

**IMPROVEMENT CREDIT / REIMBURSEMENT AGREEMENT**

**MASTER DRAINAGE FEE PROGRAM**

**LINE D/D-3**

This IMPROVEMENT AND CREDIT AGREEMENT ("Agreement") is entered into this \_\_\_ day of \_\_\_\_\_, 201\_, by and between the City of Perris, a California municipal corporation ("City"); Stratford Ranch, LLC, a Delaware limited liability company, and Stratford Ranch I, LLC, a Delaware limited liability company (collectively, "Developer"); and Markham Business Center East, LLC, a Delaware limited liability company ("Landowner"). Developer and Landowner are related parties. City, Developer and Landowner are sometimes hereinafter referred to individually as "Party" and collectively as "Parties".

**RECITALS**

WHEREAS, Landowner owns approximately 24.46 acres of real property located west of the Perris Valley Channel within the City of Perris, California, which is more specifically described in the legal description set forth in Exhibit "A-2," attached hereto and incorporated herein by this reference ("Landowner Property"), and Developer owns approximately 86.9 acres of real property located west of the Perris Valley Channel within the City of Perris, California, which is more specifically described in the legal description set forth in Exhibit "A-3," attached hereto and incorporated herein by this reference ("Developer Property"); the Landowner Property and the Developer Property are depicted on the Site Map set forth in Exhibit "A-1";

WHEREAS, Developer has requested from City certain entitlements and/or permits for the construction of improvements on the Developer Property, which are more particularly described as DPR 11-12-004, EIR 11-09-0016, SPA 11-12-0005, and GPA 12-02-0001 ("Project");

WHEREAS, as a condition to City's approval of the Project, City has required Developer to construct certain portions of the Line D and Lateral D-3 drainage improvements identified in the City of Perris Master Drainage Plan ("Area Drainage Plan");

WHEREAS, pursuant to Section 66483, *et seq.* of the Government Code and Chapter 18.32 of the Perris Municipal Code, the City requires Developer and Landowner to pay the Area Drainage Plan Fees ("ADP Fees") which cover the Developer's and Landowner's fair share of the costs to construct drainage improvements that help mitigate the drainage impacts within the City;

WHEREAS, such improvements are identified in the Area Drainage Plan as drainage improvements that are to be funded with the ADP Fees; and

WHEREAS, City, Developer and Landowner now desire to enter into this Agreement for the following purposes: (1) to provide for the construction and completion of the Improvements

(as defined in Section 2.0 below), and (2) to provide a means by which the Developer's costs for construction of the Improvements is offset against both Developer's and Landowner's obligations to pay the applicable ADP Fees for the Project and the Landowner Property in accordance with the applicable Area Drainage Plan adopted by the City.

**NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, Developer, Landowner and City hereby agree as follows:**

## **TERMS**

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Construction of Improvements. Developer shall construct or have constructed at its own cost, expense, and liability certain Line D and Lateral D-3 drainage improvements, as shown on the plans, and specifications ("Plans and Specifications") which have been prepared by or on behalf of Developer and approved by the City and the District, and are listed on Exhibit "D" attached hereto and incorporated herein by this reference (the "Improvements"). Construction of the Improvements shall include any transitions and/or other incidental work deemed necessary by City or the District for drainage or public safety. Developer shall be responsible for the replacement, relocation, or removal of any component of any existing public or private improvement in conflict with the construction or installation of the Improvements. Such replacement, relocation, or removal shall be performed to the complete satisfaction of City and the owner of such improvement. Developer further promises and agrees to provide all equipment, tools, materials, labor, tests, design work, and engineering services necessary to fully and adequately complete the Improvements.

2.1 Pre-approval of Plans and Specifications. The parties acknowledge and agree that Developer has commenced work on the Improvements pursuant to the Plans and Specifications which have been submitted to and approved by City. Approval by City shall not relieve Developer from ensuring that all Improvements conform to the Plans and Specifications and are consistent with this Agreement.

2.2 Permits and Notices. Prior to commencing any work, Developer shall, at its sole cost, expense, and liability, obtain all necessary permits and licenses and give all necessary and incidental notices required for the lawful construction of the Improvements and performance of Developer's obligations under this Agreement. Developer shall conduct the work in full compliance with the regulations, rules, and other requirements contained in any permit or license issued to Developer.

2.3 Public Works Requirements. Developer shall ensure that the portion of the Improvements listed on Exhibit "E" attached hereto and incorporated herein by this reference (the "Public Improvements") will be constructed as if they had been constructed under the direction and supervision, or under the authority of City. Thus, without limitation, Developer shall comply with all of the following requirements with respect to the construction of the Public Improvements:

- (a) Developer shall obtain bids for the construction of the Public Improvements.
- (b) The contract or contracts for the construction of the Public Improvements shall be awarded to the lowest responsible bidder(s) for the construction of the Public Improvements.
- (c) Developer shall require all such contractors constructing the Public Improvements to pay prevailing wages (in accordance with Articles 1 and 2 of Chapter 1, Part 7, Division 2 of the Labor Code) and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects of cities/counties and as required by the procedures and standards of City with respect to the construction of its public works projects or as otherwise directed by the City Engineer.
- (d) All such contractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Public Improvements which they will construct in conformance with Section 13.0 of this Agreement.
- (e) Developer and all such contractors shall comply with such other requirements relating to the construction of the Public Improvements which City may impose by written notification delivered to Developer and each such contractor at any time, either prior to the receipt of bids by Developer for the construction of the Public Improvements, or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof.

Developer shall provide proof to City, at such intervals and in such form as City may require, that the foregoing requirements have been satisfied as to all of the Public Improvements.

**2.4 Quality of Work; Compliance With Laws and Codes.** The parties acknowledge and agree that the Plans and Specifications have been prepared in accordance with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other governmental requirements. The Improvements shall be completed in accordance with the Plans and Specifications, as well as all applicable federal, state, and local laws, ordinances, regulations, codes, standards, and other governmental requirements applicable at the time work is actually commenced. The parties acknowledge and agree that the laws and ordinances described in Section 2.3(c) above do not apply to the portion of the Improvements that are not Public Improvements.

**2.5 Standard of Performance.** Developer and its contractors, if any, shall perform all work required, constructing the Improvements in a good and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Developer represents and maintains that it or its contractors shall be skilled in the professional calling necessary to perform the work. Developer warrants that all of its employees and contractors shall have sufficient skill and experience to perform the work assigned to them, and that they shall have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the work, and that such licenses, permits, qualifications and approvals shall be maintained until the completion of the Improvements.

2.6 Alterations to Improvements. All work shall be done and the Improvements completed as shown on approved Plans and Specifications, and any subsequent alterations thereto mutually agreed upon by City and Developer. If during the course of construction and installation it is determined that due to field conditions the public interest requires alterations in the Improvements, Developer shall undertake such design and construction changes as may be reasonably required by City. If Developer desires to make any alterations to the Plans and Specifications, it shall provide written notice to City of such proposed alterations. City shall have five (5) business days after receipt of such written notice to approve or disapprove such alterations, which approval shall not be unreasonably withheld, conditioned or delayed. If City fails to provide written notice to Developer of its approval or disapproval of the alterations within such five (5) business day period, City will be deemed to have disapproved such alterations to the Plans and Specifications. Any and all alterations in the Plans and Specifications and the Improvements to be completed may be accomplished without first giving prior notice thereof to Developer's surety for this Agreement.

3.0 Maintenance of Improvements. City shall not be responsible or liable for the maintenance or care of the Improvements until District and/or City approves and accepts them. District and/or City shall exercise no control over the Improvements until accepted. Any use by any person of the Improvements, or any portion thereof, shall be at the sole and exclusive risk of Developer at all times prior to District and/or City's acceptance of the Improvements. Developer shall maintain all of the Improvements in a state of good repair until they are completed by Developer and approved and accepted by District and/or City. It shall be Developer's responsibility to initiate all such maintenance work, but if it shall fail to do so, it shall promptly perform such maintenance work when notified to do so by City. If Developer fails to properly prosecute its maintenance obligation under this section, City may do all work necessary for such maintenance and the cost thereof shall be the responsibility of Developer and its surety under this Agreement. City shall not be responsible or liable for any damages or injury of any nature in any way related to or caused by the Improvements or their condition prior to acceptance by District or City, except to the extent such damage or injury is caused by the negligence or willful misconduct of District and/or City, or any of their elected officials, employees and/or agents. Following acceptance of the Improvements by District and/or City, Developer will have no responsibility for the maintenance or care of the Improvements, which shall be the sole responsibility of City or District.

4.0 Fees and Charges. Developer shall, at its sole cost, expense, and liability, pay all fees, charges, and taxes arising out of the construction of the Improvements, including, but not limited to, all plan check, design review, engineering, inspection, and other service or impact fees established by City prior to the commencement of construction of the Improvements.

5.0 District Inspection of Improvements. Developer shall, at its sole cost, expense, and liability, and at all times during construction of the Improvements, maintain reasonable and safe facilities and provide safe access for inspection by District of the Improvements and areas where construction of the Improvements is occurring or will occur.

6.0 Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Sections 3115 and 3116 of the Civil Code with respect to the Improvements, Developer shall provide to City such evidence or proof as City shall require that all persons,

firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the Improvements, have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation. Rather than await the expiration of the said time for the recording of claims of liens, Developer may elect to provide to City a title insurance policy or other security acceptable to City guaranteeing that no such claims of liens will be recorded or become a lien upon any of the Property.

7.0 Acceptance of Improvements; As-Built or Record Drawings. If the Improvements are properly completed by Developer in accordance with the Plans and Specifications, and if they comply with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other requirements, District shall be authorized to accept the Improvements. District may, in its sole and absolute discretion, accept fully completed portions of the Improvements prior to such time as all of the Improvements are complete, which shall not release or modify Developer's obligation to complete the remainder of the Improvements. Upon the total or partial acceptance of the Improvements by District, Developer shall file with the Recorder's Office of the County of Riverside a notice of completion for the accepted Improvements in accordance with California Civil Code section 3093 ("Notice of Completion"), at which time the accepted Improvements shall become the sole and exclusive property of District without any payment therefore except for the consideration set forth in this Agreement. Notwithstanding the foregoing, District may not accept any Improvements unless and until Developer provides one (1) set of "as-built" or record drawings or plans to the District for the Improvements. The drawings shall be certified and shall reflect the condition of the Improvements as constructed, with all changes incorporated therein.

8.0 Warranty and Guarantee. Developer hereby warrants the Improvements against any defective work or labor done, or defective materials furnished in the performance of this Agreement, for a period of one (1) year following completion of the work and acceptance by District ("Warranty"). During the Warranty, Developer shall repair, replace, or reconstruct any defective portion of the Improvements, in accordance with the Plans and Specifications. All repairs, replacements, or reconstruction during the Warranty shall be at the sole cost, expense, and liability of Developer or its surety. Nothing herein shall relieve Developer from any other liability it may have under federal, state, or local law to repair, replace, or reconstruct any Improvement following expiration of the Warranty or any extension thereof. Developer's warranty obligation under this section shall survive the expiration or termination of this Agreement up until the date that is one year after completion of the Improvements.

9.0 Administrative Costs. If Developer fails to construct and install all or any part of the Improvements, or if Developer fails to comply with any other obligation contained herein, and Developer does not cure such failure within ten (10) days following its receipt of written notice from City, then Developer shall be liable to City for all out-of-pocket administrative expenses, fees, and costs, including reasonable attorney's fees and costs, thereafter incurred in obtaining compliance with this Agreement or in processing any legal action or for any other remedies permitted by law.

10.0 Default; Notice; Remedies.

10.1 **Notice.** If Developer defaults in the performance of any obligation, term, or condition of this Agreement, or if Developer violates any federal, state, or local law, ordinance, regulation, code, standard, or other governmental requirement in its construction of the Improvements, and Developer fails to commence to cure such default or violation within twenty (20) days after written notice from City, then City may at any time thereafter declare Developer to be in default or violation of this Agreement and make written demand upon Developer and its surety, to immediately remedy the default or violation (“Notice”). Developer shall substantially commence the work required to remedy the default or violation within five (5) days of the Notice. If the default or violation constitutes an immediate threat to the public health, safety, or welfare, City may provide the Notice verbally, and Developer shall substantially commence the required work within twenty-four (24) hours thereof.

10.2 **Failure to Remedy; City/County Action.** If the work required to remedy the default or violation set forth in the Notice is not diligently prosecuted to a completion reasonably acceptable to City within the time frame contained in the Notice, City may complete all remaining work, arrange for the completion of all remaining work, and/or conduct such remedial activity as in its sole and absolute discretion it believes is required to remedy the default or violation. All such work or remedial activity shall be at the sole cost and expense of Developer and Developer’s surety, without the necessity of giving any further notice to Developer or Developer’s surety. City’s right to take such actions shall in no way be limited by the fact that Developer or its surety may have constructed any of the Improvements at the time of City’s demand for performance. In the event City elects to complete or arrange for completion of the remaining work and the Improvements, City may require all work by Developer or its surety to cease in order to allow adequate coordination by City.

10.3 **Other Remedies.** No action by City pursuant to this Section 10.0 et seq. of this Agreement shall prohibit City from exercising any other right or pursuing any other legal or equitable remedy available under this Agreement or any federal, state, or local law. City may exercise its rights and remedies independently or cumulatively, and City may pursue inconsistent remedies. City may institute an action for damages, injunctive relief, or specific performance.

11.0 **Security; Surety Bonds.** Promptly following the execution of this Agreement, Developer or its contractor shall provide City with the performance bond described in Section 11.1 below and with the labor and material bond described in Section 11.2 below ( the “Security”). The amount of the Security shall be based on the estimated costs to construct the Improvements, as reasonably determined by the District. Developer’s compliance with this Section 11.0 et seq. of this Agreement shall in no way limit or modify Developer’s indemnification obligation provided in Section 12.0 of this Agreement.

11.1 **Performance Bond.** To guarantee the faithful performance of the Improvements and all the provisions of this Agreement, to protect City if Developer is in default as set forth in Section 10.0 et seq. of this Agreement, and to secure the Warranty of the Improvements, Developer or its contractor shall provide City a faithful performance bond in an amount which sum shall be not less than one hundred percent (100%) of the Estimated Costs. The City may, in its sole and absolute discretion, partially release a portion or portions of the security provided under this section as the Improvements are accepted by City, provided that Developer is not in default on any provision of this Agreement and the total remaining security is not less than ten

(10%) of the Estimated Costs. All security provided under this section shall be released at the end of the Warranty period, provided that there does not then exist an uncured Notice under Section 10.1 above.

