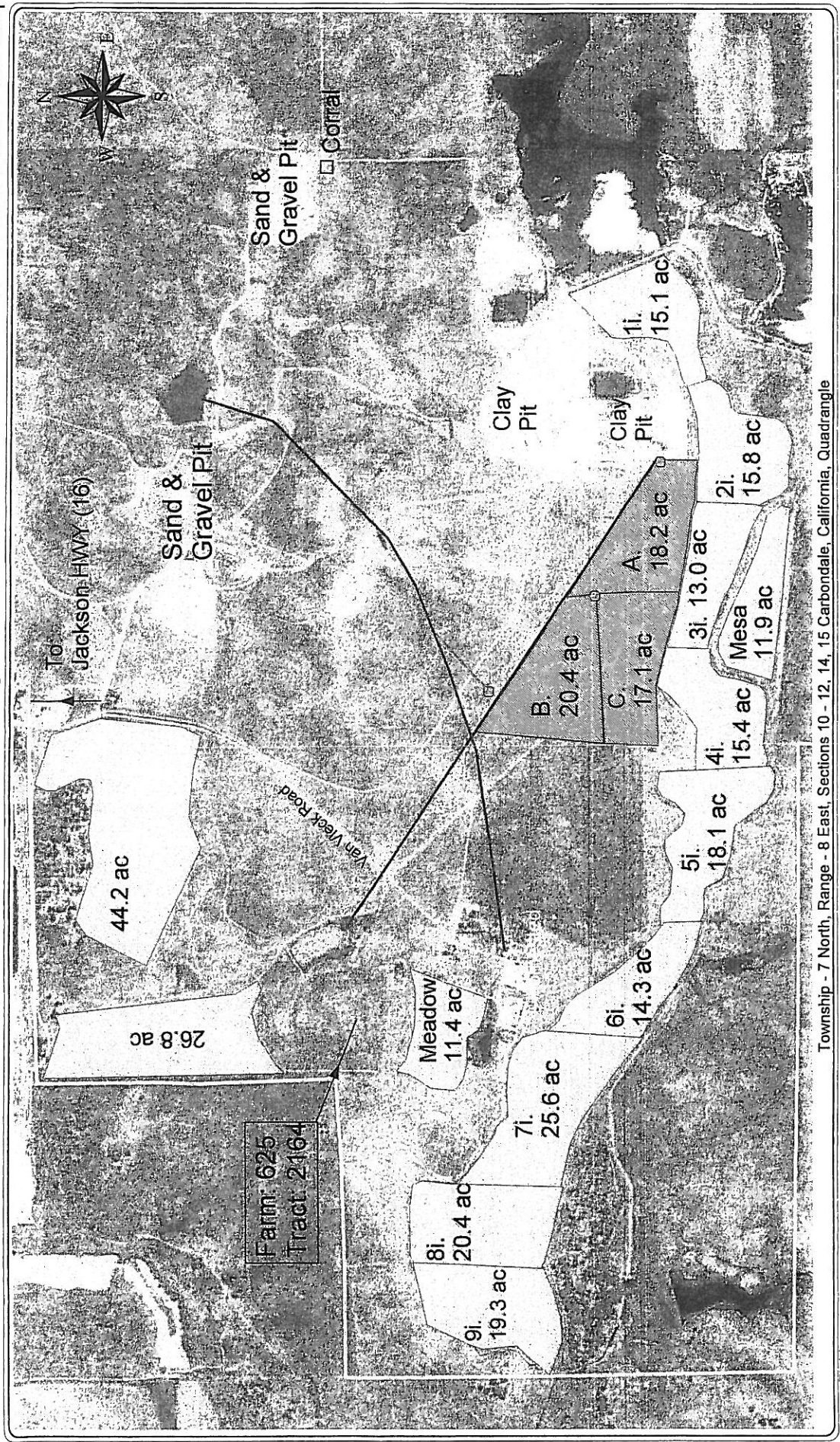
EXHIBIT A  
**LEGAL DESCRIPTION OF PROPERTY**

ALL THAT CERTAIN REAL PROPERTY LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS:

Assessor's Parcel Numbers:  
128-0080-067-000  
128-0100-029-000

**EXHIBIT B**  
**DESCRIPTION OF EASEMENT AREA**

Van Vleck Ranching and Resources Inc. FY-2004 EQIP Conservation Plan Map



Township - 7 North, Range - 8 East, Sections 10 - 12, 14, 15 Carbondale, California, Quadrangle

Fields — Existing Pipeline (516)  
 Property Line — Pipeline (430-EE) (FY-03 EQIP)  
 Irrigated Pasture/Hayland — New Fields

Pipeline (516)  
 Fence (382)  
 Trough (614)

Scale = 1 : 9,600 or 1" = 800'  
 800 0 800 1600 2400 3200 4000 4800 Feet

Prepared by:  
 USDA-NRCS  
 5/29/04, CED R.C.D.  
 Sacramento County

EXHIBIT C  
DESCRIPTION OF EASEMENT AREA

THAT CERTAIN REAL PROPERTY LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS:

**Areas 5i, 6i, and 9i** as shown on the Van Vleck Ranching and Resources Inc – FY 2004 EQIP Conservation Plan Map attached here to as Exhibit B

Portions of APNS: 128-0080-067-000 and 128-0100-029-000

EXHIBIT D  
POTENTIAL SUBSTITUTE EASEMENT AREAS

THAT CERTAIN REAL PROPERTY LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS:

**Areas A, B and C, Meadows and Mesa** as shown on the Van Vleck Ranching and Resources Inc – FY 2004 EQIP Conservation Plan Map attached here to as Exhibit B

Portions of APNS: 128-0080-067-000 and 128-0100-029-000



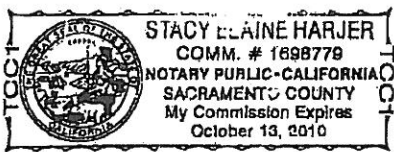
STATE OF CALIFORNIA

County of Sacramento

On January 7, 2008, before me, Stacy Elaine Harjer  
Date Name and Title of Officer (Notary Public)

Personally appeared Stanley O. Van Vleck  
Name(s) of Signer(s)

\_\_\_ personally known to me \_\_\_ or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on this instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.  
Stacy Elaine Harjer  
Signature of Notary Public

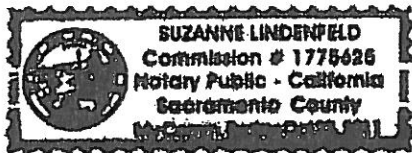
STATE OF CALIFORNIA

County of SACRAMENTO

On FEB 21, 2008, before me, SUZANNE LINDENFELD  
Date Name and Title of Officer (Notary Public)

