ITEM 4.10

CITY MANAGER'S REPORT
JULY 10, 2023 CITY COUNCIL REGULAR MEETING

ITEM: **APPROVE WASTEWATER TREATMENT CAPACITY TRANSFER FROM SOUTH LATHROP LAND, LLC TO D.R. HORTON, INC. THROUGH THE CITY**

RECOMMENDATION: **Adopt Resolution Approving the Transfer of Wastewater Treatment Capacity in the Consolidated Treatment Facility from South Lathrop Land, LLC to D.R. Horton, Inc. through the City and an Associated Transfer Agreement**

SUMMARY:

On October 10, 2022, City Council approved Vesting Tentative Map 22-100 for 95 medium-density residential lots in the Mossdale Landing South Specific Plan ("Project") with associated Conditions of Approval. D.R. Horton, Inc. ("DR Horton"), the developer for the Project, is required to secure sufficient wastewater capacity prior to the approval of a final map to satisfy the Conditions of Approval. South Lathrop Land, LLC ("SLL") has unused wastewater capacity and has agreed to sell it to DR Horton with the City acting in its capacity as the intermediary for the transfer.

Staff recommends Council approve the requested transfer of wastewater treatment capacity and authorize the City Manager to execute the Wastewater Treatment Capacity Transfer Agreement ("Transfer Agreement").

BACKGROUND:

In November 2016, the City and several developers entered into a Design and Construction Funding Agreement Related to the Phase 2 Expansion of Existing Lathrop Consolidated Treatment Facility ("CTF 2 Agreement", Exhibit A of Attachment B). The CTF 2 Agreement assigned sewer allocation in two categories, Initial Capacity and Reserve Capacity, with use of the Initial Capacity being immediately available and the Reserve Capacity being subject to demonstration of need.

On November 21, 2016, Richland Developers, Inc. ("Richland") entered into the CTF 2 Agreement, whereby the City allocated 114,000 gallons per day ("gpd") in Initial Wastewater Treatment Capacity, and 41,455 gpd of Reserve Wastewater Treatment Capacity to Richland. On May 12, 2018, the capacity was transferred to SLL based on SLL's acquisition of the South Lathrop Commerce Center Property from Richland, and Richland's transfer of their rights to the CTF as documented in the transfer of the Funding Agreement between SLL and Richland ("Funding Agreement"), as adopted by the City Ordinance No. 18-390.

On October 10, 2022 City Council approved a Vesting Tentative Map 22-100 for 95 medium-density residential lots in the Project and the associated Conditions of Approval which require the developer, DR Horton, to secure sufficient wastewater capacity prior to approval of a final map. DR Horton anticipates presenting a final map for City Council approval in August 2023 and is required to secure 17,100 gpd of wastewater capacity for the Project.

The purchase price has been established by the City in accordance with the Funding Agreement as $29.98/gpd, and so the purchase price for a total of 17,100 gpd is agreed by DR Horton to equal $512,658. DR Horton is required to allocate the wastewater capacity to a project by processing a final map within one year of the approval of the Transfer Agreement or sell the capacity back to the City at the original price of $29.98/gpd.

The Public Works Director has confirmed that the requested transfer is consistent with the City's General Plan, Sewer Master Plan, and Zoning Ordinance. The Public Works Director and the City Engineer recommend City Council approve the application for sewer transfer and authorize the City Manager to execute the Transfer Agreement.

REASON FOR RECOMMENDATION:

The Public Works Director has confirmed that the requested Transfer Agreement is consistent with the City's General Plan, Sewer Master Plan and Zoning Ordinance. The Public Works Director and the City Engineer recommend City Council approve the sewer transfer and authorize the City Manager to execute the Transfer Agreement, approved as to form by the City Attorney, with the applicant. In accordance with the Transfer Agreement, DR Horton shall make payment in full within ten (10) days after the date when the City Council approves the Final Map. At the time of receipt of payment, City will transfer the treatment capacity to DR Horton and the funds to SLL.

FISCAL IMPACT:

No fiscal impacts are associated with this action.

ATTACHMENTS:

A. Resolution Approving the Transfer of Wastewater Treatment Capacity in the Consolidated Treatment Facility from South Lathrop Land LLC, to D.R. Horton Inc., through the City and an Associated Transfer Agreement

B. Wastewater Treatment Capacity Transfer Agreement from SLL to the City and from City to DR Horton

APPROVALS

Brad Taylor
City Engineer — Date: 6/28/2023

Cari James
Finance Director — Date: 6/28/2023

Michael King
Assistant City Manager — Date: 6/28/2023

Salvador Navarrete
City Attorney — Date: 6.28.2023

Stephen J. Salvatore
City Manager — Date: 7.5.23

RESOLUTION NO. 23-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP APPROVING THE TRANSFER OF WASTEWATER TREATMENT CAPACITY IN THE CONSOLIDATED TREATMENT FACILITY FROM SOUTH LATHROP LAND, LLC TO D.R. HORTON, INC. THROUGH THE CITY AND AN ASSOCIATED TRANSFER AGREEMENT

WHEREAS, on November 21, 2016, the City and several developers entered into a Design and Construction Funding Agreement Related to the Phase 2 Expansion of Existing Lathrop Consolidated Treatment Facility ("CTF 2 Agreement"); and

WHEREAS, the CTF 2 Agreement assigned sewer allocation in two categories, Initial Capacity and Reserve Capacity, with use of the Initial Capacity being immediately available and use of the Reserve Capacity being subject to demonstration of need; and