11.2 Labor & Material Bond. To secure payment to the contractors, subcontractors, laborers, materialmen, and other persons furnishing labor, materials, or equipment for performance of the Improvements and this Agreement, Developer or its contractor shall provide City a labor and materials bond in an amount which sum shall not be less than one hundred percent (100%) of the Estimated Costs. The security provided under this section shall be released one (1) year after the date City or District accepts the Improvements.

11.3 Additional Requirements. The surety for any surety bonds provided as Security shall have a current A.M. Best rating of at least "A" and FSC-VIII, shall be licensed to do business in California, and shall be reasonably satisfactory to City. As part of the obligation secured by the Security and in addition to the face amount of the Security, Developer, its contractor or the surety shall secure the costs and reasonable expenses and fees, including reasonable attorney's fees and costs, incurred by City in enforcing the obligations of this Agreement. Developer, its contractor and the surety shall stipulate and agree that no change, extension of time, alteration, or addition to the terms of this Agreement, the Improvements, or the Plans and Specifications for the Improvements shall in any way affect its obligation on the Security.

11.4 Evidence and Incorporation of Security. Evidence of the Security shall be provided on commercially reasonable forms.

12.0 Indemnification. Developer shall defend, indemnify, and hold harmless City, its elected officials, employees, and agents from any and all actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state, or local governmental agency, arising out of or incident to any acts, omissions, negligence or willful misconduct of Developer, its employees, contractors, or agents in connection with the performance of this Agreement ("Claims"). This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorney's fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. This indemnification excludes only such portion of any Claim which is caused by the negligence or willful misconduct of City as determined by a court or administrative body of competent jurisdiction. Developer's obligation to indemnify shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

### 13.0 Insurance.

13.1 Types; Amounts. Developer shall procure and maintain, and shall require its contractors to procure and maintain, during performance of this Agreement, insurance of the types and in the amounts described below ("Required Insurance"). If any of the Required

Insurance contains a general aggregate limit, such insurance shall apply separately to this Agreement or be no less than two times the specified occurrence limit.

13.1.1 General Liability. Occurrence version general liability insurance, or equivalent form, with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, which may be met through the combination of a primary general liability policy and an umbrella liability policy.

13.1.2 Business Automobile Liability. Business automobile liability insurance, or equivalent form, with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for the ownership, operation, maintenance, use, loading, or unloading of any auto owned, leased, hired, or borrowed by the insured or for which the insured is responsible.

13.1.3 Workers' Compensation. Workers' compensation insurance with limits as required by the Labor Code of the State of California and employers' liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, at all times during which insured retains employees.

13.1.4 Professional Liability. For any consultant or other professional who will engineer or design the Improvements, liability insurance for errors and omissions with limits not less than One Million Dollars (\$1,000,000) per claim and \$2,000,000 policy aggregate, shall be procured and maintained for a period of three (3) years following completion of the Improvements.

13.2 Deductibles. Any material deductibles or self-insured retentions must be declared to and approved by City.

13.3 Additional Insured; Separation of Insured's. The Required Insurance, except for the professional liability and workers' compensation insurance, shall name City, its elected officials, officers, employees, and agents as additional insured's with respect to work performed by or on behalf of Developer or its contractors, including any materials, parts, or equipment furnished in connection therewith. The Required Insurance shall contain standard separation of insured's provisions, and shall contain no special limitations on the scope of its protection to City, its elected officials, officers, employees, or agents.

13.4 Primary Insurance; Waiver of Subrogation. The Required Insurance shall be primary with respect to any insurance or self-insurance programs covering City, its elected officials, officers, employees, or agents. The policy required for workers' compensation insurance shall provide that the insurance company waives all right of recovery by way of subrogation against City in connection with any damage or harm covered by such policy.

13.5 Certificates; Verification. Developer and its contractors shall furnish City with original certificates of insurance and endorsements effecting coverage for the Required Insurance. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by City before work pursuant to this Agreement



can begin. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

13.6 Term; Cancellation Notice. Developer and its contractors shall maintain the Required Insurance for the term of this Agreement and shall replace any certificate, policy, or endorsement which will expire prior to that date.

13.7 Insurer Rating. Unless approved in writing by City, all Required Insurance shall be placed with insurers licensed to do business in the State of California and with a current A.M. Best rating of at least "A-" and FSC-VII.

14.0 ADP Fees Credit/Other Fee Credits/Reimbursements.

14.1 Developer's ADP Fees Obligation. Developer hereby agrees and accepts that as of the date of this Agreement, the projected amount Developer is obligated to pay to City for ADP Fees for the Project is estimated to be Six Hundred Seventy-Seven Thousand Eight Hundred Sixty-Five Dollars (\$677,865.00) ("Developer ADP Fees Obligation"). Notwithstanding the foregoing, Developer agrees that this Agreement shall not estop City from adjusting the ADP Fees in accordance with the provisions of the Area Drainage Plan as adopted by the City of Perris. In addition, Developer agrees and acknowledges that Developer's final Developer ADP Fees Obligation for the Project shall be calculated at the time provided in the Area Drainage Plan and in accordance with the provisions of the ADP Fees Administrative Plan as adopted by the City of Perris in effect at such time.

14.2 Landowner's ADP Fees Obligation. Landowner hereby agrees and accepts that as of the date of this Agreement, the projected amount Landowner is obligated to pay to City for ADP Fees for the Landowner Property is estimated to be One Hundred Ninety Thousand Nine Hundred Ten and 30/100ths Dollars (\$190,910.30) ("Landowner ADP Fees Obligation"). Notwithstanding the foregoing, Landowner agrees that this Agreement shall not estop City from adjusting the ADP Fees in accordance with the provisions of the Area Drainage Plan as adopted by the City of Perris. In addition, Landowner agrees and acknowledges that Landowner's final Landowner ADP Fees Obligation for the Landowner Property shall be calculated at the time provided in the Area Drainage Plan and in accordance with the provisions of the ADP Fees Administrative Plan as adopted by the City of Perris in effect at such time.

14.3 Credit Offset Against ADP Fees Obligation. Pursuant to the Area Drainage Plan and in consideration for Developer's obligation under this Agreement to construct the Improvements, a credit estimated to be approximately Six Hundred Seventy-Seven Thousand Eight Hundred Sixty-Five Dollars (\$677,865.00) ("Estimated Developer Credit") shall be applied by City to offset the Developer ADP Fees Obligation, and a credit estimated to be approximately One Hundred Ninety Thousand Three Hundred Ten and 30/100ths Dollars (\$190,910.30) ("Landowner Estimated Credit") shall be applied by City to offset the Landowner ADP Fees Obligation. The Developer Estimated Credit and the Landowner Estimated Credit shall be subject to adjustment and reconciliation under Section 14.4 of this Agreement. Developer and Landowner hereby agree that the amount of the Developer Estimated Credit and the Landowner Estimated Credit (collectively, the "Estimated Credit") shall be applied after Developer has awarded a contract for construction of the Public Improvements in accordance

with this Agreement. The amount of the Estimated Credit shall be equal to the bid amount set forth in the contract awarded to Developer's contractor for the Public Improvements, plus the allowable eligible Public Improvement costs not subject to bid. The aggregate of the remaining Developer ADP Fees Obligation to be paid by Developer to City and the remaining Landowner ADP Fees Obligation to be paid by Landowner to City will be the amount of the total ADP Fees Obligation minus the amount of the Estimated Credit. If the dollar amount of the Estimated Credit exceeds the dollar amount of the Developer ADP Fees Obligation and the Landowner ADP Fees, Developer will be deemed to have completely satisfied its Developer ADP Fees Obligation for the Project, and Landowner will be deemed to have completely satisfied the Landowner ADP Fees Obligation for the Landowner Property, and Developer shall be eligible for reimbursement by the City from the collection of ADP Fees from properties located within the Line D/D-3 benefit area for such excess Estimated Cost as determined by the City and may apply for a reimbursement agreement, to the extent applicable, as provided in Section 14.4 of this Agreement.

**14.3 Reconciliation; Final Offset Against ADP Fees Obligation.** Upon acceptance of the Improvements by City Developer shall submit to the City Engineer such information as the City Engineer, may require to calculate the total actual costs incurred by Developer in constructing the Public Improvements ("Verified Costs"), including, but not limited the information listed in Exhibit "B". The actual amount of credit that shall be applied by City to offset the Developer ADP Fees Obligation and the Landowner ADP Fees Obligation shall be equal to the Verified Costs (the "Actual Credit"). If the Actual Credit is less than the Estimated Credit, either Developer shall pay the balance to City to fully satisfy the Developer ADP Fees Obligation, and/or Landowner shall pay the balance to the City to fully satisfy the Landowner ADP Fees Obligation.

**14.4 Reimbursement Agreement.** If authorized under either Section 14.2 or Section 14.3, Developer may apply to City for a reimbursement agreement for the amount by which the Actual Credit exceeds the aggregate of the Developer ADP Fees Obligation and the Landowner ADP Fees Obligation, as determined pursuant to Section 14.3 of this Agreement, the City and the ADP Fees Administrative Plan adopted by the City of Perris ("Reimbursement Agreement"). If City agrees to a Reimbursement Agreement with Developer, the Reimbursement Agreement shall be executed on the form set forth in Exhibit "C," and shall contain the terms and conditions set forth therein. The Parties agree that the Reimbursement Agreement shall be subject to all terms and conditions of this Agreement, and that upon execution, an executed copy of the Reimbursement Agreement shall be attached hereto and shall be incorporated herein as a material part of this Agreement as though fully set forth herein.

**14.5 No Duplication of Credit.** Developer and City are or will be parties to an Improvement Credit/Reimbursement Agreement for Perris Valley Channel improvements, dated on or about date of this Agreement ("Perris Valley Channel Agreement"). Pursuant to the Perris Valley Channel Agreement, Stratford Ranch Investors, LLC ("Stratford Ranch") is entitled to credit or reimbursement for Stratford Ranch's ADP Fees obligation for the construction of certain Perris Valley Channel drainage improvements. Credit for the Perris Valley Channel improvements shall be controlled by the Perris Valley Channel Agreement and shall be treated separately from the Improvements identified in this Agreement. Developer shall not receive

credit or reimbursement pursuant to this Agreement for any Perris Valley Channel improvements described in the Perris Valley Channel Agreement.

**15.0 Miscellaneous.**

**15.1 Assignment.** Developer may assign all or a portion of its rights pursuant to this Agreement to a purchaser of a portion or portions of the Property ("Assignment"). Developer and such purchaser and assignee ("Assignee") shall provide to City such reasonable proof as it may require that Assignee is the purchaser of such portions of the Property. Any assignment pursuant to this section shall not be effective unless and until Developer and Assignee have executed an assignment agreement with City in a form reasonably acceptable to City, whereby Developer and Assignee agree, except as may be otherwise specifically provided therein, to the following: (1) that Assignee shall receive all or a portion of Developer's rights pursuant to this Agreement, including such credit as is determined to be applicable to the portion of the Property purchased by Assignee pursuant to Section 14.0 et seq. of this Agreement, and (2) that Assignee shall be bound by all applicable provisions of this Agreement.

**15.2 Relationship Between the Parties.** The Parties hereby mutually agree that this Agreement shall not operate to create the relationship of partnership, joint venture, or agency between City, Developer and/or Landowner. Developer's contractors are exclusively and solely under the control and dominion of Developer. Nothing herein shall be deemed to make Developer or its contractors an agent or contractor of City.

**15.3 Warranty as to Property Ownership; Authority to Enter Agreement.** Landowner hereby warrants that it owns fee title to the Landowner Property and Developer hereby warrants that it owns fee title to the Developer Property and that each has the legal capacity to enter into this Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

**15.4 Prohibited Interests.** Developer and Landowner each warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Developer or Landowner, to solicit or secure this Agreement. Developer and Landowner each also warrants that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Developer or Landowner, any fee, commission, percentage, brokerage fee, gift, or other consideration contingent upon the making of this Agreement. For breach of this warranty, City shall have the right to rescind this Agreement without liability.

**15.5 Notices.** All notices, demands, invoices, and written communications shall be in writing and delivered to the following addresses or such other addresses as the Parties may designate by written notice:

To  
City of Perris  
Attn: City Manager  
101 North "D" Street  
Perris, CA 92570  
Fax No. (951)943-8416

Copy to: Aleshire & Wynder, LLP  
3880 Lemon Street, Suite 520  
Riverside, CA 92501  
Attn: Eric L. Dunn

To: Developer:  
Stratford Ranch, LLC  
Stratford Ranch I, LLC  
Attn: Alan Sharp  
26632 Towne Centre Drive, Suite 320  
Foothill Ranch, CA 92610  
Fax No. (949) 614-8230

To: Landowner:  
Markham Business Center East, LLC  
Attn: Alan Sharp  
26632 Towne Centre Drive, Suite 320  
Foothill Ranch, CA 92610  
Fax No. (949) 614-8230

Depending upon the method of transmittal, notice shall be deemed received as follows: by facsimile, as of the date and time sent; by messenger, as of the date delivered; and by U.S. Mail first class postage prepaid, as of 72 hours after deposit in the U.S. Mail.

15.6 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate, or convenient to attain the purposes of this Agreement.

15.7 Construction; References; Captions. It being agreed the Parties or their agents have participated in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. All references to Developer or Landowner include all personnel, employees, agents, and contractors of Developer or Landowner, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

15.8 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

15.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual right by custom, estoppel, or otherwise.

15.10 Binding Effect. Each and all of the covenants and conditions shall be binding on and shall inure to the benefit of the Parties, and their successors, heirs, personal representatives, or assigns. This section shall not be construed as an authorization for any Party to assign any right or obligation.

15.11 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

15.12 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

15.13 Consent to Jurisdiction and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any legal action or proceeding brought to interpret or enforce this Agreement, or which in any way arises out of the Parties' activities undertaken pursuant to this Agreement, shall be filed and prosecuted in the appropriate California State Court in the County of Riverside, California. Each Party waives the benefit of any provision of state or federal law providing for a change of venue to any other court or jurisdiction including, without limitation, a change of venue based on the fact that a governmental entity is a party to the action or proceeding, or that a federal right or question is involved or alleged to be involved in the action or proceeding. Without limiting the generality of the foregoing waiver, Developer and Landowner each expressly waives any right to have venue transferred pursuant to California Code of Civil Procedure Section 394.