Personally appeared WAYNE W. KUNTZ  
Name(s) of Signer(s)

\_\_\_ personally known to me \_\_\_ or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on this instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.  
Suzanne Lindenfeld  
Signature of Notary Public

STATE OF CALIFORNIA

County of Sacramento

On January 1, 2008, before me, Stacy Elaine Harjer  
Date Name and Title of Officer (Notary Public)

Personally appeared Stanley O. Van Vleck  
Name(s) of Signer(s)

\_\_\_ personally known to me \_\_\_ or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on this instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.  
Stacy Elaine Harjer  
Signature of Notary Public

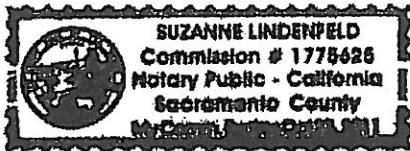
STATE OF CALIFORNIA

County of Sacramento

On Feb 21, 2008, before me, Suzanne Lindenfeld  
Date Name and Title of Officer (Notary Public)

Personally appeared Wayne W. Kuntz  
Name(s) of Signer(s)

\_\_\_ personally known to me \_\_\_ or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on this instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.  
Suzanne Lindenfeld  
Signature of Notary Public

**EXHIBIT J**

**Grant and Agreement Irrigation Easement, Landowners**



Sacramento County Recording  
Craig A Kramer, Clerk/Recorder  
BOOK 20071024 PAGE 0989

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

RANCHO MURIETA 670, LLC  
11249 Gold Country Blvd., Suite 190  
Gold River, CA. 95670  
Attention: Robert Cassano

Check Number 2110  
Wednesday, OCT 24, 2007 2:19:08 PM  
PCR \$20.0011  
Ttl Pd \$85.00 Nbr--0005125745  
001-Unincorp. DTT PAID

SPM/16/2-18

First American Title # NCS 278345 CH

THIS SPACE FOR RECORDER'S USE ONLY

The undersigned declare:

Documentary transfer tax is \$ R & T Code 11932 – per separate statement

computed on full value of property conveyed, or

computed on full value less value of liens and encumbrances remaining at time of sale.

Unincorporated area:  City of ---, and

**GRANT AND AGREEMENT REGARDING  
IRRIGATION EASEMENT**

THIS GRANT AND AGREEMENT REGARDING IRRIGATION EASEMENT (hereinafter "Agreement") is made as of October 24, 2007, by VAN VLECK RANCHING AND RESOURCES CORPORATION, INC, a California corporation ("Grantor"), in favor of the RANCHO MURIETA 670, LLC, a California limited liability company ("Grantee").

Recitals

A. Grantor is the fee owner of certain real property located in the unincorporated area of Sacramento County, State of California identified as Assessor Parcel Numbers 128-0080-067-0000 and 128-0100-029-0000 (the "Property").

B. Grantee desires to acquire a permanent easement over a portion of the Property consisting of sixty (60) acres, more or less, for purposes of irrigating with recycled water ("Recycled Water"), as more particularly set forth below, which permanent easement is terminable as set forth in Section 2 below. The easement granted herein pertains to that portion of the Property which is shown on Exhibit A attached hereto and is further described on Exhibit C attached hereto (the "Easement Area"). The Easement Area is currently used as irrigated pastureland for the grazing of livestock.

C. Grantor desires to grant Grantee, and Grantee desires to accept, a permanent easement over the Easement Area for purposes of irrigating with Recycled Water, subject to the terms and conditions as more particularly set forth below.

## Grant of Easement

1. Grant of Easement; Purpose of Easement. In consideration of the matters recited above and the mutual covenants, terms, conditions, and restrictions contained herein, Grantor hereby voluntarily grants and conveys to Grantee: (a) a permanent, nonexclusive easement to convey the Recycled Water over and irrigate the Easement Area and every part thereof with the Recycled Water, and (b) a permanent, nonexclusive easement to install, construct, reconstruct, inspect, maintain, use, repair, service, remove, relocate and/or replace irrigation lines, pipelines, valves, meters, discharge equipment, irrigation equipment and/or other supporting or associated fixtures, equipment and appurtenances (collectively, the "Irrigation Equipment") over, along, and across the Easement Area, and (c) a permanent, nonexclusive right-of-way to enter upon and access at any time all areas of the Easement Area (whether by vehicular or pedestrian means) to accomplish the purposes of (a) and (b) above (collectively, the "Easement"). The Easement granted herein may be used by Grantee and its employees, agents, representatives and contractors.

2. Term of Easement. The Easement granted herein shall commence upon the execution of this Agreement by both parties and its subsequent recordation in the Official Records of Sacramento County, California, and such easement shall continue in perpetuity unless terminated, in whole or in part, (a) by the mutual written consent of the parties, (b) upon Grantee's failure to use such rights for a period of twenty-four (24) or more consecutive calendar months, or (c) as set forth below in Section 14. Upon any termination of this Agreement for any one or more of the reasons set forth immediately above, the Grantee agrees to execute, acknowledge and deliver to Grantor a recordable written termination statement in form and substance satisfactory to Grantor promptly following the Grantor's delivery to Grantee of a written request therefor. For purposes of subpart (b), above, the twenty-four (24) month period shall not commence until after Grantee has activated operation of the Irrigation Equipment necessary to deposit its Recycled Water upon the Easement Area.

3. Purpose. The purpose of the Easement granted hereby is, among other things, to provide Grantee with the means to irrigate the Easement Area with Recycled Water in accordance with authorizations or permits to be issued by the California Regional Water Quality Control Board ("RWQCB").

4. Duties of Grantor To accomplish the purpose of this Agreement, the following duties are conveyed upon Grantor:

(a) Grantor shall comply with all applicable federal and state laws and regulations, and orders of public authority, and with all of the requirements, terms, and conditions of the applicable permits to be held by Grantee (and copied to Grantor), including any Waste Discharge Requirements Order issued by the RWQCB and amendments thereto, any other permits issued by the County of Sacramento and the RWQCB, and any California Environmental Quality Act ("CEQA") mitigation measures (collectively herein, "Applicable Laws").

(b) Following written notice of Applicable Laws delivered by Grantee to Grantor, Grantor shall enjoin or prevent any activity on or use of the Easement Area that would violate any of the requirements, terms, and conditions of the Applicable Laws.

(c) Except as set forth in Section 5(c) below, Grantor shall pay before delinquency any taxes, assessments, fees, and charges of whatever description that may be levied on or assessed against the Easement Area by any competent authority.