WHEREAS, Richland Developers, Inc. ("Richland") was one of the developers that entered into the CTF 2 Agreement, whereby the City allocated 114,000 gallons per day ("gpd") in initial wastewater treatment capacity, and 41,455 gpd of reserve wastewater treatment capacity to Richland; and

WHEREAS, on May 12, 2018, the capacity was transferred to South Lathrop Land, LLC ("SLL") based on SLL's acquisition of the South Lathrop Commerce Center Property from Richland, and Richland's transfer of their rights to the CTF as documented in the transfer of the Funding Agreement between SLL and Richland ("Funding Agreement"), as adopted by the City Ordinance No. 18-390; and

WHEREAS, on October 10, 2022 City Council approved a Vesting Tentative Map 22-100 for 95 medium density residential lots in the Mossdale Landing South Specific Plan ("Project") and the associated Conditions of Approval require the developer, D.R. Horton, Inc. ("DR Horton"), to secure sufficient wastewater capacity prior to approval of a final map. DR Horton anticipates presenting a final map for City Council approval in August 2023 and is required to secure 17,100 gpd of wastewater capacity for the Project; and

WHEREAS, the purchase price has been established by the City in accordance with the Funding Agreement as $29.98/gpd, and so the purchase price for a total of 17,100 gpd is agreed by DR Horton to equal $512,658; and

WHEREAS, DR Horton is required to allocate the wastewater capacity to a project by processing a final map within one year of the approval of the Wastewater Treatment Capacity Transfer Agreement ("Transfer Agreement") or sell the capacity back to the City at the original price of $29.98/gpd; and

WHEREAS, the Public Works Director has confirmed that the requested transfer is consistent with the City's General Plan, Sewer Master Plan, and Zoning Ordinance, and the Public Works Director and the City Engineer recommend City Council approve the application for sewer transfer and authorize the City Manager to execute the Transfer Agreement; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Lathrop does hereby approve the transfer from South Lathrop Land, LLC (SLL) to the City and the City's transfer to D.R. Horton, Inc. of 17,100 gpd in Wastewater Treatment Capacity in the Consolidated Treatment Facility, pursuant to the terms of the Transfer Agreement; and

BE IT FURTHER RESOLVED, that the City Council of the City of Lathrop does hereby approve the Transfer Agreement and authorize the City Manager to sign documents necessary to implement the terms of the same to document the transfer from SLL to the City of 17,100 gpd in Wastewater Treatment Capacity in the Consolidated Treatment Facility the immediate transfer of the same capacity from the City to DR Horton.

PASSED AND ADOPTED by the City Council of the City of Lathrop this 10th day of July 2023, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sonny Dhaliwal, Mayor

ATTEST:

Teresa Vargas
City Clerk

APPROVED AS TO FORM:

Salvador Navarrete
City Attorney

ATTACHMENT "B"

RECORDING REQUESTED BY AND AFTER RECORDING MAIL TO:

CITY OF LATHROP
ATTN: CITY CLERK
390 TOWNE CENTRE DRIVE
LATHROP, CA 95330

No Fee Document

Space above this line reserved for recorder's use

APN's:
241-030-18, 19, 20, 21, 22, 23, 45, 46, 47, 48

WASTEWATER TREATMENT CAPACITY TRANSFER AGREEMENT

THIS WASTEWATER TREATMENT CAPACITY TRANSFER AGREEMENT (the "Agreement"), is made this ____ day of _____, 2023 **("Effective Date")**, by and between South Lathrop Land, LLC a Delaware limited liability company, TriPoint Building 3, LLC, a Delaware limited liability company, TriPoint Building 5, LLC, a Delaware limited liability company, TriPoint Building 6, LLC, a Delaware limited liability company, TriPoint Building 7, LLC, a Delaware limited liability company, collectively hereinafter referred to as "**SLL**", D.R. Horton Bay, Inc., a Delaware corporation, hereinafter referred to as "**DR Horton**" and the City of Lathrop, a municipal corporation in the State of California, hereinafter referred to as "**City**". Hereinafter all parties may be referred to collectively as "Parties" or individually as a "Party".

RECITALS

WHEREAS, SLL owns the South Lathrop Commerce Center (SLCC) parcels designated with APNs 241-030-18, 19, 20, 21, 22, 23, 45, 46, 47, and 48 in the City of Lathrop, California, ("SLCC Property") where it is the developer of industrial and commercial properties pursuant to the South Lathrop Specific Plan ("SLL Project"); and

WHEREAS, on November 21, 2016, Richland Developers, Inc. entered into the Design and Construction Funding Agreement Related to the Phase 2 Expansion of the Existing Lathrop Consolidated Treatment Facility with the City ("CTF 2 Agreement") attached hereto as Exhibit A. The CTF 2 Agreement states that the City allocated 114,000 gallons per day ("gpd") in Initial Wastewater Treatment Capacity, and 41,455 gpd of Reserve Wastewater Treatment Capacity to Richland Developers, Inc; and

WHEREAS, SLL acquired the SLCC Project from Richland Developers, Inc., and Richland Developers, Inc.'s transfer of all of their rights to the Phase 2 Expansion of the Existing Lathrop Consolidated Treatment Facility as documented in the Transfer Agreement Relating to Design and Construction Funding Agreement For The Phase 2 Expansion of the Lathrop Consolidated Treatment Facility between SLL and Richland Developers Inc. as adopted by the City Ordinance No. 18-390 and as approved by the City and recorded by the San Joaquin County Recorder's Office as Doc # 2018-047863 on May 1, 2018, attached hereto as Exhibit B (Funding Agreement).