15.14 Time is of the Essence. Time is of the essence in this Agreement, and the Parties agree to execute all documents and proceed with due diligence to complete all covenants and conditions.

15.15 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

15.16 Entire Agreement. This Agreement contains the entire agreement between City, Developer and Landowner, and supersedes any prior oral or written statements or agreements between City, Developer and Landowner.

15.17 No Rights in Public. Nothing contained in this Agreement shall be deemed to create any right or rights in the general public, nor be deemed to be a gift or dedication of the Improvements or any portion of the real property on which the Improvements are located to or for the general public or for use by the general public, it being the parties intention that this Agreement shall be strictly limited to and for the purposes herein expressed.

**[SIGNATURES OF PARTIES ON NEXT PAGE]**

**IN WITNESS WHEREOF, the Parties hereto have executed this Improvement Credit/Reimbursement Agreement as of the day and year first above written.**

**DEVELOPER:**

Stratford Ranch, LLC, a Delaware limited liability company

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

Name: \_\_\_\_\_

Its: Manager

Stratford Ranch I, LLC, a Delaware limited liability company

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

Name: \_\_\_\_\_

Its: Manager

**LANDOWNER:**

Markham Business Center East, LLC, a Delaware limited liability company

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

Name: \_\_\_\_\_

Its: Manager

**CITY:**

City of Perris, a California municipal corporation

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

Richard Belmudez

Its: City Manager

**ATTEST:**

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

Its: \_\_\_\_\_

**APPROVED AS TO FORM:  
ALESHIRE & WYNDER, LLP**

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**Eric L. Dunn, City Attorney**

**EXHIBIT "A-1"  
SITE MAP**

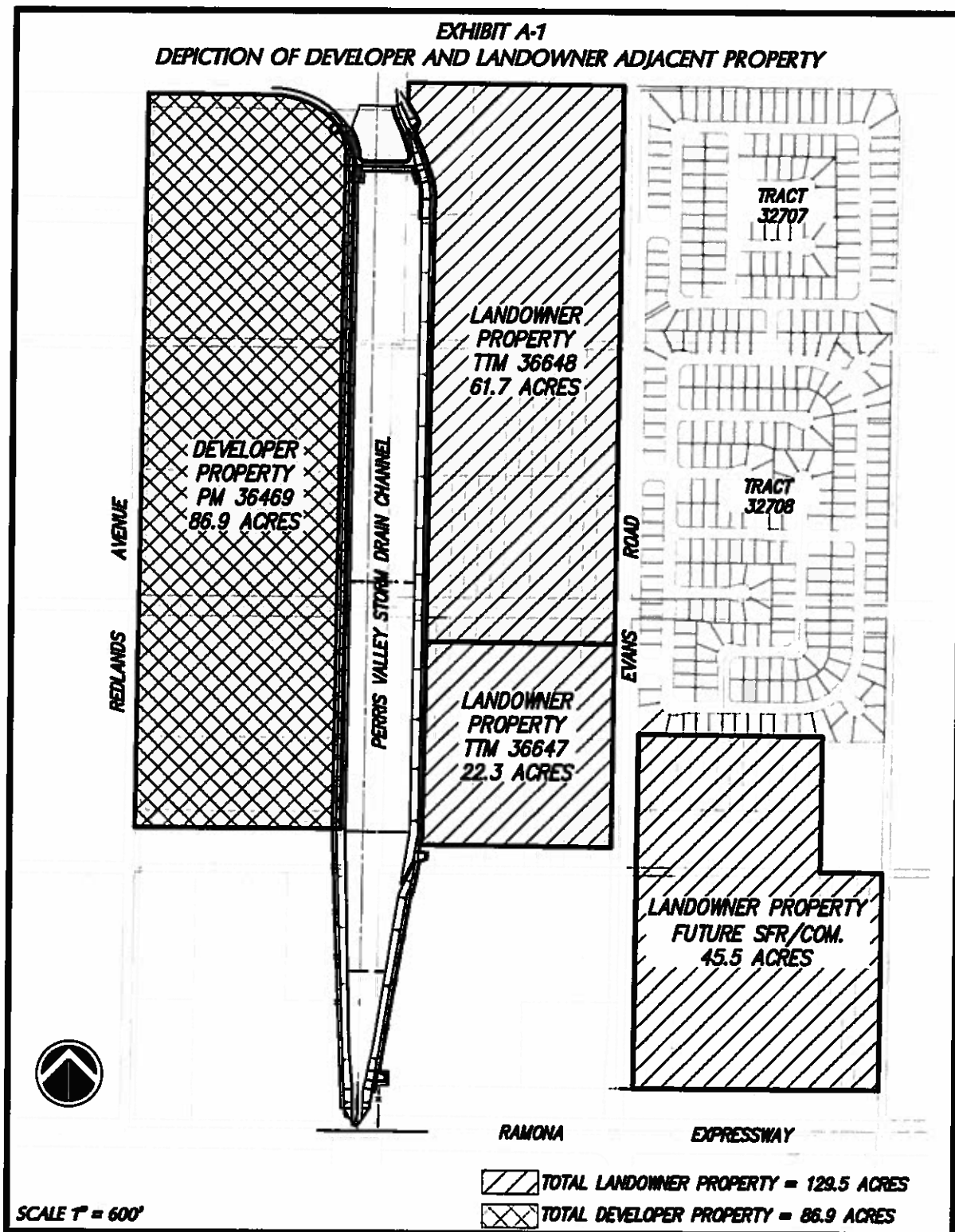


EXHIBIT A1-1



## **EXHIBIT "A-2"**

### **LEGAL DESCRIPTION OF PROPERTY**

REAL PROPERTY IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

**PARCEL 1:**

PARCELS A, B, C AND D OF LOT 1; PARCELS A, B, C, D AND E OF LOT 2; PARCELS A, B, C, D AND E OF LOT 3; PARCEL A OF LOT 4 ALL IN UNIT 1 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 2:**

PARCELS A, B, C AND D OF LOT 15; PARCELS A, B, C, D AND E OF LOT 16, PARCELS A, B, C, D AND E OF LOT 17; PARCELS A OF LOT 18; PARCEL A OF LOT 25; PARCELS A, B, C, D AND E OF LOT 26; PARCELS A, B, C, D AND E OF LOT 27 AND PARCELS A, B, C AND D OF LOT 28 ALL IN UNIT 2 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 3:**

PARCELS A, B, C AND D OF LOT 1; PARCELS A, B, C, D AND E OF LOT 2; PARCEL A OF LOT 4; PARCEL A OF LOT 11, PARCELS A, B, C, D AND E OF LOT 12; PARCELS A, B, C, D AND E OF LOT 13; AND PARCELS A, B, C AND D OF LOT 14 ALL IN UNIT 2 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED IN PARCELS 1 AND 2 CONVEYED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DOCUMENT RECORDED APRIL 8, 1955 IN BOOK 1720 PAGE 145 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 4:**

PARCEL 1 OF LOT LINE ADJUSTMENT NO. 12-07-007 RECORDED DECEMBER 3, 2012 AS INSTRUMENT NO. 2012-0584174 OF OFFICIAL RECORDS AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF PARCEL A OF LOT 11 OF UNIT 1 OF MAP OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 OF MAPS, AT PAGES 19 AND 20 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, TOGETHER WITH THOSE PORTIONS OF PARCELS A, B, C, D AND E OF LOT 12 OF UNIT 1 OF MAP OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, ALSO TOGETHER WITH THOSE PORTIONS OF PARCELS A, B, C, D AND E OF LOT 13 OF SAID UNIT OF MAP OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, ALSO TOGETHER WITH THOSE PORTIONS OF PARCELS A, B, C AND D OF LOT 14 OF SAID UNIT 1 OF MAP OF LA VINA LAND COMPANY TRACT, UNIT 1 AND 2 ALL LOCATED IN SECTION 5, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, SAID PORTIONS BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL A OF LOT 14, SAID CORNER BEING THE INTERSECTION OF THE EASTERLY RIGHT-OF-WAY LINE OF REDLANDS AVENUE (20.00 FEET IN HALF WIDTH) WITH THE NORTHERLY RIGHT-OF-WAY LINE OF PERRY STREET (20.00 FEET IN HALF WIDTH), BOTH OF SAID MAP;

THENCE NORTH 00°3457. EAST ALONG THE WESTERLY LINE OF SAID PARCEL A, ALSO BEING THE EASTERLY RIGHT-OF-WAY LINE OF REDLANDS AVENUE, A DISTANCE OF 270.00 FEET;

THENCE SOUTH 89°5039. EAST, A DISTANCE OF 1036.21 FEET TO A POINT ON THE EASTERLY LINE OF SAID PARCEL A OF LOT 11;

THENCE SOUTH 00°35.54. WEST ALONG SAID EASTERLY LINE, A DISTANCE OF 270.00 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL A OF LOT 11, SAID CORNER BEING ON THE NORTHERLY RIGHT-OF-WAY LINE OF SAID PERRY STREET;

THENCE NORTH 89°50.39. WEST ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1036.13 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

PARCEL 2 OF LOT LINE ADJUSTMENT NO. 12-07-0007 RECORDED DECEMBER 3, 2012 AS INSTRUMENT NO. 2012-0584174 OF OFFICIAL RECORDS AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF PARCEL A OF LOT 11 OF UNIT I OF MAP OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 OF MAPS, AT PAGES 19 AND 20 THEREOF, RECORDS OF RIVERSIDE COUNTY CALIFORNIA, TOGETHER WITH THOSE PORTIONS OF PARCELS A, B, C, D AND E OF LOT 12 OF UNIT 1 OF MAP OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, ALSO TOGETHER WITH THOSE PORTIONS OF PARCELS A, B, C, D AND E OF LOT 13 OF SAID UNIT 1 OF MAP OF LA VINA LAND COMPANY TRACT, UNITS I AND 2, ALSO TOGETHER WITH THOSE PORTIONS OF PARCELS A, B, C AND D OF LOT 14 OF SAID UNIT I OF MAP OF LA VINA LAND COMPANY TRACT UNITS I AND 2, ALL LOCATED IN SECTION 5. TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, SAID PORTIONS BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL A OF LOT 14, SAID CORNER BEING THE INTERSECTION OF THE EASTERLY RIGHT-OF-WAY LINE OF REDLANDS AVENUE (20.00 FEET IN HALF WIDTH) WITH THE NORTHERLY RIGHT-OF-WAY LINE OF PERRY STREET (20.00 FEET IN HALF WIDTH), BOTH OF SAID MAP;

THENCE NORTH 00°3457. EAST ALONG THE WESTERLY LINE OF SAID PARCEL A, AND ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF REDLANDS AVENUE, A DISTANCE OF 270.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°3457. EAST ALONG THE WESTERLY LINE OF SAID PARCEL A, AND ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF REDLANDS AVENUE, A DISTANCE OF 369.70 FEET TO THE NORTHWEST CORNER OF SAID PARCEL A;

THENCE SOUTH 89°51.13. EAST A DISTANCE OF 1036.31 FEET TO THE NORTHEAST CORNER OF SAID PARCEL A OF LOT 11;

THENCE SOUTH 00°3554. WEST ALONG THE EASTERLY UNE OF SAID PARCEL A OF LOT 11. A DISTANCE OF 36987 FEET;

THENCE NORTH 89°50.39. WEST, A DISTANCE OF 1036.21 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT A2-2

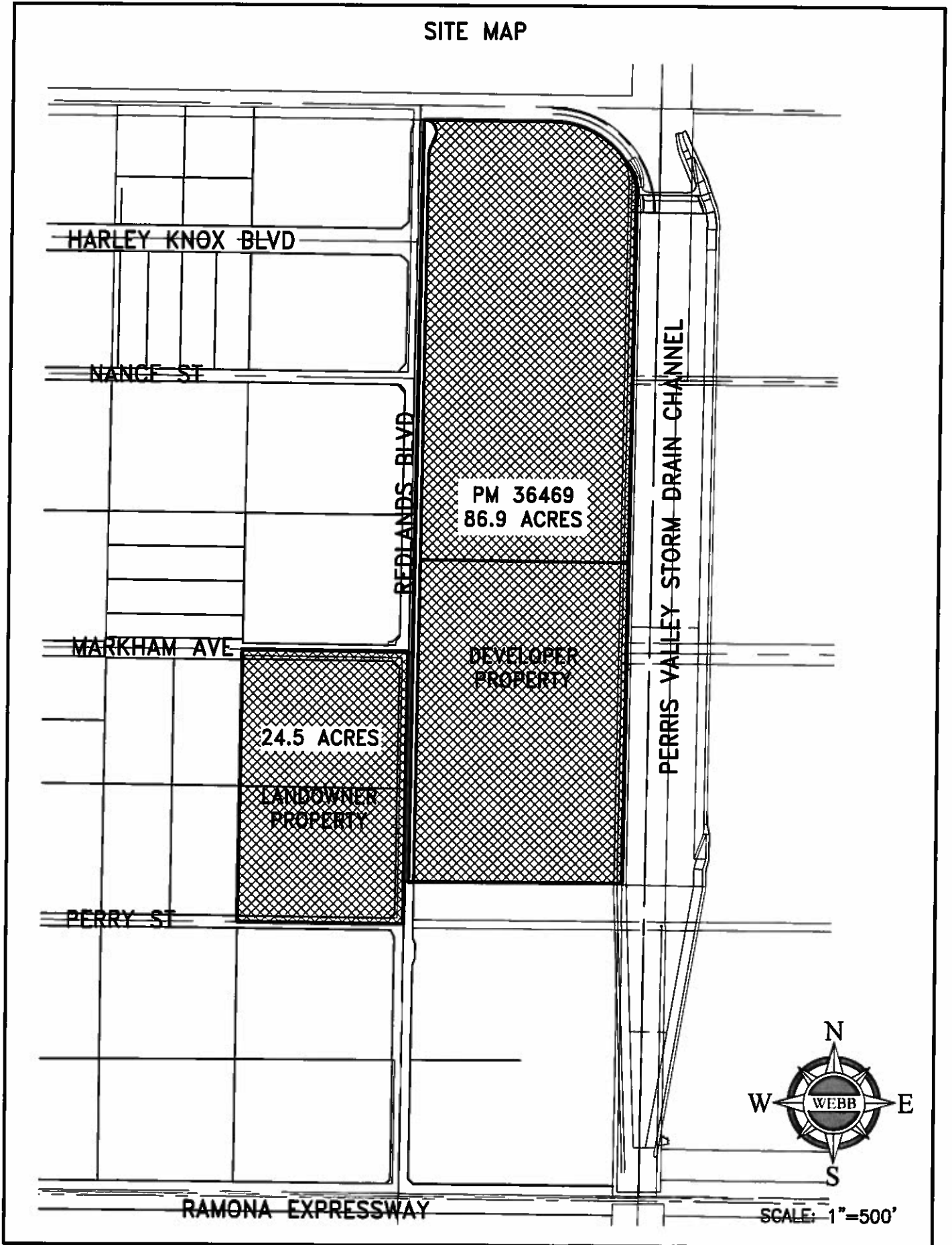
**PARCEL 6:**

**PARCELS A, B, C, D AND E OF LOT 3 OF LA VINA LAND COMPANY TRACT, UNIT 2, AS SHOWN BY MAP ON FILE IN BOOK 14, PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED APRIL 8, 1955 IN BOOK 1720, PAGE 226 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

EXHIBIT A-1

SITE MAP



HARLEY KNOX BLVD

NANCE ST

MARKHAM AVE

PERRY ST

RAMONA EXPRESSWAY

REDLANDS BLVD

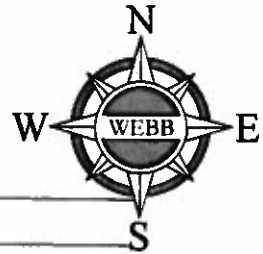
PERRIS VALLEY STORM DRAIN CHANNEL

PM 36469  
86.9 ACRES

DEVELOPER  
PROPERTY

24.5 ACRES

LANDOWNER  
PROPERTY



SCALE: 1"=500'

## **Exhibit A-2**

### **LANDOWNER PROPERTY**

Lots 1 and 8 in Block 7 of the Riverside Tract, located in the City of Perris, County of Riverside, State of California, as shown by map on file in Book 14 page 668 of Maps, in the Office of the County Recorder of San Diego County, California.