(d) Grantor, at Grantor's sole cost and expense and for the entire term of this Agreement, shall maintain the Easement Area in a condition consistent with the condition of the Easement Area existing on the date of the mutual execution and delivery of this Agreement

(e) Grantor shall immediately notify Grantee of, and be solely responsible for reimbursing Grantee for, any damage to the Irrigation Equipment caused by or resulting from the acts or omissions of Grantor, its agents, employees or contractors.

5. Duties of Grantee.

(a) Grantee shall comply with all of the requirements, terms, and conditions of the Applicable Laws relating to Grantee's use of the Easement hereby granted. Without limiting the foregoing, the rate, timing and manner of delivery and/or application of the Recycled Water on the Easement Area shall conform with the conditions of Wastewater Discharge Requirements Order No. 5-01-124 ("WDR") and any amendments thereto or other authorization or permit issued by the RWQCB. Grantee agrees to provide at least ten (10) calendar days notice to Grantor (which notice to Grantor may be verbal or in writing) prior to any irrigation of the Easement Area with Recycled Water.

(b) Grantee shall at its sole cost and expense construct, control and operate the Irrigation Equipment on the Easement Area, and maintain the Irrigation Equipment in good working order and condition consistent with the manner Grantee maintains similar irrigation facilities. In the event Grantee, in exercise of its rights granted herein, is required to excavate a portion of the area within the Easement Area for maintenance, repair or replacement of the Irrigation Equipment serviced by Grantee, Grantee agrees to restore, or cause the restoration of, such portion to its base condition. Grantee shall keep Grantor's property free and clear of any liens or encumbrances relating to or arising in connection with the use of the Easement Area by reason of the Easement.

(c) Grantee shall pay before delinquency the portion of any taxes, assessments, fees, and charges of whatever description that may be levied on or assessed against the Easement Area by any competent authority to the extent resulting directly from Grantee's exercise of its rights pursuant to this Agreement.

6. Compliance with the Law. Grantor represents and warrants to Grantee that Grantor has not used the Easement Area or any portion thereof for the production, disposal or storage of any Hazardous Materials (as defined below), and Grantor has not received notice of any such prior use or any proceeding or inquiry by a governmental authority with respect to the presence of Hazardous Materials on the Easement Area. Grantor will not, at any time, use all or any portion of the Easement Area in violation of any governmental laws, ordinances, regulations or orders, including those relating to environmental conditions on, under or about the Easement Area, including but not limited to soil and groundwater conditions and Hazardous Materials. Grantor shall defend, indemnify and hold Grantee harmless from and against any and all losses,

costs (including reasonable attorneys' fees), liabilities and claims arising from any violations of existence of Hazardous Materials that are now or hereinafter become located in, on or under the Easement Area, and shall assume full responsibility and cost to remedy such violations and/or the existence of Hazardous Materials if not caused by Grantee. "**Hazardous Materials**" shall include, but are not limited to, substances requiring investigation, removal or remediation under any federal, state or local statute, regulation, ordinance or policy including any and all pollutants, wastes, flammables, explosives, radioactive materials, hazardous or toxic materials, hazardous or toxic wastes, hazardous or toxic substance or contaminant and all other materials governed by the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, (42 U.S.C. 9601 § et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the California Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq., and the California Hazardous Substances Account Act (Cal. Health & Safety Code § 25300 et seq.). Hazardous Materials shall include, but not be limited to, asbestos, asbestos-containing materials, petroleum, petroleum products, polychlorinated biphenyl ("**PCB**") or PCB-containing materials.

7. Limitation on Use. Grantee acknowledges that the Easement granted herein is nonexclusive. Grantee agrees that Grantor may use the Easement Area for the grazing of livestock and the cutting of grass for the production of hay for feeding livestock. Grantee further agrees that Grantor shall have the right to grant other easements on the Easement Area, including but not limited to Swainson's Hawk easements, provided that such other easements granted by Grantor do not interfere with Grantee's Easement and the rights granted pursuant to this Agreement.

8. Insurance. Grantee shall obtain and maintain in full force and effect at all times while the Easement exists public liability and property damage insurance having limits of liability of at least \$1 million per occurrence and \$2 million in the aggregate. Such insurance shall be issued by an insurer licensed to do business in the State of California, with a rating not less than A-VIII by A&M Best's Insurance Rating Guide. Grantee shall name Grantor as an additional insured and shall cause to be issued proper certificates of insurance and endorsements required to be maintained hereunder and provide copies thereof to Grantor.

9. Representations and Warranties of the Parties.

(a) Grantor. Grantor represents and warrants as follows:

(i) Authority. Grantor is the sole fee owner of the Grantor's Property, and has the full right, power, and authority to grant the Easement over the Easement Area to Grantee as provided herein and to carry out its obligations hereunder.

(ii) No Breach. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions or restrictions, reciprocal easement agreement, or other agreement or instrument to which Grantor or the Grantor's Property may be bound.

(b) Grantee. Grantee represents and warrants as follows:

(i) Authority. Grantee has the full right, power, and authority to enter into this Agreement and to carry out its obligations hereunder.

(ii) No Breach. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions or restrictions, reciprocal easement agreement, or other agreement or instrument to which either the Grantee may be bound.

10. Indemnity.

(a) Indemnity by Grantor. Grantor shall indemnify, defend and hold Grantee harmless from and against any and all claims, demands, actions, damages, liability, loss and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with or arising from the activities conducted by Grantor, its employees, contractors or agents pursuant to this Agreement, or from any breach or default on the part of Grantor in the performance of any covenant or agreement contained herein required to be kept or performed by Grantor, except to the extent caused by the acts of Grantee, its employees, contractors or agents.

(b) Indemnity by Grantee. Grantee shall indemnify, defend and hold Grantor, its officers, directors, shareholders, and employees harmless from and against any and all claims, demands, actions, damages, liability, loss and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with or arising from the activities conducted by Grantee, its employees, contractors or agents pursuant to this Agreement, or from any breach or default on the part of Grantee in the performance of any covenant or agreement contained herein required to be kept or performed by Grantee, except to the extent caused by the acts of Grantor, its employees, contractors or agents.

(c) Comparative Negligence. It is the intent of the parties that where negligence or responsibility for injury or damages are determined to have been shared, principles of comparative negligence will be followed and each party shall bear the proportionate share of any loss, damage, expense and liability attributable to that party's negligence.