SLL became and now is the successor in interest to all of Richland Developers, Inc.'s rights contained within the CTF 2 Agreement; and

WHEREAS, on September 14, 2020, 41,455 gpd of Reserve Wastewater Treatment Capacity was transferred from SLL to Saybrook CLSP, LLC with the Reserve Wastewater Treatment Capacity Transfer Agreement recorded by the San Joaquin County Recorder's Office as Doc # 2020-126204; and

WHEREAS, on October 10, 2022 City Council approved a Vesting Tentative Map 22-100 to create 95 medium density residential lots in the Mossdale Landing South Specific Plan ("Project") and the associated Conditions of Approval required the developer, DR Horton, to secure sufficient wastewater capacity prior to approval of a final map. DR Horton anticipates presenting a final map for the Project ("Final Map") for City Council approval in August 2023 and is required to secure 17,100 gpd of wastewater capacity for the Project; and

WHEREAS, the purchase price has been established by the City in accordance with the Funding Agreement as $29.98/gpd, and so the purchase price for a total of 17,100 gpd is agreed by DR Horton to equal $512,658; and

WHEREAS, SLL recognizes the benefits to its own project and to the long term development goals of City for SLL to support the DR Horton Project and therefore wishes to transfer to DR Horton, and DR Horton wishes to accept, 17,100 gpd of Wastewater Treatment Capacity previously allocated to SLL under the CTF 2 Agreement; and

WHEREAS, the Public Works Director has confirmed that the requested transfer is consistent with the City's General Plan, Sewer Master Plan, and Zoning Ordinance, and the Public Works Director and the City Engineer recommend City Council approve the application for sewer transfer and authorize the City Manager to execute this Agreement, approved by the City Attorney, with the applicant; and

WHEREAS, consistent with Schedule 3 of the CTF 2 Agreement, SLL has filed an application with the City to effectuate the transfer contemplated in this Agreement, and that application took the form of this Agreement. This Agreement, which shall be approved as to form by the City Attorney, constitutes the agreement required by the City pursuant to Schedule 3 of the CTF 2 Agreement. Schedule 3 of the CTF 2 Agreement is attached hereto in Exhibit A.

NOW THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Allocation of Wastewater Treatment Capacity**. SLL agrees to transfer to the City 17,100 gpd of Wastewater Treatment Capacity previously allocated to SLL in the CTF 2 Agreement and reflected on Exhibit C to the City within ten (10) business days after the City Council approval of this transfer and Agreement. This will leave SLL with 96,900 gpd of Wastewater Treatment Capacity. The Wastewater Treatment Capacity transferred as part of this Agreement shall be allocated first to City for transfer to DR Horton once the requirements of this Agreement are satisfied. If DR Horton does not fund and proceed with this transfer, the City agrees to return the Wastewater Treatment Capacity to SLL.

2. **Payment for Allocation of Wastewater Treatment Capacity**. In exchange for SLL's transfer of Wastewater Treatment Capacity pursuant to this Agreement to the City, DR Horton agrees to pay to City $512,658, or $29.98 for each gpd of Wastewater Treatment Capacity transferred pursuant to this Agreement. Payment shall be made in full prior to the recordation of

the first Final Map for the DR Horton Project. At the time of receipt of payment from DR Horton, City will transfer the 17,100 gpd of Wastewater Treatment Capacity to DR Horton and the funds to SLL. Upon transfer, DR Horton shall have full ownership and use of 17,100 gpd of SLL's Wastewater Treatment Capacity.

3. **Agreement Contingent on City's Approval of Transfer of Wastewater Treatment Capacity and Final Map**. The obligations in this Agreement are contingent on the City Council's approval of (a) the transfer and this Agreement pursuant to the procedure outlined in Schedule 3 of the CTF 2 Agreement and (b) the Final Map for the DR Horton Project. In the event that the Lathrop City Council denies the transfer and this Agreement or the Final Map for the DR Horton Project, SLL shall have no further obligation to transfer Wastewater Treatment Capacity to DR Horton under this Agreement, and the Agreement shall have no further binding effect on the Parties. The City also confirms that SLL and DR Horton has fulfilled all of their obligations under the CTF 2 Agreement, no amounts are owed, and no event of default exists.

4. **DR Horton's Obligation to Obtain Project Approvals Within One Year of City Approval of Wastewater Treatment Capacity Allocation**. Consistent with the requirements in Schedule 3 of the CTF 2 Agreement, DR Horton shall obtain City approval of the Final Map for the DR Horton Project within one year from the City's approval of the transfer and Agreement. Unless the City Council approves an alternative time limit, if DR Horton fails to obtain said approval of the Final Map within the timeframe in this paragraph, this Agreement shall be void and the 17,100 gpd of Wastewater Treatment Capacity will be returned to SLL by the City.

5. **Mutual Hold Harmless / Indemnification**. Each Party shall hold each other Party harmless, and defend, and indemnify each other Party, its officers, employees, consultants, and agents from and against any and all claims, suits, causes of action, or other proceedings for damages, injuries, losses, costs (including attorneys' fees and costs of suit or other dispute resolution processes), or any other liability arising out of, the performance, or failure to perform, any of the duties and obligations set forth in this Agreement. The duty to defend shall include provision for all costs and fees, including attorneys' fees, associated with such defense.