Containing 24.46 acres, more or less.

**Exhibit A-3**

**DEVELOPER PROPERTY**

Parcels 1 and 2 of Parcel Map No. 36469, located in the City of Perris, County of Riverside, State of California, as shown by map of file in Book 237, Pages 17-19 inclusive of Parcel Maps, of Official Records of Riverside County.

## **EXHIBIT "B"**

### **DOCUMENTATION TO BE PROVIDED TO CITY OF PERRIS BY DEVELOPER FOR DETERMINATION OF CONSTRUCTION COSTS**

To assist City in determining the Construction Costs for a completed Improvement, Developer shall provide the following documents to City:

1. Plans, specifications and Developer's civil engineer's cost estimate;
2. List of bidders from whom bids were requested;
3. Construction schedules and progress reports;
4. Contracts, insurance certificates and change orders with each contractor or vendor;
5. Invoices received from all vendors;
6. Canceled checks for payments made to contractors and vendors (copy both front and back of canceled checks);
7. Spreadsheet showing total costs incurred in and related to the construction of each Improvement and the check number for each item of cost and invoice;
8. Final lien releases from each contractor and vendor; and
9. Such further documentation as may be reasonably required by City to evidence the completion of construction and the payment of each item of cost and invoice.

**EXHIBIT "C"**

**REIMBURSEMENT AGREEMENT**

**MASTER DRAINAGE FEE PROGRAM**

THIS REIMBURSEMENT AGREEMENT ("Agreement") is executed this \_\_\_\_ day of \_\_\_\_\_, 201\_, by and among the City of Perris, a California municipal corporation ("City") Stratford Ranch, LLC, a Delaware limited liability company or its assignee ("Developer"). City and Developer are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties."

**RECITALS**

WHEREAS, City and Developer are parties to an agreement dated \_\_\_\_\_, 2014, entitled "Improvement Credit/Reimbursement Agreement - Master Drainage Fee Program Line D/D-3" (hereinafter "Credit Agreement");

WHEREAS, Sections 14.1 through 14.5 of the Credit Agreement provide that Developer is obligated to pay City the ADP Fees Obligation, as defined therein, but shall receive credit to offset the ADP Fees Obligation if Developer constructs and City accepts the Improvements in accordance with the Credit Agreement;

WHEREAS, Section 14.4 of the Credit Agreement provides that if the dollar amount of the credit to which Developer is entitled under the Credit Agreement exceeds the dollar amount of the ADP Fees Obligation, Developer may apply to City for a reimbursement agreement for the amount by which the credit exceeds the ADP Fees Obligation;

WHEREAS, Section 14.4 additionally provides that a reimbursement agreement executed pursuant to the Credit Agreement (i) shall be executed on the form attached to the Credit Agreement, (ii) shall contain the terms and conditions set forth therein, (iii) shall be subject to all terms and conditions of the Credit Agreement, and (iv) shall be attached upon execution to the Credit Agreement and incorporated therein as a material part of the Credit Agreement as though fully set forth therein; and

WHEREAS, City has consented to execute a reimbursement agreement with Developer pursuant to the Credit Agreement, City of Perris, and the ADP Fees Administrative Plan adopted by City.

**NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:**



## **TERMS**

1.0 **Incorporation of Recitals.** The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 **Effectiveness.** This Agreement shall not be effective unless and until the Credit Agreement is effective and in full force in accordance with its terms.

3.0 **Definitions.** Terms not otherwise expressly defined in this Agreement, shall have the meaning and intent set forth in the Credit Agreement.

4.0 **Amount of Reimbursement.** Subject to the terms, conditions, and limitations set forth in this Agreement, the Parties hereby agree that Developer is entitled to receive the dollar amount by which the Actual Cost or Unit Cost Assumptions (whichever is less) exceeds the dollar amount of the ADP Fees Obligation as determined pursuant to the Credit Agreement, City of Perris, and the Area Drainage Administrative Plan adopted by the City ("Reimbursement"). In no event shall the dollar amount of the Reimbursement exceed the difference between the dollar amount of all credit applied to offset the ADP Fees Obligation pursuant to Sections 14.2, 14.3, and 14.4 of the Credit Agreement, and one hundred percent (100%) of the approved Unit Cost Assumptions for the Improvements in effect at the time of the contract for the Improvements was awarded, as such assumptions are identified and determined in the Area Drainage Plan adopted by the City.

5.0 **Payment of Reimbursement; Funding Contingency.** Payment of the Reimbursement to Developer shall be made by the City, subject to the following:

5.1 Developer shall have no right to receive payment of the Reimbursement unless and until (i) the Improvements are completed and accepted by the City in accordance with the Credit Agreement, (ii) The City has funds available and appropriated for payment of the Reimbursement.

5.2 Developer shall not be entitled to any interest or other cost adjustment for any delay between the time when the dollar amount of the Reimbursement is determined and the time when payment of the Reimbursement is made to Developer by the City.

6.0 **Affirmation of Credit Agreement.** City and Developer represent and warrant to each other that there have been no written or oral modifications or amendments of the Credit Agreement, except by this Agreement. City and Developer ratify and reaffirm each and every one of their respective rights and obligations arising under the Credit Agreement. City and Developer represent and warrant that the Credit Agreement is currently an effective, valid, and binding obligation.

7.0 **Incorporation Into Credit Agreement.** Upon execution of this Agreement, an executed original of this Agreement shall be attached as Exhibit "C" to the Credit Agreement and shall be incorporated therein as a material part of the Credit Agreement as though fully set forth therein.

8.0 **Terms of Credit Agreement Controlling.** Each Party hereby affirms that all provisions of the Credit Agreement are in full force and effect and shall govern the actions of the Parties under this Agreement as though fully set forth herein and made specifically applicable hereto, including

without limitation, the following sections of the Credit Agreement: Sections 10.0 through 10.3, Section 12.0, Sections 13.0 through 13.7, Sections 14.0 through 14.5, and Sections 15.0 through 15.17.

**[SIGNATURES OF PARTIES ON NEXT PAGE]**

**IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.**

**DEVELOPER:**

**Stratford Ranch, LLC, a Delaware limited liability company**

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

**Name: \_\_\_\_\_**

**Its: Manager**

**CITY:**

**City of Perris, a California municipal corporation**

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

**Its: \_\_\_\_\_**

**ATTEST:**

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

**Its: \_\_\_\_\_**

**EXHIBIT "D"**  
**PLANS AND SPECIFICATIONS**

## Exhibit D

### PLANS AND SPECIFICATIONS

<b>Drawing #</b>	<b>Title</b>	<b>Date</b>	<b>Issued By:</b>
1 of 21	Title Sheet	3-24-2014	Webb & Associates
2 of 21	Line D STA. 10+00 to STA 14+00	3-20-2014	Webb & Associates
3 of 21	Line D STA. 14+00 to STA 18+25	3-20-2014	Webb & Associates
4 of 21	Line D STA. 18+25 to STA 22+50	3-20-2014	Webb & Associates
5 of 21	Line D STA. 22+50 to STA 26+50	3-20-2014	Webb & Associates
6 of 21	Line D STA. 26+50 to STA 30+50	3-20-2014	Webb & Associates
7 of 21	Line D STA. 30+50 to STA 34+50	3-20-2014	Webb & Associates
8 of 21	Line D STA. 34+50 to STA 38+50	3-20-2014	Webb & Associates
9 of 21	Line D STA. 38+50 to STA 42+50	3-20-2014	Webb & Associates
10 of 21	Line D STA. 42+50 to STA 46+60	3-20-2014	Webb & Associates
11 of 21	Line D – Lateral D-3 STA. 10+00 to STA 14+00	3-20-2014	Webb & Associates
12 of 21	Line D – Lateral D-3 STA. 14+00 to STA 18+00	3-20-2014	Webb & Associates
13 of 21	Line D – Lateral D-3 STA. 18+00 to STA 22+00	3-20-2014	Webb & Associates
14 of 21	Line D – Lateral D-3 STA. 22+00 to STA 26+00	3-20-2014	Webb & Associates
15 of 21	Line D – Lateral D-3 STA. 26+00 to STA 29+64.64	3-20-2014	Webb & Associates
16 of 21	Line D – Lateral D-2 STA. 10+00 to STA 14+00	3-20-2014	Webb & Associates
17 of 21	Line D – Laterals D-1 and D-2 STA 14+00 to STA 16+96.06	3-20-2014	Webb & Associates
18 of 21	Line D Laterals	3-20-2014	Webb & Associates
19 of 21	Line D Details	3-20-2014	Webb & Associates
20 of 21	Line D Details	3-20-2014	Webb & Associates
21 of 21	Line D Phasing Option	6-3-2014	Webb & Associates
1 of 5	SK-1227-12" CML&C Water Relocation	12/4/14	Webb & Associates
2 of 5	SK-1228-12" CML&C Water Relocation	12/4/14	Webb & Associates
3 of 5	SK-1229-36" Recycled Water Relocation	12/4/14	Webb & Associates
4 of 5	SK-1230-8" Recycled Water Relocation	12/4/14	Webb & Associates
5 of 5	SK-1231-8" to 12" PVC Water Relocation	12/4/14	Webb & Associates

**EXHIBIT "E"**  
**PUBLIC IMPROVEMENTS**

## Exhibit E

### PUBLIC IMPROVEMENTS

**PERRIS VALLEY MDP - LINE D STORM DRAIN IMPROVEMENT PROJECT**  
**Bid Schedule For All RCB & RCP on Markham Street & Water Siphons on Redlands Avenue**  
**Prevailing Wage**

ITEM NO.	ITEM	ESTIMATED QUANTITY	UNIT	UNIT PRICE	AMOUNT
3	CONSTRUCT 10'W X 5'H REINFORCED CONCRETE BOX PER CALTRANS STD. PLAN D80.	1381	LF	\$ 693.00	\$ 957,033.00
5	INSTALL 48" RCP STORM DRAIN (D-LOAD PER PLAN).	488	LF	\$ 158.00	\$ 77,104.00
8	CONSTRUCT MANHOLE NO. 2 RCFC & WCD STD. DWG. MH252.	2	EA	\$ 4,250.00	\$ 8,500.00
9	CONSTRUCT MANHOLE NO. 3 RCFC & WCD STD. DWG. MH253.	3	EA	\$ 2,200.00	\$ 6,600.00
13	CONSTRUCT TRANSITION STRUCTURE NO. 2 PER RCFC & WCD STD. DWG. TS302.	1	EA	\$ 12,700.00	\$ 12,700.00
15	CONSTRUCT CONCRETE BULKHEAD PER RCFC & WCD STD. DWG. M816.	1	EA	\$ 725.00	\$ 725.00
28	36" RECLAIMED WATER TO BE RELOCATED PER SK DWG.	1	EA	\$ 70,350.00	\$ 70,350.00
29	INSTALL 42" RCP STORM DRAIN (D-LOAD PER PLAN)	192	EA	\$ 138.00	\$ 26,496.00
30	8" FORCE MAIN TO BE RELOCATED PER SK DWG.	1	EA	\$ 27,000.00	\$ 27,000.00
31	12" WATER TO BE RELOCATED PER SK DWG.	1	EA	\$ 32,000.00	\$ 32,000.00
33	CONSTRUCT 6" THICK CONCRETE PAD (6' X 6') W/ #4 @ 18" OC. AROUND MANHOLE LID.	4	EA	\$ 550.00	\$ 2,200.00
37	12" WATER AT SD LATERAL D3-A TO BE RELOCATED PER SK DWG.	1	EA	\$ 30,300.00	\$ 30,300.00
38	12" WATER AT SD LATERAL D3-C TO BE RELOCATED PER SK DWG.	1	EA	\$ 30,300.00	\$ 30,300.00
39	INSTALL 24" RCP STORM DRAIN (D-LOAD PER PLAN).	16	LF	\$ 85.00	\$ 1,360.00
40	CONSTRUCT CONCRETE DROP INLET PER RCFC & WCD STD. DWG. CB110 WITH H=1' AND ONE SIDE OPENING ONWEST SIDE.	1	EA	\$ 5,100.00	\$ 5,100.00

**\$ 1,287,768.00**

**IMPROVEMENT CREDIT / REIMBURSEMENT AGREEMENT**

**MASTER DRAINAGE FEE PROGRAM**

**PERRIS VALLEY CHANNEL**

This **IMPROVEMENT AND CREDIT AGREEMENT** (“Agreement”) is entered into this \_\_\_ day of \_\_\_\_\_, 2014, by and between the City of Perris, a California municipal corporation (“City”); Stratford Ranch, LLC, a Delaware limited liability company, and Stratford Ranch I, LLC, a Delaware limited liability company (collectively, “Developer”); and Stratford Ranch Investors, LLC, a Delaware limited liability company (“Landowner”). City, Developer and Landowner are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