11. Relocation of Easement Area. The parties acknowledge and agree that Grantor shall have the right to relocate all or a portion of the Easement Area to an area within the Property then owned by Grantor in fee. The parties acknowledge and agree that any relocation of all or a portion of the Easement Area as set forth in this Section 11 is subject to all of the following conditions being satisfied by the effective date of any such relocation:

(a) Grantor shall be required to give Grantee a minimum of one hundred and eighty (180) days prior written notice of Grantor's intent to relocate all or a portion of the Easement Area to a substitute area owned in fee by Grantor (the "**Substitute Easement Area**");

(b) Any relocation of all or a portion of the Easement Area to a Substitute Easement Area shall be subject to the prior written consent of Grantee, which consent shall not be unreasonably withheld by Grantee. Grantor acknowledges and agrees that it shall be deemed "reasonable" for Grantee to withhold its consent to any relocation of all or a portion of the



Easement Area if Grantee determines (in its sole and absolute discretion) that such relocation would adversely affect Grantee's ability to irrigate the Substitute Easement Area in accordance with Applicable Laws or increase the costs incurred by Grantee to irrigate the Substitute Easement Area in accordance with Applicable Laws;

(c) Grantee shall have secured an amendment to its WDR or other required authorization or permits from RWQCB, the County of Sacramento, and other regulatory agencies having jurisdiction over such matters to allow for the provision of Recycled Water for irrigation of the Substitute Easement Area;

(d) In no event shall the Substitute Easement Area be less than twenty-five (25) contiguous acres.

(e) The Substitute Easement Area must be able to receive the same amount of Recycled Water for irrigation as the Easement Area being substituted in accordance with the rules and regulations of the RWQCB, the Rancho Murieta Community Services District ("RMCS D"), the County of Sacramento, and other regulatory agencies having jurisdiction over such matters, as well as Applicable Laws. In the event that the rules and regulations of the RWQCB, the RMCS D, the County of Sacramento, or any other regulatory agencies having jurisdiction over such matters change, or any Applicable Law changes, such that the amount of land necessary to accommodate the disposal of Grantee's Recycled Water is increased, then the acreage of the Substitute Easement Area shall be similarly expanded as is necessary to permit Grantee to comply with said rules and regulations and Applicable Laws. In such event, Grantor and Grantee shall promptly execute an amendment to this Agreement, in recordable form, setting forth the boundaries of the Substitute Easement Area as so expanded, and said amendment shall be recorded in the Official Records of Sacramento County, California.

(f) Grantor shall be solely responsible for all costs relating to the relocation of the Easement Area and further, shall advance the estimated costs, fees and expenses as reasonably requested by Grantee and/or promptly reimburse Grantee for any and all costs, fees and expenses arising out of or relating to Grantee's efforts to secure an amendment to its WDR or other required authorization or permits from RWQCB, the County of Sacramento or other regulatory agencies to allow for the provision of Recycled Water for irrigation of the Substitute Easement Area (regardless of whether or not Grantee is ultimately successful in obtaining such an amendment to its WDR, or other authorizations or permits); and

(g) Grantor acknowledges that Grantee will expend considerable sums in the installation of Irrigation Equipment. In addition to Grantor's other obligations, Grantor shall be solely responsible for and shall advance the estimated costs, fees and expenses as reasonably requested by Grantee and/or promptly reimburse Grantee for any and all costs, fees and expenses arising out of or relating to the removal, relocation, installation and/or upgrading of any Irrigation Equipment from the original Easement Area to the Substitute Easement Area.

12. Notices. Any notice, demand, request, consent, approval, or communication that the parties desire or is required to give to the others shall be in writing and either serviced personally or sent by first-class mail, postage prepaid, addressed as follows:

TO GRANTOR:

Van Vleck Ranching and Resources  
Corporation, Inc.  
7879 Van Vleck Road  
Rancho Murieta, California 95683  
Attention: Jerry Spencer, Ranch Manager  
Telephone: 916-351-0348  
Facsimile: 209-744-1532

TO GRANTEE:

Rancho Murieta 670, LLC  
11249 Gold Country Boulevard, Suite 190  
Gold River, CA. 95670  
Attention: Robert Cassano  
Telephone: 916-851-9300  
Facsimile: 916-831-8445

or to such other address or the attention of such other officers as from time to time shall be designated by written notice to the other.

13. Recordation. Grantee shall promptly record this Agreement in the Official Records of Sacramento County, California, and may re-record it at any time as may be required to preserve its rights in this Agreement

14. Termination of Agreement. Either party hereto may terminate this Agreement upon sixty (60) days prior written notice to the other in the event the irrigation of the Easement Area with Recycled Water is declared unlawful by a legislative act of the State of California.

15. Assignment. Except as otherwise agreed in writing by the parties hereto, neither party may assign its rights and obligations hereunder without the prior written consent of the other, which consent shall not be unreasonably withheld unless otherwise agreed in writing.

16. General Provisions.

(a) Controlling Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of California.

(b) Construction. Any general rule of construction to the contrary notwithstanding, this Agreement shall be construed in favor of the grant to effect the purpose of this Agreement. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purposes of this Agreement that would render the provisions valid shall be favored over any interpretation that renders it invalid.

(c) Burden on Land. The Easement granted in this Agreement shall be a burden on the Property, which burden shall run with the land and shall be binding on any future owners and encumbrances of the Property or any part thereof and their successors and assigns.

(d) Severability. If any provision of this Agreement, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of

this Agreement, or the application of such provision to persons or circumstances other than those to which it is found to be invalid, as the case may be, shall not be affected thereby.

(e) Entire Agreement. This instrument sets forth the entire agreement of the parties and supersedes all previous discussions, negotiations, understandings or agreements between them concerning the subject matter contained herein.

(f) Successors. The covenants, terms, conditions, and restrictions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assignees and shall be a burden upon the Grantor Property.

(g) Captions. The captions in this instrument have been inserted solely for convenience of reference and are not part of this instrument and shall have no effect on construction or interpretation.

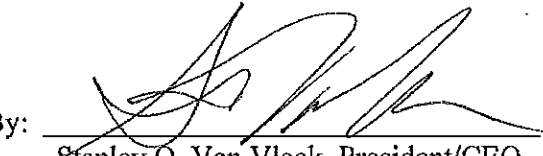
(h) Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

[Signatures Follow on Next Page.]

IN WITNESS WHEREOF, Grantor grants, and Grantee accepts, this Agreement the day and year first above written.

**GRANTOR:**

**VAN VLECK RANCHING AND  
RESOURCES CORPORATION, INC.,**  
a California corporation

By:   
Stanley O. Van Vleck, President/CEO

Date: October 12, 2007

**GRANTEE:**

**RANCHO MURRIETA 670, LLC,**  
a California limited liability company

By: See next page

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

IN WITNESS WHEREOF, Grantor grants, and Grantee accepts, this Agreement the day and year first above written.