6. **No Partnership**. It is not the purpose or the intention of this Agreement to create, and this Agreement shall not create, a joint venture, partnership, or other relationship whereby either Party would be liable for the omissions, commissions, or performance of the other Party.

7. **Further Assurance**. The Parties shall execute and deliver such further instruments and do further acts and things as may be required to carry out the intent and purposes of this Agreement as may be reasonably requested by any Party.

8. **Force Majeure**. With respect to the matters contemplated by this Agreement, no Party shall be liable or responsible to the other as a result of any injury to property or as a result of inability to provide capacity, which was caused by any Force Majeure event.

9. **Governing Law**. This Agreement shall be governed and construed in accordance with the laws of the State of California.

10. **Assignment**. No Party may assign its rights under this Agreement to any person, entity, or governmental or quasi-governmental body without the prior written consent of the other Parties.

11. **Entire Agreement / Amendment**. This Agreement including the recitals, which are incorporated by this reference, contains the entire Agreement between the Parties regarding the

Wastewater Transfer between the Parties. No change or modification of this Agreement shall be valid unless the same is an amendment, in writing, signed by both Parties.

12. **Recordation of Agreement**. Consistent with the requirements of Schedule 3 of the CTF 2 Agreement, City shall cause this fully executed Agreement to be recorded in the San Joaquin County Recorder's Office within thirty (30) days after the City Council approves the transfer and this Agreement.

13. **Exhibits**. The Exhibits referenced and included in the Agreement are as follows:

Exhibit A: Design and Construction Funding Agreement Related to the Phase 2 Expansion of the Existing Lathrop Consolidated Treatment Facility with the City ("CTF 2 Agreement"), dated November 21, 2016

Exhibit B: Transfer Agreement Relating to Design and Construction Funding Agreement For The Phase 2 Expansion of the Lathrop Consolidated Treatment Facility between SLL and Richland Developers Inc. as adopted by the City Ordinance No. 18-390 and as approved by the City and recorded (Doc# 2018-047863), recorded May 1, 2018

Exhibit C: Reallocation form to reflect the Reallocation of Wastewater Treatment Capacity from SLL to the City.

Exhibit D: Reallocation form to reflect the transfer of the Wastewater Treatment Capacity from the City to DR Horton.

IN WITNESS WEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement as of the Effective Date above.

[Signatures on Next Page]

South Lathrop Land, L.L.C.,
a Delaware limited liability company

By: CHI West 109 South Lathrop Land, L.P.,
a Delaware limited partnership,
its managing member

By: CHI LTH GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____
Philip J. Prassas
Vice President

TriPoint Building 3, L.L.C.,
a Delaware limited liability company

By: TriPoint Phase I Venture, L.L.C.,
a Delaware limited liability company,
its sole member

By: CHI West 114 TriPoint Phase I, L.L.C.,
a Delaware limited liability company,
its managing member

By: CHI West 109 South Lathrop Land, L.P.,
a Delaware limited partnership,
its sole member

By: CHI LTH GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____
Philip J. Prassas
Vice President

TriPoint Building 5, L.L.C.,
a Delaware limited liability company

By: TriPoint Phase I Venture, L.L.C.,
a Delaware limited liability company,
its sole member

By: CHI West 114 TriPoint Phase I, L.L.C.,
a Delaware limited liability company,
its managing member

By: CHI West 109 South Lathrop Land, L.P.,
a Delaware limited partnership,
its sole member

By: CHI LTH GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____
Philip J. Prassas
Vice President

TriPoint Building 6, L.L.C.,
a Delaware limited liability company

By: TriPoint Phase I Venture, L.L.C.,
a Delaware limited liability company,
its sole member

By: CHI West 114 TriPoint Phase I, L.L.C.,
a Delaware limited liability company,
its managing member

By: CHI West 109 South Lathrop Land, L.P.,
a Delaware limited partnership,
its sole member

By: CHI LTH GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____
Philip J. Prassas
Vice President

TriPoint Building 7, L.L.C.,
a Delaware limited liability company

By: TriPoint Phase I Venture, L.L.C.,
a Delaware limited liability company,
its sole member

By: CHI West 114 TriPoint Phase I, L.L.C.,
a Delaware limited liability company,
its managing member

By: CHI West 109 South Lathrop Land, L.P.,
a Delaware limited partnership,
its sole member

By: CHI LTH GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____
Philip J. Prassas
Vice President

OWNER:

D.R. Horton Bay, Inc.

a Delaware corporation

By: _____
Chris Zaballos, Vice President

CITY:

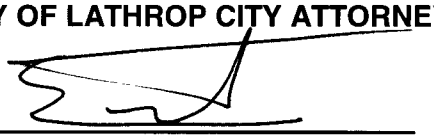
CITY OF LATHROP, a
Municipal Corporation of the
State of California

_____
By: Stephen J. Salvatore
Its: City Manager

ATTEST:
City Clerk of and for the City

_____
By: Teresa Vargas
Its: City Clerk

APPROVED AS TO FORM BY THE CITY OF LATHROP CITY ATTORNEY:



By: Salvador Navarrete
Its: City Attorney

EXHIBIT "A"

DESIGN AND CONSTRUCTION FUNDING AGREEMENT RELATED TO THE PHASE 2 EXPANSION OF THE EXISTING LATHROP CONSOLIDATED TREATMENT FACILITY ("LCTF")

This Design and Construction Funding Agreement (the "**Agreement**") is made and entered into as of November 21, 2016 ("**Effective Date**"), by and between the CITY OF LATHROP, a municipal corporation ("**CITY**"), RIVER ISLANDS DEVELOPMENT, LLC, a California limited liability company ("**RID**"), RICHLAND DEVELOPERS, INC., a Delaware corporation ("**RDI**"), SAYBROOK CLSP, LLC, a California limited liability company ("**Saybrook**"), and LATHROP MOSSDALE INVESTORS, LP, a California limited partnership ("**LMI**") (excluding CITY, collectively, "**DEVELOPERS**"). DEVELOPERS and CITY are referred to herein, individually as "**party**" and collectively as the "**parties**."