**RECITALS**

WHEREAS, Landowner owns approximately 158.8 acres of real property located east of the Perris Valley Channel within the City of Perris, California, which is more specifically described in the legal description set forth in Exhibit “A-2,” attached hereto and incorporated herein by this reference (“Adjacent Property” or “Landowner Property”), and Developer owns approximately 86.9 acres of real property located west of the Perris Valley Channel within the City of Perris, California, which is more specifically described in the legal description set forth in Exhibit “A-3,” attached hereto and incorporated herein by this reference (“Developer Property”); the Adjacent Property and the Developer Property are depicted on the Site Map set forth in Exhibit “A-1”;

WHEREAS, Developer has requested from City certain entitlements and/or permits for the construction of improvements on the Developer Property, which are more particularly described as DPR 11-12-004, EIR 11-09-0016, SPA 11-12-0005, and GPA 12-02-0001 (“Project”);

WHEREAS, Landowner has duly executed Irrevocable Offer(s) of Dedication to the public for flood control and drainage purposes, including ingress and egress, for the rights of way deemed necessary by the Riverside County Flood Control and Water Conservation District (“District”) for the construction, inspection, operation and maintenance of the Perris Valley Channel bordering the Adjacent Property (“Offer(s) of Dedication”), and Landowner has begun to process certain entitlements with the City for the development of a single family residential tract on a portion of the Adjacent Property;

WHEREAS, as a condition to City’s approval of the Project, City has required Developer to construct certain portions of the Perris Valley Channel drainage improvements identified in the Perris Valley Area Drainage Plan (“Area Drainage Plan”);

WHEREAS, pursuant to Section 66483, *et seq.* of the Government Code and Chapter 18.32 of the Perris Municipal Code, the City requires Developer and Landowner to pay the Area



Drainage Plan Fees (“ADP Fees”) which cover the Developer’s and Landowner’s fair share of the costs to construct drainage improvements that help mitigate the drainage impacts within the City;

WHEREAS, such improvements are identified in the Area Drainage Plan as drainage improvements that are to be funded with ADP Fees; and

WHEREAS, City, Developer and Landowner now desire to enter into this Agreement for the following purposes: (1) to provide for the construction and completion of the Improvements (as defined in Section 2.0 below), and (2) to provide a means by which a portion the Developer’s costs for construction of the Improvements is offset against Landowner’s obligation to pay the applicable ADP Fees for the Adjacent Property in accordance with the applicable Area Drainage Plan adopted by the City.

**NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, Developer, Landowner and City hereby agree as follows:**

### **TERMS**

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Construction of Improvements. Developer shall construct or have constructed at its own cost, expense, and liability certain Perris Valley Channel drainage improvements, as shown on the plans and specifications (“Plans and Specifications”) which have been prepared by or on behalf of Developer and approved by the City and the District, and are listed on Exhibit “D” attached hereto and incorporated herein by this reference (the “Improvements”). Construction of the Improvements shall include any transitions and/or other incidental work deemed necessary by City or the District for drainage or public safety. Developer shall be responsible for the replacement, relocation, or removal of any component of any existing public or private improvement in conflict with the construction or installation of the Improvements. Such replacement, relocation, or removal shall be performed to the complete satisfaction of City and the owner of such improvement. Developer further promises and agrees to Developer shall provide all equipment, tools, materials, labor, tests, design work, and engineering services necessary to fully and adequately complete the Improvements.

2.1 Pre-approval of Plans and Specifications. The parties acknowledge and agree that Developer has commenced work on the Improvements pursuant to the Plans and Specifications, which have been submitted to and approved by City. Approval by City shall not relieve Developer from ensuring that all Improvements conform to the Plans and Specifications and are consistent with this Agreement.

2.2 Permits and Notices. Prior to commencing any work, Developer shall, at its sole cost, expense, and liability, obtain all necessary permits and licenses and give all necessary and incidental notices required for the lawful construction of the Improvements and performance of Developer’s obligations under this Agreement. Developer shall conduct the work in full

compliance with the regulations, rules, and other requirements contained in any permit or license issued to Developer.

**2.3 Public Works Requirements.** Developer shall ensure that the portion of the Improvements listed on Exhibit "E" attached hereto and incorporated herein by this reference (the "Public Improvements") will be constructed as if they had been constructed under the direction and supervision, or under the authority of City. Thus, without limitation, Developer shall comply with all of the following requirements with respect to the construction of the Public Improvements:

- (a) Developer shall obtain bids for the construction of the Public Improvements.
- (b) The contract or contracts for the construction of the Public Improvements shall be awarded to the lowest responsible bidder(s) for the construction of the Public Improvements.
- (c) Developer shall require all such contractors constructing the Public Improvements to pay prevailing wages (in accordance with Articles 1 and 2 of Chapter 1, Part 7, Division 2 of the Labor Code) and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects of cities/counties and as required by the procedures and standards of City with respect to the construction of its public works projects or as otherwise directed by the City Engineer.
- (d) All such contractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Public Improvements which they will construct in conformance with Section 13.0 of this Agreement.
- (e) Developer and all such contractors shall comply with such other requirements relating to the construction of the Public Improvements which City may impose by written notification delivered to Developer and each such contractor at any time, either prior to the receipt of bids by Developer for the construction of the Public Improvements, or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof.

Developer shall provide proof to City, at such intervals and in such form as City may require, that the foregoing requirements have been satisfied as to all of the Public Improvements.

**2.4 Quality of Work; Compliance With Laws and Codes.** The parties acknowledge and agree that the Plans and Specifications have been prepared in accordance with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other governmental requirements. The Improvements shall be completed in accordance with the Plans and Specifications, as well as all applicable federal, state, and local laws, ordinances, regulations, codes, standards, and other governmental requirements applicable at the time work is actually commenced. The parties acknowledge and agree that the laws and ordinances described in Section 2.3(c) above do not apply to the portion of the Improvements that are not Public Improvements.

2.5 Standard of Performance. Developer and its contractors, if any, shall perform all work required, constructing the Improvements in a good and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Developer represents and maintains that it or its contractors shall be skilled in the professional calling necessary to perform the work. Developer warrants that all of its employees and contractors shall have sufficient skill and experience to perform the work assigned to them, and that they shall have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the work, and that such licenses, permits, qualifications and approvals shall be maintained until the completion of the Improvements.

2.6 Alterations to Improvements. All work shall be done and the Improvements completed as shown on approved Plans and Specifications, and any subsequent alterations thereto mutually agreed upon by City and Developer. If during the course of construction and installation it is determined that due to field conditions the public interest requires alterations in the Improvements, Developer shall undertake such design and construction changes as may be reasonably required by City. If Developer desires to make any alterations to the Plans and Specifications, it shall provide written notice to City of such proposed alterations. City shall have five (5) business days after receipt of such written notice to approve or disapprove such alterations, which approval shall not be unreasonably withheld, conditioned or delayed. If City fails to provide written notice to Developer of its approval or disapproval of the alterations within such five (5) business day period, City will be deemed to have disapproved such alterations to the Plans and Specifications. Any and all alterations in the Plans and Specifications and the Improvements to be completed may be accomplished without first giving prior notice thereof to Developer's surety for this Agreement.

3.0 Maintenance of Improvements. City shall not be responsible or liable for the maintenance or care of the Improvements until District and/or City approves and accepts them. District and/or City shall exercise no control over the Improvements until accepted. Any use by any person of the Improvements, or any portion thereof, shall be at the sole and exclusive risk of Developer at all times prior to District and/or City's acceptance of the Improvements. Developer shall maintain all of the Improvements in a state of good repair until they are completed by Developer and approved and accepted by District and/or City. It shall be Developer's responsibility to initiate all such maintenance work, but if it shall fail to do so, it shall promptly perform such maintenance work when notified to do so by City. If Developer fails to properly prosecute its maintenance obligation under this section, City may do all work necessary for such maintenance and the cost thereof shall be the responsibility of Developer and its surety under this Agreement. City shall not be responsible or liable for any damages or injury of any nature in any way related to or caused by the Improvements or their condition prior to acceptance by District or City, except to the extent such damage or injury is caused by the negligence or willful misconduct of District and/or City, or any of their elected officials, employees and/or agents. Following acceptance of the Improvements by District and/or City, Developer will have no responsibility for the maintenance or care of the Improvements, which shall be the sole responsibility of City or District.

4.0 Fees and Charges. Developer shall, at its sole cost, expense, and liability, pay all fees, charges, and taxes arising out of the construction of the Improvements, including, but not

limited to, all plan check, design review, engineering, inspection, and other service or impact fees established by City prior to the commencement of construction of the Improvements.

5.0 District Inspection of Improvements. Developer shall, at its sole cost, expense, and liability, and at all times during construction of the Improvements, maintain reasonable and safe facilities and provide safe access for inspection by District of the Improvements and areas where construction of the Improvements is occurring or will occur.

6.0 Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Sections 3115 and 3116 of the Civil Code with respect to the Improvements, Developer shall provide to City such evidence or proof as City shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the Improvements, have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation. Rather than await the expiration of the said time for the recording of claims of liens, Developer may elect to provide to City a title insurance policy or other security acceptable to City guaranteeing that no such claims of liens will be recorded or become a lien upon any of the Property.

7.0 Acceptance of Improvements; As-Built or Record Drawings. If the Improvements are properly completed by Developer in accordance with the Plans and Specifications, and if they comply with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other requirements, District shall be authorized to accept the Improvements. District may, in its sole and absolute discretion, accept fully completed portions of the Improvements prior to such time as all of the Improvements are complete, which shall not release or modify Developer's obligation to complete the remainder of the Improvements. Upon the total or partial acceptance of the Improvements by District, Developer shall file with the Recorder's Office of the County of Riverside a notice of completion for the accepted Improvements in accordance with California Civil Code section 3093 ("Notice of Completion"), at which time the accepted Improvements shall become the sole and exclusive property of District without any payment therefore except for the consideration set forth in this Agreement. Notwithstanding the foregoing, District may not accept any Improvements unless and until Developer provides one (1) set of "as-built" or record drawings or plans to District for the Improvements. The drawings shall be certified and shall reflect the condition of the Improvements as constructed, with all changes incorporated therein.

8.0 Warranty and Guarantee. Developer hereby warrants the Improvements against any defective work or labor done, or defective materials furnished in the performance of this Agreement, for a period of one (1) year following completion of the work and acceptance by District ("Warranty"). During the Warranty, Developer shall repair, replace, or reconstruct any defective portion of the Improvements, in accordance with the Plans and Specifications. All repairs, replacements, or reconstruction during the Warranty shall be at the sole cost, expense, and liability of Developer or its surety. Nothing herein shall relieve Developer from any other liability it may have under federal, state, or local law to repair, replace, or reconstruct any Improvement following expiration of the Warranty or any extension thereof. Developer's warranty obligation under this section shall survive the expiration or termination of this Agreement up until the date that is one year after completion of the Improvements.

9.0 Administrative Costs. If Developer fails to construct and install all or any part of the Improvements, or if Developer fails to comply with any other obligation contained herein, and Developer does not cure such failure within ten (10) days following its receipt of written notice from City, then Developer shall be liable to City for all out-of-pocket administrative expenses, fees, and costs, including reasonable attorney's fees and costs, thereafter incurred in obtaining compliance with this Agreement or in processing any legal action or for any other remedies permitted by law.

10.0 Default; Notice; Remedies.

10.1 Notice. If Developer defaults in the performance of any obligation, term, or condition of this Agreement, or if Developer violates any federal, state, or local law, ordinance, regulation, code, standard, or other governmental requirement in its construction of the Improvements, and Developer fails to commence to cure such default or violation within twenty (20) days after written notice from City, then City may at any time thereafter declare Developer to be in default or violation of this Agreement and make written demand upon Developer and its surety, to immediately remedy the default or violation ("Notice"). Developer shall substantially commence the work required to remedy the default or violation within five (5) days of the Notice. If the default or violation constitutes an immediate threat to the public health, safety, or welfare, City may provide the Notice verbally, and Developer shall substantially commence the required work within twenty-four (24) hours thereof.

10.2 Failure to Remedy; City/County Action. If the work required to remedy the default or violation set forth in the Notice is not diligently prosecuted to a completion reasonably acceptable to City within the time frame contained in the Notice, City may complete all remaining work, arrange for the completion of all remaining work, and/or conduct such remedial activity as in its sole and absolute discretion it believes is required to remedy the default or violation. All such work or remedial activity shall be at the sole cost and expense of Developer and Developer's surety, without the necessity of giving any further notice to Developer or Developer's surety. City's right to take such actions shall in no way be limited by the fact that Developer or its surety may have constructed any of the Improvements at the time of City's demand for performance. In the event City elects to complete or arrange for completion of the remaining work and the Improvements, City may require all work by Developer or its surety to cease in order to allow adequate coordination by City.

10.3 Other Remedies. No action by City pursuant to this Section 10.0 et seq. of this Agreement shall prohibit City from exercising any other right or pursuing any other legal or equitable remedy available under this Agreement or any federal, state, or local law. City may exercise its rights and remedies independently or cumulatively, and City may pursue inconsistent remedies. City may institute an action for damages, injunctive relief, or specific performance.

11.0 Security; Surety Bonds. Promptly following the execution of this Agreement, Developer or its contractor shall provide City with the performance bond described in Section 11.1 below and with the labor and material bond described in Section 11.2 below (the "Security"). The amount of the Security shall be based on the estimated costs to construct the Improvements, as reasonably determined by the District. Developer's compliance with this

Section 11.0 et seq. of this Agreement shall in no way limit or modify Developer's indemnification obligation provided in Section 12.0 of this Agreement.

11.1 Performance Bond. To guarantee the faithful performance of the Improvements and all the provisions of this Agreement, to protect City if Developer is in default as set forth in Section 10.0 et seq. of this Agreement, and to secure the Warranty of the Improvements, Developer or its contractor shall provide City a faithful performance bond in an amount which sum shall be not less than one hundred percent (100%) of the Estimated Costs. The City may, in its sole and absolute discretion, partially release a portion or portions of the security provided under this section as the Improvements are accepted by City, provided that Developer is not in default on any provision of this Agreement and the total remaining security is not less than ten (10%) of the Estimated Costs. All security provided under this section shall be released at the end of the Warranty period, provided that there does not then exist an uncured Notice under Section 10.1 above.