**GRANTOR:**

**VAN VLECK RANCHING AND RESOURCES CORPORATION, INC,** a California corporation


By: See prior page  
Stanley O. Van Vleck, President and Chief Executive Officer

Date: \_\_\_\_\_


**GRANTEE:**

**RANCHO MURIETA 670, LLC,** a California limited liability company

By: WARMINGTON HOMES CALIFORNIA, a California corporation, its Member

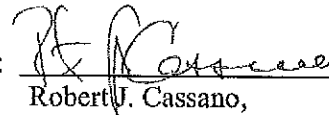
By:   
Name: Mark Lawson  
Title: Division President  
Date: 10/19/07

By: WOODSIDE RANCHO MURIETA, LLC, a California limited liability company, its Member

By:   
Name: James Galovan  
Title: Authorized Agent  
Date: 10-24-2007

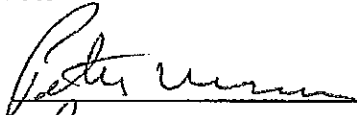
By: MURIETA RETREATS, LLC, a California limited liability company, its Member

By: The Robert J. Cassano and Sandra L. Cassano Revocable Living Trust, its Manager Member

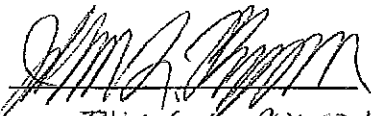
By:   
Robert J. Cassano,  
Co-Trustee  
Date: 10-19-07

By: MURIETA GARDENS SHOPPING  
CENTER, LLC, a Delaware limited  
liability company, its Member

By: Regency Realty Group, Inc.,  
a Florida corporation, its Managing  
Member

By:   
Name: PETER KNORPP  
Title: U.P. INVESTMENTS  
Date: 10-22-07

By: RANCHO MURIETA (LAKEVIEW),  
LLC, a California limited liability  
company, its Member

By:   
Name: J. E. REYNON  
Title: PRINCIPAL  
Date: 10-19-07

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

STATE OF CALIFORNIA

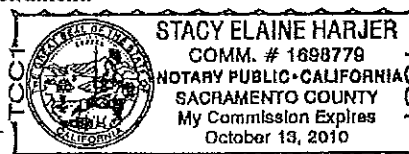
COUNTY OF Sacramento

On October 18, 2007, before me, Stacy Elaine Harjer, Notary Public,  
personally appeared Stanley Van Vleck

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Stacy Elaine Harjer  
(SIGNATURE OF NOTARY)



**OPTIONAL SECTION**

THIS CERTIFICATE MUST BE ATTACHED TO  
THE DOCUMENT DESCRIBED AT RIGHT:

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_

DATE OF DOCUMENT \_\_\_\_\_

Though the data requested here is not required  
by law, it could prevent fraudulent reattachment  
of this form

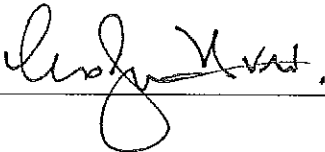
**NOTARY ACKNOWLEDGMENT**

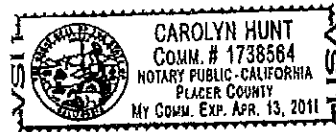
**Attached to Grant and Agreement  
Regarding Irrigation Easement**

STATE OF CALIFORNIA        }  
  } ss.  
COUNTY OF PLACER        }

On October 19, 2007, before me, CAROLYN HUNT, Notary Public, personally appeared MARK ROWSON, ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
\_\_\_\_\_

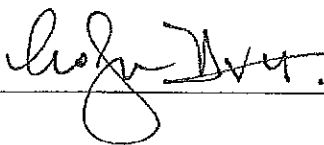


(This area for official seal.)

STATE OF CALIFORNIA        }  
  } ss.  
COUNTY OF PLACER        }

On October 19, 2007, before me, CAROLYN HUNT, Notary Public, personally appeared ROBERT J. CASSANO, ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
\_\_\_\_\_



(This area for official seal.)



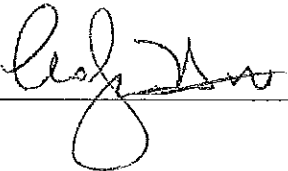
**NOTARY ACKNOWLEDGMENT**

**Attached to Grant and Agreement  
Regarding Irrigation Easement**

STATE OF CALIFORNIA     }  
                                       } ss.  
 COUNTY OF SACRAMENTO   }

On October 24, 2007, before me, CAROLYN HUNT, Notary Public, personally appeared JAMES GALOVAN, ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
 \_\_\_\_\_



(This area for official seal.)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

STATE OF CALIFORNIA )

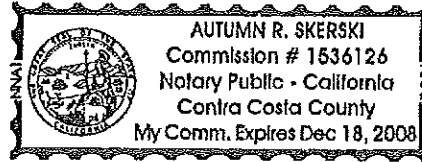
COUNTY OF Contra Costa )

On October 27, 2007, before me, Autumn B. Skerski, Notary Public,  
personally appeared Peter Knedler

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s); or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Autumn B. Skerski  
(SIGNATURE OF NOTARY)



**OPTIONAL SECTION**

THIS CERTIFICATE MUST BE ATTACHED TO  
THE DOCUMENT DESCRIBED AT RIGHT:

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_

DATE OF DOCUMENT \_\_\_\_\_

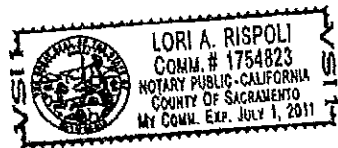
Though the data requested here is not required  
by law, it could prevent fraudulent reattachment  
of this form

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA )  
COUNTY OF Sacramento )  
On 10/19/2007, before me, Lori A. Rispoli, Notary Public,  
personally appeared John L. Reynen

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNES my hand and official seal.  
Lori A. Rispoli  
(SIGNATURE OF NOTARY)



OPTIONAL SECTION

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT: TITLE OR TYPE OF DOCUMENT \_\_\_\_\_  
NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form