RECITALS

A. The CITY currently operates the existing LCTF with a flow capacity of 1.0 million gallons per day, or "**MGD**" in accordance with Waste Discharge Requirements R5-2016-0028 approved by the Central Valley Regional Water Quality Control Board (the "**Regional Board**") on April 21, 2016 (the "**WDRs**"). Pursuant to the WDRs, the CITY may add new sprayfields and construct additional recycled water storage ponds in accordance with the requirements of the WDRs with approval of the technical reports submitted to the Executive Officer. The CITY also adopted a CEQA Addenda for the incremental increase of up to 3.0 MGD in treatment capacity, raising the total anticipated treatment capacity to approximately 9.1 MGD. Minor revisions to the WDRs regarding new state water quality standards and a new minimum increment for expansion of disposal areas required for the LCTF are expected to be considered by the Regional Board in fall, 2017. New CEQA review is not expected to be required for the revised WDRs.

B. The parties desire to expand the existing LCTF to process up to 2.5 MGD of treatment capacity by adding a total of 1.5 MGD to the existing LCTF (the "**Phase 2 Expansion**").

C. CITY and DEVELOPERS are parties to a series of sewer funding agreements relating to the Phase 2 Expansion (collectively the "**Funding Agreements**"). The Funding Agreements are listed in Schedule 1 attached hereto. To the extent of any conflicts between the Funding Agreements and this Agreement, this Agreement shall control and supersede any such conflicting terms.

D. During the pre-design and design process for the Phase 2 Expansion, additional developers (listed in Schedule 2 attached) participated in and funded the Phase 2 Expansion. Following the pre-design process, the additional developers withdrew ("**Withdrawn Developers**") from the Phase 2 Expansion. CITY reimbursed (or will reimburse) the Withdrawn Developers for costs they had expended. Accordingly, and once reimbursed, the Withdrawn Developers have no right under this Agreement to receive a "will serve" from CITY with respect to any capacity in the Phase 2 Expansion.

E. The parties desire to execute this Agreement to set forth their definitive understanding with respect to the funding of pre-design, design, permitting, programming, construction costs and standby charges, including all outside consultant costs and CITY staff costs relating to, and allocations of capacity in the Phase 2 Expansion as more particularly set forth herein.

NOW THEREFORE, in consideration of the promises and covenants contained herein, the above recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Incorporation of Recitals. The parties agree that the foregoing Recitals are true and correct, and are incorporated as a part of this Agreement as if set forth in full herein.

2. Overall Cost; Phase 2 Expansion.

a. Based upon bids received by the CITY and CITY'S calculation of other costs such as permitting and CITY staff charges, the total estimated cost of the Phase 2 Expansion is $26,374,212 (the "**Expansion Costs**"). The parties acknowledge that the estimated Expansion Costs include a 10% contingency (the "**Contingency**"), which the parties expressly approve. Of the total estimated Expansion Costs, DEVELOPERS have funded $2,914,647 pursuant to the Funding Agreements (the "**Funded Expansion Costs**"), which amount is net of any amounts reimbursed or to be reimbursed to Withdrawn Developers by CITY. Section 6.a. and Exhibit A illustrate each DEVELOPER'S share of Funded Expansion Costs paid to date, Unfunded Expansion Costs (defined in Section 6.a) and timing of payment.

b. Upon receipt of the Unfunded Expansion Costs, the CITY shall use commercially reasonable efforts to complete the Phase 2 Expansion in an timely manner, subject to force majeure delays, including without limitation obtaining all applicable permits and approvals necessary to proceed with the Phase 2 Expansion including an updated WDR to clarify minimum increments for additional storage capacity and address new state water quality standards, as well as the requisite administrative design and pond approvals for the Phase 2 Expansion. Newly proposed sprayfield areas and recycled water storage ponds for use in disposal of treated wastewater from the LCTF may require environmental review under CEQA.

3. Initial Capacity Allocations. Subject to the DEVELOPERS' compliance with the terms of this Agreement, CITY will provide DEVELOPERS with initial capacity allocations in the Phase 2 Expansion as set forth in Exhibit B-1 (the "**Initial Capacity Allocations**").