11.2 Labor & Material Bond. To secure payment to the contractors, subcontractors, laborers, materialmen, and other persons furnishing labor, materials, or equipment for performance of the Improvements and this Agreement, Developer or its contractor shall provide City a labor and materials bond in an amount which sum shall not be less than one hundred percent (100%) of the Estimated Costs. The security provided under this section shall be released one (1) year after the date City or District accepts the Improvements.

11.3 Additional Requirements. The surety for any surety bonds provided as Security shall have a current A.M. Best rating of at least "A" and FSC-VIII, shall be licensed to do business in California, and shall be reasonably satisfactory to City. As part of the obligation secured by the Security and in addition to the face amount of the Security, Developer, its contractor or the surety shall secure the costs and reasonable expenses and fees, including reasonable attorney's fees and costs, incurred by City in enforcing the obligations of this Agreement. Developer, its contractor and the surety shall stipulate and agree that no change, extension of time, alteration, or addition to the terms of this Agreement, the Improvements, or the Plans and Specifications for the Improvements shall in any way affect its obligation on the Security.

11.4 Evidence and Incorporation of Security. Evidence of the Security shall be provided on commercially reasonable forms.

12.0 Indemnification. Developer shall defend, indemnify, and hold harmless City, its elected officials, employees, and agents from any and all actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state, or local governmental agency, arising out of or incident to any acts, omissions, negligence or willful misconduct of Developer, its employees, contractors, or agents in connection with the performance of this Agreement ("Claims"). This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorney's fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. This indemnification excludes only such portion of any Claim which is caused by the negligence or willful misconduct of City as

determined by a court or administrative body of competent jurisdiction. Developer's obligation to indemnify shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

### 13.0 Insurance.

13.1 Types; Amounts. Developer shall procure and maintain, and shall require its contractors to procure and maintain, during performance of this Agreement, insurance of the types and in the amounts described below ("Required Insurance"). If any of the Required Insurance contains a general aggregate limit, such insurance shall apply separately to this Agreement or be no less than two times the specified occurrence limit.

13.1.1 General Liability. Occurrence version general liability insurance, or equivalent form, with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, which may be met through the combination of a primary general liability policy and an umbrella liability policy.

13.1.2 Business Automobile Liability. Business automobile liability insurance, or equivalent form, with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for the ownership, operation, maintenance, use, loading, or unloading of any auto owned, leased, hired, or borrowed by the insured or for which the insured is responsible.

13.1.3 Workers' Compensation. Workers' compensation insurance with limits as required by the Labor Code of the State of California and employers' liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, at all times during which insured retains employees.

13.1.4 Professional Liability. For any consultant or other professional who will engineer or design the Improvements, liability insurance for errors and omissions with limits not less than One Million Dollars (\$1,000,000) per claim and \$2,000,000 policy aggregate, shall be procured and maintained for a period of three (3) years following completion of the Improvements.

13.2 Deductibles. Any material deductibles or self-insured retentions must be declared to and approved by City.

13.3 Additional Insured; Separation of Insured's. The Required Insurance, except for the professional liability and workers' compensation insurance, shall name City, its elected officials, officers, employees, and agents as additional insured's with respect to work performed by or on behalf of Developer or its contractors, including any materials, parts, or equipment furnished in connection therewith. The Required Insurance shall contain standard separation of insured's provision, and shall contain no special limitations on the scope of its protection to City, its elected officials, officers, employees, or agents.

13.4 Primary Insurance; Waiver of Subrogation. The Required Insurance shall be primary with respect to any insurance or self-insurance programs covering City, its elected

officials, officers, employees, or agents. The policy required for workers' compensation insurance shall provide that the insurance company waives all right of recovery by way of subrogation against City in connection with any damage or harm covered by such policy.

13.5 Certificates; Verification. Developer and its contractors shall furnish City with original certificates of insurance and endorsements effecting coverage for the Required Insurance. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by City before work pursuant to this Agreement can begin. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

13.6 Term; Cancellation Notice. Developer and its contractors shall maintain the Required Insurance for the term of this Agreement and shall replace any certificate, policy, or endorsement which will expire prior to that date.

13.7 Insurer Rating. Unless approved in writing by City, all Required Insurance shall be placed with insurers licensed to do business in the State of California and with a current A.M. Best rating of at least "A-" and FSC-VII.

14.0 ADP Fees Credit/Other Fee Credits/Reimbursements.

14.1 Landowner's ADP Fees Obligation. Landowner hereby agrees and accepts that as of the date of this Agreement, the projected amount Landowner is obligated to pay to City for ADP Fees for the Adjacent Property is estimated to be One Million One Hundred Fifty Thousand Two Hundred Dollars (\$1,150,200) ("ADP Fees Obligation"). Notwithstanding the foregoing, Landowner agrees that this Agreement shall not estop City from adjusting the ADP Fees in accordance with the provisions of the Area Drainage Plan as adopted by the City of Perris. In addition, Landowner agrees and acknowledges that Landowner's final ADP Fees Obligation for the Adjacent Property shall be calculated at the time provided in the Area Drainage Plan and in accordance with the provisions of the ADP Fees Administrative Plan as adopted by the City of Perris in effect at such time.

14.2 Credit Offset Against ADP Fees Obligation. Pursuant to the Area Drainage Plan and in consideration for Developer's obligation under this Agreement to construct the Improvements and Landowner's execution of the Offer(s) of Dedication, a credit estimated to be approximately One Hundred Sixty Nine Thousand Nine Hundred Sixteen Dollars (\$169,916) ("Estimated Credit") shall be applied by City to offset the ADP Fees Obligation. The Estimated Credit is calculated based on the portion of the ADP Fee allocated to improvements for the Perris Valley Storm Drain (\$1,070/acre). The Estimated Credit shall be subject to adjustment and reconciliation under Section 14.3 of this Agreement. Landowner hereby agrees that the amount of the Estimated Credit shall be applied after Developer has awarded a contract for construction of the Public Improvements in accordance with this Agreement. The amount of the Estimated Credit shall be equal to the bid amount set forth in the contract awarded to Developer's Public Improvement subcontractor, plus the allowable eligible Public Improvement costs not subject to bid. The remaining ADP Fees Obligation to be paid by Landowner to City will be the amount of the total ADP Fees Obligation minus the amount of the Estimated Credit. If the dollar amount of



the Estimated Credit exceeds the dollar amount of the ADP Fees Obligation, Landowner will be deemed to have completely satisfied its ADP Fees Obligation for the Adjacent Property and shall be eligible for reimbursement by the City from the collection of ADP Fees from properties located within the applicable Perris Valley Channel benefit area for such excess Estimated Cost as determined by the City and may apply for a reimbursement agreement, to the extent applicable, as provided in Section 14.4 of this Agreement.

**14.3 Reconciliation; Final Offset Against ADP Fees Obligation.** Upon acceptance of the Improvements by City, Developer shall submit to the City Engineer such information as the City Engineer may require to calculate the total actual costs incurred by Developer in constructing the Public Improvements ("Verified Costs"), including but not limited to the information listed in Exhibit "B." The actual amount of credit that shall be applied by City to offset the ADP Fees Obligation shall be equal to the Verified Costs (the "Actual Credit"). If the Actual Credit is less than the Estimated Credit, Landowner shall pay the balance to City to fully satisfy Landowner's ADP Fees Obligation.

**14.4 Reimbursement Agreement.** If authorized under either Section 14.2 or Section 14.3, Landowner may apply to City for a reimbursement agreement for the amount by which the Actual Credit exceeds the ADP Fees Obligation, as determined pursuant to Section 14.3 of this Agreement, the City and the ADP Fees Administrative Plan adopted by the City of Perris ("Reimbursement Agreement"). If City agrees to a Reimbursement Agreement with Landowner, the Reimbursement Agreement shall be executed on the form set forth in Exhibit "C," and shall contain the terms and conditions set forth therein. The Parties agree that the Reimbursement Agreement shall be subject to all terms and conditions of this Agreement, and that upon execution, an executed copy of the Reimbursement Agreement shall be attached hereto and shall be incorporated herein as a material part of this Agreement as though fully set forth herein.

**14.5 No Duplication of Credit.** Developer and City are or will be parties to an Improvement Credit/Reimbursement Agreement for line D/D-3 improvements, dated on or about date of this Agreement ("Line D Agreement"). Pursuant to the Line D Agreement, Developer is entitled to credit or reimbursement for Developer's ADP Fees Obligation for the construction of certain Line D and Lateral D-3 drainage improvements. Credit for the Line D and Lateral D-3 improvements shall be controlled by the Line D Agreement and shall be treated separately from the Improvements identified in this Agreement. Landowner shall not receive credit or reimbursement for any Line D or Lateral D-3 improvements described in the Line D Agreement.

## **15.0 Miscellaneous.**

**15.1 Assignment.** Landowner may assign all or a portion of its rights pursuant to this Agreement to a purchaser of a portion or portions of the Adjacent Property ("Assignment"). Landowner and such purchaser and assignee ("Assignee") shall provide to City such reasonable proof as it may require that Assignee is the purchaser of such portions of the Adjacent Property. Any assignment pursuant to this section shall not be effective unless and until Landowner and Assignee have executed an assignment agreement with City in a form reasonably acceptable to City, whereby Landowner and Assignee agree, except as may be otherwise specifically provided therein, to the following: (1) that Assignee shall receive all or a portion of Landowner's rights pursuant to this Agreement, including such credit as is determined to be applicable to the portion

of the Adjacent Property purchased by Assignee pursuant to Section 14.0 et seq. of this Agreement, and (2) that Assignee shall be bound by all applicable provisions of this Agreement.

15.2 Relationship Between the Parties. The Parties hereby mutually agree that this Agreement shall not operate to create the relationship of partnership, joint venture, or agency between City, Developer and/or Landowner. Developer's contractors are exclusively and solely under the control and dominion of Developer. Nothing herein shall be deemed to make Developer or its contractors an agent or contractor of City.

15.3 Warranty as to Property Ownership; Authority to Enter Agreement. Landowner hereby warrants that it owns fee title to the Adjacent Property and Developer hereby warrants that it owns fee title to the Developer Property and that each has the legal capacity to enter into this Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

15.4 Prohibited Interests. Developer and Landowner warrant that they have not employed or retained any company or person, other than a bona fide employee working solely for Landowner or Developer, to solicit or secure this Agreement. Landowner and Developer also warrant that they have not paid or agreed to pay any company or person, other than a bona fide employee working solely for Landowner or Developer, any fee, commission, percentage, brokerage fee, gift, or other consideration contingent upon the making of this Agreement. For breach of this warranty, City shall have the right to rescind this Agreement without liability.

15.5 Notices. All notices, demands, invoices, and written communications shall be in writing and delivered to the following addresses or such other addresses as the Parties may designate by written notice:

To: City of Perris  
Attn: City Manager  
101 North "D" Street  
Perris, CA 92570  
Fax No. (951)943-8416

Copy to: Aleshire & Winder, LLP  
3880 Lemon Street, Suite 520  
Riverside, CA 92501  
Attn: Eric L. Dunn

To: Landowner:  
Stratford Ranch Investors, LLC  
Attn: Randall C. Luce  
4100 Newport Place, Suite 400  
Newport Beach, CA 92660  
Fax No. (949) 252-0804

To: Developer:  
Stratford Ranch, LLC

Stratford Ranch I, LLC  
Attn: Alan Sharp  
26632 Towne Centre Drive, Suite 320  
Foothill Ranch, CA 92610  
Fax No. (949) 614-8230

Depending upon the method of transmittal, notice shall be deemed received as follows: by facsimile, as of the date and time sent; by messenger, as of the date delivered; and by U.S. Mail first class postage prepaid, as of 72 hours after deposit in the U.S. Mail.

15.6 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate, or convenient to attain the purposes of this Agreement.

15.7 Construction; References; Captions. It being agreed the Parties or their agents have participated in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. All references to Developer or Landowner include all personnel, employees, agents, and contractors of Developer or Landowner, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

15.8 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

15.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual right by custom, estoppel, or otherwise.

15.10 Binding Effect. Each and all of the covenants and conditions shall be binding on and shall inure to the benefit of the Parties, and their successors, heirs, personal representatives, or assigns. This section shall not be construed as an authorization for any Party to assign any right or obligation.

15.11 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

15.12 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

15.13 Consent to Jurisdiction and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any legal action or

proceeding brought to interpret or enforce this Agreement, or which in any way arises out of the Parties' activities undertaken pursuant to this Agreement, shall be filed and prosecuted in the appropriate California State Court in the County of Riverside, California. Each Party waives the benefit of any provision of state or federal law providing for a change of venue to any other court or jurisdiction including, without limitation, a change of venue based on the fact that a governmental entity is a party to the action or proceeding, or that a federal right or question is involved or alleged to be involved in the action or proceeding. Without limiting the generality of the foregoing waiver, Developer and Landowner expressly waive any right to have venue transferred pursuant to California Code of Civil Procedure Section 394.

15.14 Time is of the Essence. Time is of the essence in this Agreement, and the Parties agree to execute all documents and proceed with due diligence to complete all covenants and conditions.

15.15 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

15.16 Entire Agreement. This Agreement contains the entire agreement between City, Developer and Landowner and supersedes any prior oral or written statements or agreements between City, Developer and Landowner.

15.17 No Rights in Public. Nothing contained in this Agreement shall be deemed to create any right or rights in the general public, nor be deemed to be a gift or dedication of the Improvements or any portion of the real property on which the Improvements are located to or for the general public or for use by the general public, it being the parties intention that this Agreement shall be strictly limited to and for the purposes herein expressed.