Van Vleck Ranching and Resources Inc. FY-2004 EQIP Conservation Plan Map

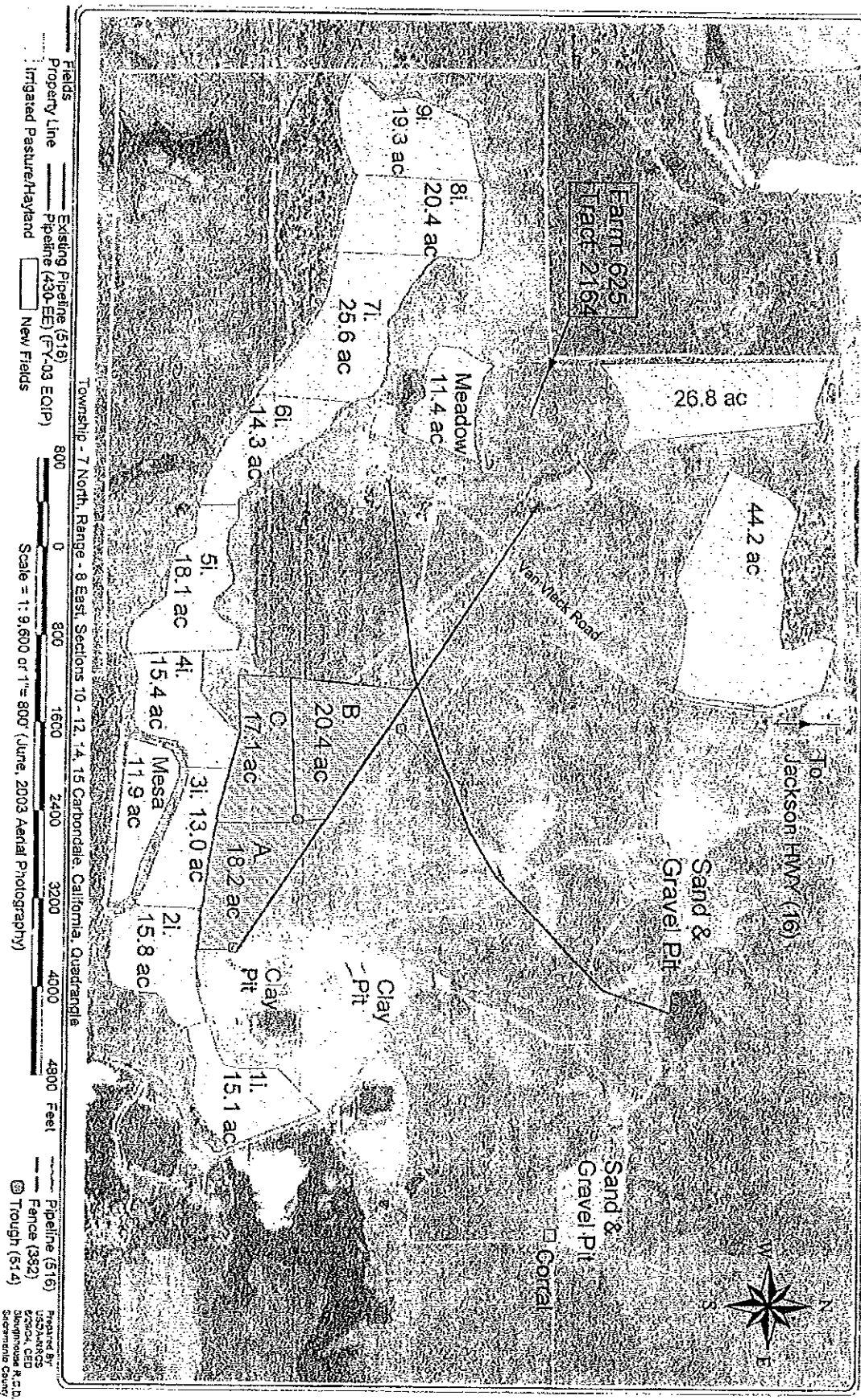


EXHIBIT A

**EXHIBIT B**

**Description of Easement Area**

THAT CERTAIN REAL PROPERTY LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS:

**AREAS 1.i, 2.i, 3.i AND 4.i AS SHOWN ON THE VAN VLECK RANCHING AND RESOURCES INC. – FY 2004 EQIP CONSERVATION PLAN MAP ATTACHED HERETO AS EXHIBIT A.**

Portion of APNS 128-0080-067-0000 and 128-0100-029-0000

DO NOT RECORD

**FILER REQUESTS  
DO NOT RECORD STAMP VALUE**

DECLARATION OF TAX DUE: SEPARATE PAPER:  
(Revenue & Taxation code 11932-11933)  
NOTE: This Declaration is not a public record.

**200710240989**

DOCUMENT # \_\_\_\_\_

FILE NO.: **NCS-278345 CH**  
DATE: **OCTOBER 16, 2007**

Property located in:

Unincorporated

City of -----

PORTION OF APNS: **128-0080-067-0000 AND 128-0100-029-0000**

**DOCUMENTARY TRANSFER TAX**                      \$ **3,300.00**


Computed on full value

Computed on full value less liens or encumbrances remaining at time of sale.

**CITY CONVEYANCE TAX**                                      \$ -----

"I declare, under penalty of perjury, under the laws of the State of California that the foregoing is true and correct."

Date: 10-23-2007

  
\_\_\_\_\_  
Carolyn Hunt

For: **First American Title Insurance Company**

## **EXHIBIT K**

### **Letter of Acknowledgment and Consent**

Exhibit K

June 13, 2013

Edward Crouse, General Manager  
Rancho Murieta Community Services District  
15160 Jackson Road  
Rancho Murieta, CA 95683

Re: Letter of Acknowledgment and Consent concerning Reimbursement pursuant to Reimbursement and Shortfall Agreement (per Financing and Servicing Agreement)

Dear Mr. Crouse:

This letter serves as the Letter of Acknowledgment and Consent as contemplated by section 3.7(C) of the Financing and Services Agreement ("FSA") between the Rancho Murieta Community Services District ("District") and various Landowners, and it is to be attached as Exhibit K to the FSA.

I hereby warrant and represent that Rancho Murieta 205, a California limited liability company ("RM 205, LLC") is the successor-in-interest to FN Projects, Inc. ("FN"), and Winncrest Homes, Inc., ("Winncrest"). FN and Winncrest were parties to that certain Reimbursement and Shortfall Agreement with the District, dated January 15, 1991, as amended and extended ("Shortfall Agreement"). That Shortfall Agreement provides for certain reimbursement to FN and Winncrest for certain infrastructure previously provided by FN and Winncrest. As the successor-in-interest to FN and Winncrest, RM 205, LLC is properly reimbursed the amounts due to FN and Winncrest under the Shortfall Agreement.