4. Restrictions on Reliance or Use of Sewer Allocation by DEVELOPERS; Other Restrictions. Notwithstanding anything to the contrary contained herein, the following shall apply to restrict DEVELOPERS' reliance upon or use of its Sewer Allocation (defined below):

a. No DEVELOPER shall "**rely**" (defined below) upon its Initial Capacity Allocation or Reserved Capacity Allocation (defined in Section 7.a) (collectively, the "**Sewer Allocation**") unless and until such DEVELOPER has (i) obtained fee title to land for all ponds, sprayfields and related infrastructure (or other alternative methods of disposal approved by the CITY and the Regional Board) necessary to use such capacity (collectively, the "**Disposal Infrastructure**"), (ii) provided CITY with secured funding for construction of Disposal Infrastructure in the form of designated cash on deposit with CITY, security bond, letter of credit, or specifically designated Land Based Financing (defined below) containing a disbursal mechanism in favor of, and as approved by, CITY, (iii) offered the Disposal Infrastructure to CITY for dedication (with conditional right of reversion) and (iv) secured administrative design approval from the CITY and Regional Board for the design of Disposal Infrastructure (with items (i) through (iv) referred to herein, collectively, as the "**Reliance Requirements**"). As used herein, "**rely**" shall mean the ability to rely upon the availability of such capacity for CITY approval of final maps.

b. No DEVELOPER shall be entitled to use its Sewer Allocation (e.g. for CITY approval of building permits) unless and until such DEVELOPER has (i) completed construction of the Disposal Infrastructure, (ii) issued to CITY as-built drawings documenting the completed Disposal Infrastructure and (iii) incorporated the Disposal Infrastructure into the City's Wastewater Discharge Permit by obtaining Regional Board approval of (Y) a completion report for added storage and disposal and (Z) an increase in disposal capacity for CITY'S combined treatment facility (collectively, "**Use Requirements**").

c. Notwithstanding anything to the contrary set forth in this Agreement, DEVELOPER compliance with any provisions herein regarding Disposal Infrastructure is subject to the terms of any DEVELOPER'S Development Agreement with CITY, the terms of which Development Agreement(s) shall control with respect to compliance with Disposal Infrastructure.

d. The terms of this Agreement and any transfer of Sewer Allocations to DEVELOPERS or third parties under this Agreement are exempt from the City's Wastewater Treatment Capacity Policy approved by the City Council on May 4, 2015 by Resolution No. 15-3913 (the "**Transfer Policy**"); provided, however, that no transfer to a DEVELOPER or a third party shall be effective unless and until such DEVELOPER or third party has provided to CITY the information required in Schedule 3 attached hereto ("**Transfer Information**") for CITY approval, which shall not be unreasonably withheld, conditioned or delayed.

e. Notwithstanding anything to the contrary contained herein, including without limitation the provisions of Sections 7 and 9, no DEVELOPER'S Sewer Allocation may be taken away from such DEVELOPER if such DEVELOPER has satisfied all Reliance Requirements for its Sewer Allocation.

f. DEVELOPERS acknowledge and understand that DEVELOPERS cannot use their Sewer Capacity until (i) final completion and CITY acceptance of the Phase 2 Expansion and (ii) final signoff of the completed Phase 2 Expansion by the Regional Board.

5. Standby Charges.

a. CITY shall provide notice to all DEVELOPERS when CITY begins receiving invoices from Veolia Water West Operating Services, Inc. ("**Veolia**") for maintenance of the Phase 2 Expansion (the "**Standby Charge Notification**"). DEVELOPERS' obligation to pay Standby Charges commences upon receipt of the Standby Charge Notification (the "**Standby Trigger Date**"). The Standby Charge Notification shall include an invoice detailing the Standby Charges that are due from each DEVELOPER. The CITY shall calculate the annual charge per gallon of capacity in accordance with Exhibit B-2, which charge will escalate annually at the same rate set forth in the CITY'S separate written agreement with Veolia, which escalation shall not exceed the Consumer Price Index for all urban consumers for the Los Angeles Standard Metropolitan Statistical Area as published by the Bureau of Labor Statistics of the U.S. Department of Labor (the "**Escalation**"), unless otherwise agreed by the parties, in writing.

b. DEVELOPERS shall pay the applicable Standby Charges not later than thirty (30) days after receipt of the Standby Charge Notification. CITY shall provide annual Standby Charge Notifications to each DEVELOPER for future Standby Charges by July 31st of each year. Annual standby charges are due thirty (30) days after receipt of invoice. Notwithstanding the foregoing, and except with respect to charges by Veolia that have been incorporated into the construction budget for the Phase 2 Expansion, in no event shall DEVELOPERS be responsible for Standby Charges unless the Completion Requirements (defined in Section 6(c)) have been satisfied.

c. DEVELOPERS are responsible for paying Standby Charges for each DEVELOPER'S Sewer Allocation as illustrated in Exhibit B-2 (including the Escalation, the "**Standby Charges**"). The Standby Charges include overcharges due to the higher operational costs associated with a wastewater treatment plant that is larger than currently needed ("**Standby Overcharges**"), also as illustrated in Exhibit B-2.

d. The parties acknowledge that DEVELOPERS' obligation to pay Standby Charges shall terminate as sewer capacity in the Phase 2 Expansion is used. On or about May 1st of year, the CITY shall check the termination date for Standby Charges in the following manner:

i. CITY shall determine the total number of gallons of sewer capacity assigned to rate payers. Solely for purposes of determining the termination date for Standby Charges, each EDU (equivalent dwelling unit) shall be considered to be assigned 260 gallons per day ("**gpd**") of capacity (the "**Used Sewer Capacity**"). CITY shall provide a copy of the CITY'S Used Sewer Capacity determination within thirty (30) days after CITY finalizes the determination.

ii. If CITY determines through its calculation in subsection (i) above that the total gallons of Used Sewer Capacity has met or exceeded the "Threshold of Flow From New

Users at Which Standby Charge is No Longer Needed" as shown on Exhibit B-2, DEVELOPERS' obligation to pay Standby Charges shall terminate and no additional Standby Charges shall be due for any subsequent year. CITY shall provide written notice to DEVELOPERS at the time that DEVELOPERS' obligation to pay Standby Charges ceases.

iii. Subject to the foregoing provisions regarding termination of the obligation to pay Standby Charges, DEVELOPERS shall remain responsible for Standby Charges for any Sewer Allocation applicable to such DEVELOPERS unless and until a DEVELOPER transfers all or a portion of its Allocation with the corresponding obligation to pay Standby Charges, and such transfer has been accepted by CITY in accordance with the provisions of Section 4.d.

e. Subject to the provisions of Section 4.f., so long as DEVELOPERS have satisfied Use Requirements for their Sewer Allocation, DEVELOPERS may commence using their Sewer Allocation from and after the Standby Trigger Date.