**[SIGNATURES OF PARTIES ON NEXT PAGE]**

**IN WITNESS WHEREOF, the Parties hereto have executed this Improvement Credit/Reimbursement Agreement as of the day and year first above written.**

**LANDOWNER:**

Stratford Ranch Investors, LLC, a Delaware limited liability company

By: ESA Stratford Partners, L.P.  
a California limited partnership  
Its: Managing Member

By: ESA Partners, LLC, a Delaware limited liability company  
Its: General Partner

By: Entrepreneurial Properties Corporation, a Nevada corporation  
Its: Member

By: \_\_\_\_\_  
Randall C. Luce

By: \_\_\_\_\_  
John K. Abel

**DEVELOPER:**

Stratford Ranch, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Manager

Stratford Ranch I, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Manager

CITY:

City of Perris, a California municipal corporation

By: \_\_\_\_\_  
Richard Belmudez

Its: City Manager

ATTEST:

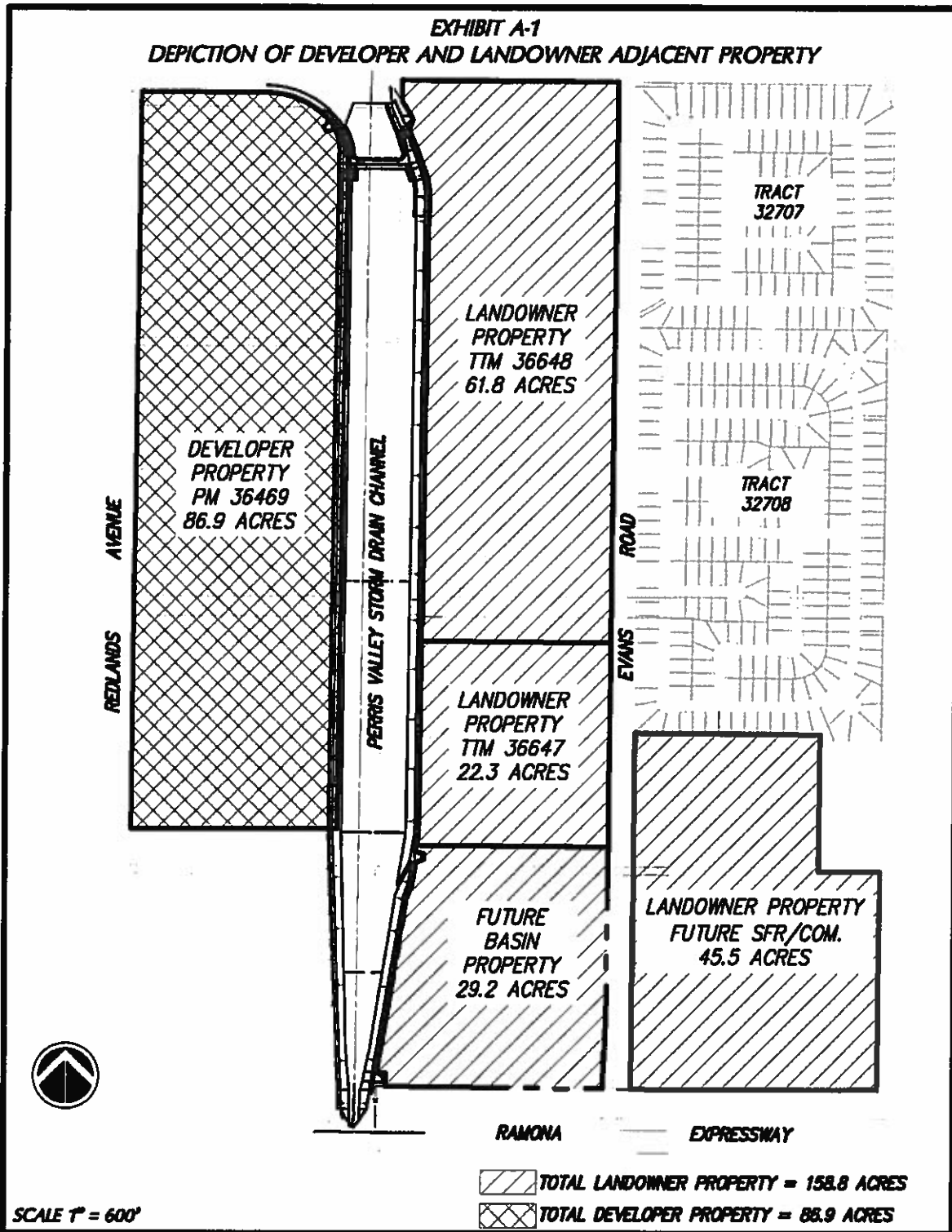
By: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM:  
ALESHIRE & WYNDER, LLP:

\_\_\_\_\_  
Eric L. Dunn, City Attorney

**EXHIBIT "A-1"  
SITE MAP**



**EXHIBIT "A-2"**

**LEGAL DESCRIPTION OF THE ADJACENT PROPERTY**

REAL PROPERTY IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

**PARCEL 1:**

PARCEL C OF LOT 5, OF UNIT 1 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 2:**

PARCELS A, B, C, D AND E OF LOT 5, PARCELS A, B, C, D AND E OF LOT 6, PARCELS A, B, C, D, E AND F OF LOT 7, PARCELS A, B, C, D, E AND F OF LOT 8, PARCELS A, B, C, D AND E OF LOT 9, PARCELS A, B, C, D AND E OF LOT 10, PARCEL E OF LOT 18, PARCELS A, B, C, D AND E OF LOT 19, PARCELS A, B AND C OF LOT 20, PARCEL A OF LOT 24 AND PARCEL E OF LOT 25, ALL IN UNIT 2 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING FROM PARCEL E OF LOT 18 AND PARCEL E OF LOT 25 THOSE PORTIONS DESCRIBED IN PARCEL 3 CONVEYED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED APRIL 8, 1955 IN BOOK 1720 PAGE 226 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 3:**

PARCELS B, C AND D OF LOT 24 IN UNIT 2 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 4:**

PARCEL E OF LOT 4, PARCELS A, B, D AND E OF LOT 5, PARCELS A, B, C, D AND E OF LOT 6, PARCELS A, B, C AND D OF LOT 7, PARCELS D, E AND F OF LOT 8, PARCELS A, B, C, D AND E OF LOT 9, PARCELS A, B, C, D AND E OF LOT 10, PARCEL E OF LOT 11 ALL IN UNIT 1 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING FROM PARCEL E OF LOT 4 AND PARCEL E OF LOT 10 THOSE PORTIONS DESCRIBED IN PARCEL 4 AS CONVEYED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED APRIL 8, 1955 IN BOOK 1720 PAGE 226 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 5:**

PARCELS D AND E OF LOT 20, PARCELS C AND E OF LOT 21, PARCELS A, B AND C OF LOT 22, PARCEL F OF LOT 21, TOGETHER WITH THE NORTHERLY 95 FEET OF PARCEL F OF LOT 22, ALL IN UNIT 2 OF LA



VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA

PARCEL 6:

LOTS "A" AND "B" OF BLOCK 21 IN UNIT NO. 2 OF LA VINA LAND COMPANY TRACT UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 7:

LOT "D" IN LOT 21 IN UNIT NO. 2 OF LA VINA LAND COMPANY TRACTS NOS. 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 8:

PARCEL "E" OF LOT 24 AND PARCEL "A" OF LOT 23 OF UNIT NO. 2 OF LA VINA LAND CO. TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 9:

PARCEL B OF LOT 23 UNIT 2 IN LA VINA LAND COMPANY TRACT UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 10:

PARCELS D AND E OF LOT 23 OF UNIT NO. 2 OF LA VINA LAND COMPANY TRACT UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 11:

PARCEL C OF LOT 23 OF UNIT 2 IN THE LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 12:

LOT D OF BLOCK 22 OF LA VINA LAND COMPANY TRACT, UNIT 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 13:

PARCEL "E", LOT 22, UNIT NO. 2 OF LA VINA LAND COMPANY TRACT AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 14:

PARCEL "F" OF LOT 22 IN UNIT NO. 2 OF LA VINA LAND COMPANY TRACT AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING THEREFROM THE NORTH 95 FEET THEREOF.

**PARCEL 15:**

**PARCEL "E" IN LOT 7 OF UNIT NO. 1 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 16:**

**PARCEL "F" IN LOT 7 OF UNIT NO. 1 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2, AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 17:**

**PARCELS A AND B, BLOCK 8 OF UNIT 1, IN LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 18:**

**LOT C, BLOCK 8, UNIT NO. 1, OF LA VINA LAND TRACT AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 250 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 19:**

**LOTS 18, 19, 20, 21, 23, 24 AND THE EASTERLY 69.7 FEET OF LOT 25 OF LOS ANGELES VINEYARD ASSOCIATION TRACT 1, AS SHOWN BY MAP ON FILE IN BOOK 10 PAGE 99 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED APRIL 8, 1955 IN BOOK 1720 PAGE 226 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED FEBRUARY 11, 1959 AS INSTRUMENT NO. 11951 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA BY DEEDS RECORDED NOVEMBER 18, 1969 AS INSTRUMENT NO. 118288 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 20:**

**LOT 22 OF LOS ANGELES VINEYARD ASSOCIATION TRACT 1, AS SHOWN BY MAP ON FILE IN BOOK 10 PAGE 99 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED SEPTEMBER 19, 1958 IN BOOK 2335 PAGE 23 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED JULY 14, 1970 AS INSTRUMENT NO. 67199 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 21:**

PARCEL E OF LOT 4, PARCELS A, B AND E OF LOT 5, PARCELS A, C, D AND E OF LOT 6, PARCELS A, B, C AND D OF LOT 7, PARCELS D, E AND F OF LOT 8, PARCELS A, B, C, D AND E OF LOT 9, PARCELS A, B, C, D AND E OF LOT 10 AND PARCEL E OF LOT 11, ALL IN UNIT 1 OF LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING FROM PARCEL E OF LOT 4 AND PARCEL E OF LOT 10 THOSE PORTIONS DESCRIBED IN PARCEL 4 AS CONVEYED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED APRIL 8, 1955 IN BOOK 1720 PAGE 226 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 22:**

PARCELS A AND B, LOT 8 OF UNIT 1, IN LA VINA LAND COMPANY TRACT, UNITS 1 AND 2 AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 23:**

PARCEL C, LOT 8, UNIT NO. 1, OF LA VINA LAND TRACT AS SHOWN BY MAP ON FILE IN BOOK 14 PAGES 19 AND 20 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 24:**

PARCELS A, B, C AND D OF LOT 17, PARCELS A, B, C, D AND E OF LOT 18, PARCELS A, B, C, D AND E OF LOT 19, PARCELS A AND THE WEST HALF OF PARCEL D OF LOT 20, PARCELS A, B, C AND D OF LOT 29, PARCELS A, B, C, D AND E OF LOT 30, PARCELS A, B, C, D AND E OF LOT 31, PARCELS B, C AND D OF LOT 32 OF UNIT 4 IN LA VINA LAND COMPANY TRACT, UNITS 3, 4, 5 AND 6 AS SHOWN BY MAP ON FILE IN BOOK 15 PAGES 18 AND 19 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED NOVEMBER 18, 1969 AS INSTRUMENT NO. 118286 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED FEBRUARY 11, 1959 AS INSTRUMENT NO. 11951 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THE SOUTHERLY RECTANGULAR 60.00 FEET OF PARCELS B AND C OF LOT 32 AND PARCEL C OF LOT 29 ALL IN UNIT 4 AS SHOWN ON THE MAP OF LA VINA LAND COMPANY TRACT, UNITS 3, 4, 5 AND 6 RECORDED IN BOOK 15, PAGES 18 AND 19 OF MAPS, AS EXCEPTED BY THE COUNTY OF RIVERSIDE BY DEED RECORDED FEBRUARY 11, 1959 AS INSTRUMENT NO. 11956 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 25:**

PARCELS "B" AND "C", OF LOT 20, OF UNIT 4, IN LA VINA LAND CO., TRACT UNITS 3 AND 4 AND 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 PAGES 18 AND 19 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

**PARCEL 26:**

THE EAST 1/2 OF LOT D OF BLOCK 20, IN UNIT 4 OF LA VINA LAND COMPANY TRACT, UNITS 3, 4, 5 AND 6 AS SHOWN BY MAP ON FILE IN BOOK 15 PAGES 18 AND 19 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 27:

THAT PORTION OF LOT A IN BLOCK 32 OF UNIT 4 OF MAP OF LA VINA LAND CO. TRACT UNITS 3, 4, 5 & 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, SAID PORTION BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTERLINE OF PERRY STREET (40.00 FEET IN WIDTH) WITH THE CENTERLINE OF EVANS ROAD (RECORDED AS MURRIETA ROAD, 20.00 FEET IN HALF WIDTH), BOTH OF SAID MAP;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID CENTERLINE OF EVANS ROAD, A DISTANCE OF 660.09 FEET TO A POINT THEREON;

THENCE SOUTH 89° 53' 45" EAST, A DISTANCE OF 64.00 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING ON THE NORTHERLY LINE OF SAID LOT A;

THENCE SOUTH 89° 53' 45" EAST ALONG SAID NORTHERLY LINE OF LOT A, A DISTANCE OF 68.00 FEET TO THE NORTHEAST CORNER THEREOF;

THENCE SOUTH 00° 26' 19" WEST ALONG THE EASTERLY LINE OF SAID LOT A, A DISTANCE OF 430.09 FEET TO A POINT ON THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE METROPOLITAN WATER DISTRICT BY DEED RECORDED NOVEMBER 18, 1969 AS INSTRUMENT NO. 118286, OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

THENCE NORTH 89° 53' 45" WEST ALONG SAID NORTHERLY LINE, A DISTANCE OF 68.00 FEET TO POINT ON A LINE PARALLEL WITH AND DISTANT EASTERLY 64.00 FEET, MEASURED AT A RIGHT ANGLE, FROM SAID CENTERLINE OF EVANS ROAD;

THENCE NORTH 00° 26' 19" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 430.09 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 28:

PARCEL A OF LOT 16 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN;

TOGETHER WITH THAT PORTION OF PARCEL A OF LOT 1 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL A OF LOT 1 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL A OF LOT 1 OF UNIT 4, A DISTANCE OF 112.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL A OF LOT 1 OF UNIT 4,

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A DISTANCE OF 28.84 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 112.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL A OF LOT 1 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 29.49 FEET TO THE POINT OF BEGINNING.

PARCEL 29:

PARCEL B OF LOT 16 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL B OF LOT 1 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL B OF LOT 1 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL B OF LOT 1 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL B OF LOT 1 OF UNIT 4, A DISTANCE OF 28.45 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL B OF LOT 1 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 28.84 FEET TO THE POINT OF BEGINNING.

PARCEL 30:

PARCEL C OF LOT 16 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL C OF LOT 1 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL C OF LOT 1 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL C OF LOT 1 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL C OF LOT 1 OF UNIT 4, A DISTANCE OF 28.07 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL C OF LOT 1 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 28.45 FEET TO THE

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POINT OF BEGINNING.