Consistent with section 3.7(C) of the FSA, on behalf of FN and Winncrest, RM 205, LLC, and their successors-in-interest and assigns, I hereby agree to accept the total amount of \$5,900.00 (Five Thousand Nine Hundred Dollars) per EDU as full and final reimbursement for infrastructure previously provided by FN and Winncrest under the Shortfall Agreement. On behalf of FN and Winncrest, RM 205, LLC, and their successors-in-interest and assigns, I acknowledge that these amounts shall be in full and final satisfaction of all claims of reimbursement for previously provided infrastructure under the Shortfall Agreement, and I hereby release the District from any further claim of reimbursement for previously provided infrastructure under the Shortfall Agreement. The release set forth herein specifically extends to all known as well as unknown claims and specifically includes a waiver of Section 1542 of the



Edward Crouse  
June 13, 2013  
Page 2

California Civil Code, and any other similar law of the United States or of any other jurisdiction within the United States concerning the reimbursement for previously provided infrastructure. Section 1542 of the California Civil Code provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

I represent that I am duly authorized to make the representations set forth herein on behalf of RM 205, LLC. I further represent that RM 205, LLC, agrees to defend, indemnify, save and hold harmless District, its governing body, officers, agents and employees from any claims, actions, or costs brought against the District related to the reimbursement amounts set forth herein or the matters or representations set forth in this letter.

Very truly yours,

Rancho Murieta 205,  
a California limited liability company

By:

  
Christo D. Bardiš, Manager

By:

  
John D. Reynen, Manager

State of California )  
 ) ss.  
County of Sacramento )

On June 13 2013, before me, Lori A. Rispoli, a Notary Public in and for said State, personally appeared John D. Reynen and Christo D. Bardis, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed this instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

Signature Lori A Rispoli



## **EXHIBIT L**

### **Form of Assignment and Assumption**

**Exhibit L**

**FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT**

---

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

**(Rancho Murieta Financing and Services Agreement)**

This ASSIGNMENT AND ASSUMPTION AGREEMENT (“**Assignment**”) is made as of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), by and between \_\_\_\_\_, a \_\_\_\_\_ (“**Assignor**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**Assignee**”).

RECITALS

A. Assignor is a party to the Financing and Services Agreement (“**Agreement**”) entered into on \_\_\_\_ day of \_\_\_\_\_, 2012, by and among the Rancho Murieta Community Services District (“**District**”), a political subdivision of the State of California, CSGF Rancho Murieta, LLC (“**Residences East**”), a Delaware limited liability company; BBC Murieta Land, LLC (“**Residences West**”), a California limited liability company; Murieta Retreats, LLC (“**Retreats**”), a California limited liability company; PCCP CSGF RB PORTFOLIO, LLC (“**Riverview**”), a Delaware limited liability company; and, Consumnes River Land, LLC (“**Gardens**”), a Delaware limited liability company.

B. Assignor owns or has a legal interest in certain lands within the boundaries of the Rancho Murieta Community Services Districts, commonly known as \_\_\_\_\_, and described and shown on Exhibits A and B, respectively, which are attached hereto and incorporated herein by reference (“**Property**”).

C. Subject to the terms of the Agreement, Assignor has the right to assign the Agreement, or any portion thereof, in connection with any sale, transfer or conveyance of the Property, or any portion thereof.

D. Assignor now desires to assign and transfer to Assignee, and Assignee wishes to acquire from Assignor, all of Assignor’s rights and obligations pursuant to the Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment. As of the Effective Date of this Assignment, Assignor hereby grants, assigns, transfers, and delivers to Assignee all of Assignor’s rights, title and interest under the Agreement, and Assignee agrees to assume all of Assignor’s duties and

obligations under the Agreement, without reservations, limitations or conditions. Assignee represents that it has the full ability, financial capacity and authority to perform the obligations assumed hereunder, and Assignee understands and acknowledges that District is relying upon such representation. Assignee hereby assumes all of Assignor's duties and obligations under the Agreement. *[identify any retained rights or obligations, including any retained right to reimbursement]*

2. Release of Assignor. Upon the conveyance of Assignor's interest in the Property, and provision of a copy of this fully executed Assignment to the District, Assignor shall be released from any future liability or obligation hereunder, related to the Property so conveyed and the Assignee shall be deemed the "Landowner," with all rights and obligations related thereto, with respect to such conveyed Property. *[In the event Assignor has any security or funds on deposit at time of assignment as a Participating Landowner, include assignment of rights to such funds to Assignee or provision for Assignee to replace such security and/or funds as condition precedent to release of Assignor]*
3. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.
4. Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws of the State of California.
5. Section Headings. The headings of sections are inserted only for convenience only and are not intended to limit or define the scope or effect of any provision of this Assignment.
6. No Oral Modifications. This Assignment may not be amended or modified except in writing executed by all of the parties hereto.
7. Attorneys' Fees. If an action is commenced by a party hereto resulting from a dispute arising out of this Assignment, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party in such action. As used herein, the term attorneys' fees means attorneys' fees whether or not litigation ensues and if litigation ensues whether incurred at trial, on appeal, on discretionary review, or otherwise.
8. Severability. The invalidity, illegality or unenforceability of any provision of this Assignment shall not affect the enforceability of any other provision of this Assignment, all of which shall remain in full force and effect.
9. Time of the Essence. Time is of the essence of this Assignment and of the obligations required hereunder.

10. Non-Waiver. No delay or failure by any party to exercise any right hereunder, and no partial or single exercise of such right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.
11. Further Assurances. The parties agree to execute all documents and instruments reasonably required in order to consummate the transactions contemplated in this Assignment.
12. Authority. Each party executing this Assignment represents that such party has the full authority and legal power to do so. Upon written request, a party shall promptly comply with the other party's reasonable request for such written resolutions, certificates or other evidence confirming the authority of the parties executing this Assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the day and year first written above.

**ASSIGNOR:**

**ASSIGNEE:**

\_\_\_\_\_ ,

By: \_\_\_\_\_  
Its: Managing Member

\_\_\_\_\_ ,

By: \_\_\_\_\_  
Its: Managing Member

**EXHIBIT M**

**RMCS D Bundled Fee Summary**

**EXHIBIT M**

FSA 6/24/13

(RMCS D Provided)

**FEE SUMMARY**

Residences, Retreats, Murieta Gardens

<b>FEE</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Current</b>
Water Augmentation	3800	3900	4100	4521
Capital Improvements	1200	1200	1200	1200
Water Meter	500	500	500	500
Water/Sewer Inspections	300	300	300	300
Reimbursement Fee	6355	6400	8100	
Security Impact (2)	1200	1200	1200	1200
Recreation Facilities	1600	1600	0	
Subtotal	<u>14955</u>	<u>15100</u>	<u>15400</u>	<u>7721</u>
3 Year Fee Cap	1500	1500		
5 Year Fee Cap			4000	
Total	<u><b>16,455</b></u>	<u><b>16,600</b></u>	<u><b>19,400</b></u>	<u><b>7,721</b></u>

Bundled Fee	\$	7,721
Recycled Water Credit	\$	(2,000)
<b>CSD Net Fees</b>	<b>\$</b>	<b>5,721</b>
(1) Prior Infr Reimb	\$	5,900
<b>TOTAL</b>	<b>\$</b>	<b>11,621</b>

Note: (1) Riverview and Lakeview not subject to \$5900/lot prior infrastructure reimbursement.