6. Developer Funding of Phase 2 Expansion.

a. Funded and Unfunded Expansion Costs. Each DEVELOPER'S proportional share of Funded Expansion Costs paid to date and the portion of Expansion Costs that has not yet been funded ("**Unfunded Expansion Costs**") are set forth in Exhibit A based upon the percentages set forth therein. Except as set forth below, each DEVELOPER shall pay its applicable share of Unfunded Expansion Costs on the Effective Date. Notwithstanding the foregoing, the parties acknowledge that LMI is owed Oversizing Reimbursements (defined in Section 8(c)) that exceed LMI's portion of Unfunded Expansion Costs (the "**LMI Share**"). As a result, (i) LMI is not obligated to pay the LMI Share on the Effective Date, and (ii) CITY shall reduce the Oversizing Reimbursements that are due LMI by the amount of the LMI Share when CITY pays Oversizing Reimbursements to applicable DEVELOPERS under Section 8.

b. Use of Contingency; Cost Overruns.

i. Subject to the terms below, the parties agree that the CITY may use the Contingency for any cost overruns for the Phase 2 Expansion without obtaining the prior approval of DEVELOPERS. Notwithstanding the foregoing, during construction, CITY shall provide DEVELOPERS with written monthly construction updates ("**Construction Updates**"), which Construction Updates shall include an updated completion schedule, a listing of costs incurred to date based upon invoices received by the end of the previous month, copies of all changes orders executed during the applicable month and notification of any pending or anticipated change orders, and other information as reasonably requested by DEVELOPERS. CITY shall endeavor to provide the Construction Updates to DEVELOPERS not later than the 21st of each month, for work completed during the previous month.

ii. If CITY exhausts the Contingency and CITY reasonably believes that it must incur costs in excess of the Contingency to complete the Phase 2 Expansion ("**Excess Costs**"), CITY shall promptly notify DEVELOPERS of such Excess Costs from time to time, as needed. Subject to Section 6.b.iii, CITY must obtain DEVELOPERS' prior written approval prior to incurring the Excess Costs, which shall be provided, if at all, not later than ten (10) business days after receipt of CITY'S notice of Excess Costs together with appropriate backup documentation.

iii. Notwithstanding the foregoing, if CITY and RID agree to the Excess Costs, (A) CITY shall notify all DEVELOPERS of such agreement ("**Notice of Approval of Excess Costs**"), (B) CITY may proceed with the work, and (C) all DEVELOPERS shall pay their respective share of the Excess Costs within ten (10) business days after receipt of the Notice of Approval of Excess Costs.

iv. If any DEVELOPER fails to contribute its share of Excess Costs within ten (10) business days after receipt of the Notice of Approval of Excess Costs, then (Y) the

contributing DEVELOPERS shall pay the non-contributing DEVELOPER'S portion of Excess Costs, on a pro rata basis, and (Z) such non-contributing DEVELOPER'S Sewer Allocation shall be reduced and allocated to the contributing DEVELOPERS on a pro rata basis.

c. Final Accounting.

i. CITY shall provide a draft final accounting of all construction costs incurred by CITY in connection with the Phase 2 Expansion (the "**Final Accounting**") to DEVELOPERS not later than 90 days after (A) final completion and CITY acceptance of the Phase 2 Expansion and (B) final signoff of the completed Phase 2 Expansion by the Regional Board (collectively, "**Completion Requirements**"). CITY shall request written confirmation of receipt of the Final Accounting from each DEVELOPER (whether through confirmation of overnight courier delivery, return receipt request, or other method). The parties acknowledge that the Final Accounting may include Excess Costs in addition to those addressed during construction pursuant to Section 6.b.

ii. Each DEVELOPER shall have the right to review and approve the Final Accounting, which review and approval shall be provided, if at all, within 10 business days after DEVELOPERS' receipt of the Final Accounting. If any DEVELOPER has not timely provided its written approval or comments, if any, then such DEVELOPER shall be deemed to have approved the Final Accounting. Subject to the foregoing, CITY and DEVELOPERS will work together to resolve any questions raised regarding the draft Final Accounting prior to it becoming final.

iii. If all DEVELOPERS approve the Final Accounting OR if all DEVELOPERS do not approve the Final Accounting but CITY and RID agree to the Final Accounting, (A) CITY shall notify all DEVELOPERS of such agreement ("**Notice of Approval of Final Accounting**") and (B) all DEVELOPERS shall pay their respective share of any Excess Costs as set forth in the Final Accounting within thirty (30) days after receipt of the Notice of Approval of Final Accounting. The Notice of Approval of Final Accounting shall attach the approved Final Accounting, the parties' final allocations of the Expansion Costs in accordance with the provisions of this Section 6, and the final Reserved Capacity Overpayment (defined in Section 7.b) applicable to each DEVELOPER.