PARCEL 31:

PARCEL D OF LOT 16 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL D OF LOT 1 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL D OF LOT 1 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL D OF LOT 1 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL D OF LOT 1 OF UNIT 4, A DISTANCE OF 27.68 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL D OF LOT 1 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 28.07 FEET TO THE POINT OF BEGINNING.

PARCEL 32:

PARCEL A OF LOT 15 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL A OF LOT 2 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL A OF LOT 2 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL A OF LOT 2 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL A OF LOT 2 OF UNIT 4, A DISTANCE OF 27.30 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL A OF LOT 2 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 27.68 FEET TO THE POINT OF BEGINNING.

PARCEL 33:

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PARCEL B OF LOT 15 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL B OF LOT 2 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL B OF LOT 2 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL B OF LOT 2 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL B OF LOT 2 OF UNIT 4, A DISTANCE OF 26.91 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL B OF LOT 2 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 27.30 FEET TO THE POINT OF BEGINNING.

**PARCEL 34:**

PARCEL C OF LOT 15 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL C OF LOT 2 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL C OF LOT 2 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL C OF LOT 2 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL C OF LOT 2 OF UNIT 4, A DISTANCE OF 26.52 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL C OF LOT 2 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 26.91 FEET TO THE POINT OF BEGINNING.

**PARCEL 35:**

PARCEL D OF LOT 15 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4,

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TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL D OF LOT 2 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL D OF LOT 2 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL D OF LOT 2 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL D OF LOT 2 OF UNIT 4, A DISTANCE OF 26.14 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL D OF LOT 2 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 26.52 FEET TO THE POINT OF BEGINNING.

PARCEL 36:

PARCEL E OF LOT 15 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL E OF LOT 2 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL E OF LOT 2 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL E OF LOT 2 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL E OF LOT 2 OF UNIT 4, A DISTANCE OF 25.75 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL E OF LOT 2 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 26.14 FEET TO THE POINT OF BEGINNING.

PARCEL 37:

PARCEL A OF LOT 14 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL A OF LOT 3 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

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BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL A OF LOT 3 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL A OF LOT 3 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL A OF LOT 3 OF UNIT 4, A DISTANCE OF 25.37 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL A OF LOT 3 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 25.75 FEET TO THE POINT OF BEGINNING.

**PARCEL 38:**

PARCEL B OF LOT 14 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL B OF LOT 3 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL B OF LOT 3 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL B OF LOT 3 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL B OF LOT 3 OF UNIT 4, A DISTANCE OF 24.98 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL B OF LOT 3 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 25.37 FEET TO THE POINT OF BEGINNING.

**PARCEL 39:**

PARCEL C OF LOT 14 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL C OF LOT 3 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL C OF LOT 3 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL C OF LOT 3 OF UNIT

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EXHIBIT A-2

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4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL C OF LOT 3 OF UNIT 4, A DISTANCE OF 24.60 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL C OF LOT 3 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 24.98 FEET TO THE POINT OF BEGINNING.

**PARCEL 40:**

PARCEL D OF LOT 14 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL D OF LOT 3 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL D OF LOT 3 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL D OF LOT 3 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL D OF LOT 3 OF UNIT 4, A DISTANCE OF 24.21 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL D OF LOT 3 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 24.60 FEET TO THE POINT OF BEGINNING.

**PARCEL 41:**

PARCEL E OF LOT 14 OF UNIT 4, LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, AS SHOWN BY MAP ON FILE IN BOOK 15 OF MAPS AT PAGES 18 AND 19 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN.

TOGETHER WITH THAT PORTION OF PARCEL E OF LOT 3 OF UNIT 4 OF SAID LA VINA LAND COMPANY TRACT UNITS 3, 4, 5 AND 6, SAID PORTION BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL E OF LOT 3 OF UNIT 4;

THENCE SOUTH 89° 53' 45" EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL E OF LOT 3 OF UNIT 4, A DISTANCE OF 66.00 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 00° 26' 19" EAST ALONG THE EASTERLY LINE OF SAID PARCEL E OF LOT 3 OF UNIT 4, A DISTANCE OF 23.83 FEET;

THENCE NORTH 89° 33' 41" WEST, A DISTANCE OF 66.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID PARCEL E OF LOT 3 OF UNIT 4;

THENCE SOUTH 00° 26' 19" WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 24.21 FEET TO THE POINT OF BEGINNING.

**EXHIBIT "A-3"**

**LEGAL DESCRIPTION OF THE DEVELOPER PROPERTY**

**Parcels 1 and 2 of Parcel Map No. 36469, located in the City of Perris, County of Riverside, State of California, as shown by map of file in Book 237, Pages 17-19 inclusive of Parcel Maps, of Official Records of Riverside County.**

## **EXHIBIT "B"**

### **DOCUMENTATION TO BE PROVIDED TO CITY OF PERRIS BY DEVELOPER FOR DETERMINATION OF CONSTRUCTION COSTS**

To assist City in determining the Construction Costs for a completed Improvement, Developer shall provide the following documents to City:

1. Plans, specifications and Developer's civil engineer's cost estimate;
2. List of bidders from whom bids were requested;
3. Construction schedules and progress reports;
4. Contracts, insurance certificates and change orders with each contractor or vendor;
5. Invoices received from all vendors;
6. Canceled checks for payments made to contractors and vendors (copy both front and back of canceled checks);
7. Spreadsheet showing total costs incurred in and related to the construction of each Improvement and the check number for each item of cost and invoice;
8. Final lien releases from each contractor and vendor; and
9. Such further documentation as may be reasonably required by City to evidence the completion of construction and the payment of each item of cost and invoice.

**EXHIBIT "C"**

**REIMBURSEMENT AGREEMENT**

**MASTER DRAINAGE FEE PROGRAM**

THIS REIMBURSEMENT AGREEMENT ("Agreement") is executed this \_\_\_\_ day of \_\_\_\_\_, 201\_, by and among the City of Perris, a California municipal corporation ("City") Stratford Ranch Investors, LLC a Delaware limited liability company or its assignee ("Landowner"). City and Landowner are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties."

**RECITALS**

WHEREAS, City and Landowner are parties to an agreement dated \_\_\_\_\_, 2014, entitled "Improvement Credit/Reimbursement Agreement - Master Drainage Fee Program Perris Valley Channel" (hereinafter "Credit Agreement");

WHEREAS, Sections 14.1 through 14.4 of the Credit Agreement provide that Landowner is obligated to pay City the ADP Fees Obligation, as defined therein, but shall receive credit to offset the ADP Fees Obligation if Stratford Ranch, LLC ("Developer") constructs and City accepts the Improvements in accordance with the Credit Agreement;

WHEREAS, Section 14.5 of the Credit Agreement provides that if the dollar amount of the credit to which Landowner is entitled under the Credit Agreement exceeds the dollar amount of the ADP Fees Obligation, Landowner may apply to City for a reimbursement agreement for the amount by which the credit exceeds the ADP Fees Obligation;

WHEREAS, Section 14.5 additionally provides that a reimbursement agreement executed pursuant to the Credit Agreement (i) shall be executed on the form attached to the Credit Agreement, (ii) shall contain the terms and conditions set forth therein, (iii) shall be subject to all terms and conditions of the Credit Agreement, and (iv) shall be attached upon execution to the Credit Agreement and incorporated therein as a material part of the Credit Agreement as though fully set forth therein; and

WHEREAS, City has consented to execute a reimbursement agreement with Landowner pursuant to the Credit Agreement, City of Perris, and the ADP Fees Administrative Plan adopted by City.

**NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:**

## TERMS

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Effectiveness. This Agreement shall not be effective unless and until the Credit Agreement is effective and in full force in accordance with its terms.

3.0 Definitions. Terms not otherwise expressly defined in this Agreement, shall have the meaning and intent set forth in the Credit Agreement.

4.0 Amount of Reimbursement. Subject to the terms, conditions, and limitations set forth in this Agreement, the Parties hereby agree that Landowner is entitled to receive the dollar amount by which the Actual Cost or Unit Cost Assumptions (whichever is less) exceeds the dollar amount of the ADP Fees Obligation as determined pursuant to the Credit Agreement, City of Perris, and the Master Drainage Administrative Plan adopted by the City ("Reimbursement"). In no event shall the dollar amount of the Reimbursement exceed the difference between the dollar amount of all credit applied to offset the ADP Fees Obligation pursuant to Sections 14.2, 14.3, and 14.4 of the Credit Agreement, and one hundred percent (100%) of the approved Unit Cost Assumptions for the Improvements in effect at the time of the contract for the Improvements was awarded, as such assumptions are identified and determined in the Area Drainage Plan adopted by the City.

5.0 Payment of Reimbursement; Funding Contingency. Payment of the Reimbursement to Landowner shall be made by the City, subject to the following:

5.1 Landowner shall have no right to receive payment of the Reimbursement unless and until (i) the Improvements are completed and accepted by the City in accordance with the Credit Agreement, (ii) The City has funds available and appropriated for payment of the Reimbursement.

5.2 Landowner shall not be entitled to any interest or other cost adjustment for any delay between the time when the dollar amount of the Reimbursement is determined and the time when payment of the Reimbursement is made to Landowner by the City.

6.0 Affirmation of Credit Agreement. City and Landowner represent and warrant to each other that there have been no written or oral modifications or amendments of the Credit Agreement, except by this Agreement. City and Landowner ratify and reaffirm each and every one of their respective rights and obligations arising under the Credit Agreement. City and Landowner represent and warrant that the Credit Agreement is currently an effective, valid, and binding obligation.

7.0 Incorporation Into Credit Agreement. Upon execution of this Agreement, an executed original of this Agreement shall be attached as Exhibit "C" to the Credit Agreement and shall be incorporated therein as a material part of the Credit Agreement as though fully set forth therein.

8.0 Terms of Credit Agreement Controlling. Each Party hereby affirms that all provisions of the Credit Agreement are in full force and effect and shall govern the actions of the Parties under this Agreement as though fully set forth herein and made specifically applicable hereto, including

without limitation, the following sections of the Credit Agreement: Sections 10.0 through 10.3, Section 12.0, Sections 13.0 through 13.7, Sections 14.0 through 14.5, and Sections 15.0 through 15.17.

**[SIGNATURES OF PARTIES ON NEXT PAGE]**



**IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.**

**LANDOWNER:**

**Stratford Ranch Investors, LLC, a Delaware limited liability company**

**By: ESA Stratford Partners, L.P.  
a California limited partnership  
Its: Managing Member**

**By: ESA Partners, LLC, a Delaware limited liability company  
Its: General Partner**

**By: Entrepreneurial Properties Corporation,  
a Nevada corporation  
Its: Member**

**By: \_\_\_\_\_  
Randall C. Luce**

**By: \_\_\_\_\_  
John K. Abel**

**CITY:**

**City of Perris, a California municipal corporation**

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

**Its: \_\_\_\_\_**

**ATTEST:**

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

**Its: \_\_\_\_\_**

**EXHIBIT "D"**

**PLANS AND SPECIFICATIONS**

Drawing Number	Title	Date	
1 of 12	Perris Valley Channel Stage 5 -Title Sheet	3/24/2014	Webb & Associates
2 of 12	Perris Valley Channel Stage 5 -Plan & Profile Sheet	3/24/2014	Webb & Associates
3 of 12	Perris Valley Channel Stage 5 -Plan & Profile Sheet	3/24/2014	Webb & Associates
4 of 12	Perris Valley Channel Stage 5 - Plan & Profile Sheet	3/24/2014	Webb & Associates
5 of 12	Perris Valley Channel Stage 5 - Cross Sections	3/24/2014	Webb & Associates
6 of 12	Perris Valley Channel Stage 5 - Drop Structure Detail	3/24/2014	Webb & Associates
7 of 12	Perris Valley Channel Stage 5 - Lateral X Plan and Profile	3/24/2014	Webb & Associates
8 of 12	Perris Valley Channel Stage 5 - Line-C Plan and Profile	3/24/2014	Webb & Associates
9 of 12	Perris Valley Channel Stage 5 - Line-F Plan and Profile	3/24/2014	Webb & Associates
10 of 12	Grading Detail	10/17/2014	Webb & Associates
11 of 12	Access Ramp Grading Detail	10/17/2014	Webb & Associates
12 of 12	Demolition Plan	10/17/2014	Webb & Associates

**EXHIBIT "E"**

**PUBLIC IMPROVEMENTS**

	<i>PVSD Channel Storm Drain and Concrete Work</i>			<i>Unit Costs</i>	<i>Total</i>
1	Contractor Mobilization	1	ls	\$7,500.00	\$ 7,500.00
2	100 lf of 18" RCP	100	lf	\$53.00	\$ 5,300.00
3	48 lf of 36" RCP	48	lf	\$95.00	\$ 4,560.00
4	One (1) D89 Headwall on 36" pipe - 1	1	ea	\$4,685.00	\$ 4,685.00
5	Two (2) D90 Headwall on 18" pipe - 2	2	ea	\$10,950.00	\$ 21,900.00
6	One (1) D90 headwall on 36" pipe - 1	1	ea	\$21,450.00	\$ 21,450.00
7	Two (2) Manhole No. 1	2	ea	\$2,985.00	\$ 5,970.00
8	Two (2) Concrete pad at MH	2	ea	\$600.00	\$ 1,200.00
9	45 CY of Grouted Rip Rap at Headwalls 4.5' x .75' Cutoff Wall	45	ea	\$149.00	\$ 6,705.00
10	Two (2) Areas to Join Existing Concrete Slope Paving	2	ea	\$1,200.00	\$ 2,400.00
11	680 lf of 2' x .5' Cutoff Wall	680	lf	\$19.00	\$ 12,920.00
12	324 lf of 4' x .75' Cutoff Wall	324	lf	\$66.00	\$ 21,384.00
13	250 lf of 6' x 1.5' Cutoff Wall	250	lf	\$130.00	\$ 32,500.00
14	44,470 SF of 6" PCC Slope Paving and Flatwork	44470	sf	\$7.00	\$ 311,290.00
15	7500 +/- SF of 12" Thick Concrete Baffled Apron	1	ls	\$204,000.00	\$ 204,000.00
16	240 SF of Grout at Access Road	240	sf	\$5.75	\$ 1,380.00
17	Earthwork Overexcavation & Temp Berm				\$ -
18	377 CY of Loose Rip Rap	377	cy	\$76.00	\$ 28,652.00
19	1177 CY of Grouted Rip Rap	1177	cy	\$105.00	\$ 123,585.00
20	27 LF of Retaining Wall	27	lf	\$165.00	\$ 4,455.00