Note: (2) Murieta Gardens Security fee to be \$500/unit for residential and \$1000/ac for commercial uses.



**EXHIBIT N**

**Memorandum of Financing and Services Agreement**

## EXHIBIT N

Recording requested by,  
and when recorded return to:

General Manager  
Rancho Murieta Community  
Services District  
15160 Jackson Road  
Rancho Murieta, CA 95683

### MEMORANDUM OF FINANCING AND SERVICES AGREEMENT

THIS MEMORANDUM OF FINANCING AND SERVICES AGREEMENT ("**Memorandum**") is executed as of \_\_\_\_\_, 2013, by and among the Rancho Murieta Community Services District ("**District**"), a community services district organized under the laws of the State of California, CSGF Rancho Murieta, LLC ("**Residences East**"), a Delaware limited liability company; BBC Murieta Land, LLC ("**Residences West**"), a California limited liability company; Murieta Retreats, LLC ("**Retreats**"), a California limited liability company; Elk Grove Bilby Partners, LP ("**Lakeview**") a California limited partnership; PCCP CSGF RB PORTFOLIO, LLC ("**Riverview**"), a Delaware limited liability company; and, Cosumnes River Land, LLC ("**Gardens**"), a Delaware limited liability company. Residences East, Residences West, Retreats, Riverview, Lakeview, and Gardens are sometimes individually referred to herein as a "**Landowner**" and sometimes collectively referenced herein as "**Landowners**."

1. The Landowners entered into that certain Financing and Services Agreement dated as of June \_\_, 2013 (the "**Financing and Services Agreement**") related to certain real property located within the boundaries of the District, County of Sacramento, State of California, more particularly described on Exhibit A attached hereto ("**Properties**"), which is incorporated herein by reference as if fully set forth herein. The Financing and Services Agreement was approved by the District's Board of Directors on \_\_\_\_\_, 2013. All capitalized terms not defined herein shall have the meanings ascribed to them set forth in the Financing and Services Agreement.

2. In order to obtain will serve letters from the District for the Properties, the Landowners have voluntarily entered into a Financing and Services Agreement which provides for certain funding for the reconstruction and expansion of a water treatment plant and recycled water disposal facilities, and the payment of certain other fees and reimbursements. The Financing and Services Agreement, among other things, specifically provides for: (i) advance funding for design and construction of certain water and sewer facilities by the Landowners who are then ready to proceed with development of their Property ("**Participating Landowners**"); (ii) reimbursement from certain of the Landowners for their proportionate share of such costs incurred by the District and/or Participating Landowners prior to approval of each final subdivision map for their Property ("**Reimbursing Landowners**") as more particularly set forth

therein; and (iii) funding of certain processing costs and certain other fees and reimbursements as set forth therein. The Financing and Services Agreement provides that District shall not provide District's consent to approval of a final map for any Property, and will not provide any water or sewer service to any Property, unless and until the Fund Manager (as defined in the Financing and Services Agreement) has sent written confirmation of payment in full of all amounts due from such Property pursuant to the terms of the Financing and Services Agreement. For any Properties not requiring a final map, any provisions therein for District to withhold consent to a final map shall mean District shall withhold consent to any other final development approval and/or water and sewer service to such Property unless and until the Fund Manager provides the written confirmation of payment in full of all amounts due from such Property pursuant to the Financing and Services Agreement. In the event any amounts due under the Financing and Services Agreement are not paid to District when due, in addition to all other rights and remedies of the District as provided in the Financing and Services Agreement, District may withhold water and sewer service from such Property.

3. The rights and obligations established under the Financing and Services Agreement constitute covenants that run with the land, in accordance with Section 1468 of the California Civil Code, and shall be binding upon those persons or entities having any right, title, or interest in and to the Properties respectively, and their respective heirs, successors and assigns.

4. The parties desire to make the existence of the Financing and Services Agreement a matter of public record and have, therefore, executed this Memorandum and caused it to be recorded in the Official Records of Sacramento County, California. However, in the event of any inconsistency between the terms of the Financing and Services Agreement and the terms of this Memorandum, the terms of the Financing and Services Agreement shall control and govern the rights and duties of the Parties.

5. This Memorandum may be executed in one or more counterparts, each of which shall, for all purposes, be deemed an original and all such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have signed this Memorandum as of the date first above written.

RANCHO MURIETA COMMUNITY SERVICES  
DISTRICT

By: \_\_\_\_\_  
Gerald E. Pasek,  
President, Board of Directors

"DISTRICT"

\_\_\_\_\_, 2013

BBC MURIETA LAND LLC,  
a California limited liability company

By: BBC LONGVIEW, LLC, an Illinois limited  
liability company, its Manager

By: LINCOLNSHIRE ASSOCIATES II, LTD.,  
a Texas limited partnership, its Manager

By: DDC 2009 IRREVOCABLE TRUST, its  
General Partner

By: \_\_\_\_\_  
David D. Colburn, Trustee

"Residences West"

\_\_\_\_\_, 2013

MURIETA RETREATS, LLC,  
a California limited liability company,  
Member

By: The Robert J. Cassano and Sandra L.  
Cassano Revocable Living Trust, its  
Manager Member

By: \_\_\_\_\_  
Name: Robert J. Cassano  
Title: Co-Trustee

"RETREATS"

\_\_\_\_\_, 2013

COSUMNES RIVER LAND, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Carol Anderson Ward  
Title: Manager

By: \_\_\_\_\_  
John M Sullivan  
Title: Manager

\_\_\_\_\_, 2013

"GARDENS"  
PCCP CSGF RB PORTFOLIO, LLC a Delaware  
limited liability company

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_, 2013

" RIVERVIEW"  
ELK GROVE BILBY PARTNERS, L.P.,  
a California limited partnership

By: VPI 2004, Inc., a California corporation,  
its General Partner

By: \_\_\_\_\_  
Title: \_\_\_\_\_

" LAKEVIEW"

**EXHIBIT A TO MEMORANDUM  
OF AGREEMENT**

**LEGAL DESCRIPTION OF PROPERTIES**