iv. If any DEVELOPER fails to contribute its share of Excess Costs set forth in the Final Accounting within thirty (30) days after receipt of the Notice of Approval of Final Accounting, then (Y) the contributing DEVELOPERS shall pay the non-contributing DEVELOPER'S portion of Excess Costs, on a pro rata basis, and (Z) such non-contributing DEVELOPER'S Sewer Allocation shall be reduced and allocated to the contributing DEVELOPERS on a pro rata basis.

v. To the extent that the approved Final Accounting illustrates cost savings (e.g. the Phase 2 Expansion was constructed for less than the Expansion Costs contributed by DEVELOPERS, including any savings of Contingency amounts contributed by DEVELOPERS), the CITY shall reimburse to each DEVELOPER its pro rata share of such cost savings within thirty (30) days after CITY'S issuance of the Notice of Approval of Final Accounting.

7. Reserved Capacity.

a. The parties acknowledge that a portion of the Unfunded Expansion Costs includes the cost of the 0.4 MGD oversized sewer capacity that is not currently needed by each DEVELOPER and CITY (the "**Reserved Capacity**"). Exhibit C-1 attached hereto illustrates each DEVELOPER'S allocation of the Reserved Capacity ("**Reserved Capacity Allocation**"). Exhibit C-2 attached hereto illustrates the overpayment by each DEVELOPER applicable to each DEVELOPER'S Reserved Capacity Allocation (the "**Reserved Capacity Overpayment**").

b. Each DEVELOPER understands and agrees that its Reserved Capacity Allocation will not be deemed allocated to such DEVELOPER until such DEVELOPER can demonstrate to CITY that it needs the Reserved Capacity (a) over the next five (5) years if the Phase 2 Expansion

construction has not yet been substantially completed or (b) over the next 3.5 years if the Phase 2 Expansion construction is substantially complete ("**Demonstration of Need**"). The Demonstration of Need shall illustrate DEVELOPER'S then-current projections of its development and sewer capacity requirements and shall include appropriate backup documentation and other information as reasonably requested by CITY. Upon receipt and approval by CITY of the Demonstration of Need, such DEVELOPER'S portion of Reserved Capacity shall be deemed perfected and allocated to such DEVELOPER, subject to the provisions regarding Use Determinations and Reliance Requirements as set forth herein. Any DEVELOPER that has not yet provided a Demonstration of Need for its allocation of Reserved Capacity is defined as an "**Unperfected Developer**." The date that when all Reserved Capacity has been perfected or sold, as applicable, is defined as the "**Reserved Capacity Exhaustion Date**."

c. If the CITY or any DEVELOPER that has perfected its right to Reserved Capacity (each, a "**Perfected Developer**") determines that it needs additional sewer capacity from unperfected Reserve Capacity, CITY or the Perfected Developer(s) may send a notice (the "**Reserved Capacity Request**") to all DEVELOPERS. Perfected Developers must provide CITY with a copy of all Reserved Capacity Requests by Perfected Developers. Any Reserved Capacity Request from a Perfected Developer must include a Demonstration of Need for the additional portion of Reserved Capacity being requested. If any Unperfected Developer cannot provide an acceptable Demonstration of Need to CITY within thirty (30) days after receipt of the Reserved Capacity Request, and subject to the payment provisions below, CITY shall sell the requested portions of Reserved Capacity to (i) the Perfected Developer that made the Reserved Capacity Request or (ii) third parties or CITY, as applicable, if the CITY issued the Reserved Capacity Request. These sales of Reserved Capacity shall reduce the remaining allocations of Reserved Capacity from Unperfected Developers on a pro rata basis.

d. The purchase price for the Reserved Capacity shall be equal to (a) the Developer Reimbursement (defined below) applicable to the Reserved Capacity being purchased plus (c) simple interest at the lesser of 10% per annum or the highest rate permitted by law ("**Interest**"), accruing on the date that the applicable DEVELOPER funded its share of Expansion Costs (the "**Interest Commencement Date**").

e. As used herein, the term "**Developer Reimbursement**" means the Reserved Capacity Overpayment and Standby Overcharges applicable to the portion of Reserved Capacity being sold from that DEVELOPER'S allocation of Reserved Capacity. An example of the Developer Reimbursement is attached hereto as Exhibit D. The City is responsible for collecting the Developer Reimbursement from the purchaser, and paying the Developer Reimbursement to the selling DEVELOPERS, not later than thirty (30) days after the Reserved Capacity is purchased by CITY, a third party or Perfected Developer.

f. Subject to the provisions of Section 4.e., any DEVELOPER'S Reserved Capacity Allocation, even if perfected, is subject to the Use Determination provisions of Section 9.

8. Previous Oversizing; Oversizing Overpayments.

a. Separate and distinct from the Reserved Capacity, under the terms of previous Funding Agreements for the construction of 0.75 MGD, certain DEVELOPERS have paid for oversizing of the existing LCTF (the "**0.75 MGD Oversizing Overpayments**"). These funding DEVELOPERS are due reimbursement for the 0.75 MGD Oversizing Overpayments at the time the oversized capacity is needed by other developers (the "**0.75 MGD Oversizing Reimbursement**"). Attached hereto as Exhibit E-1 is a table that sets forth (i) the identity of the DEVELOPERS that have paid 0.75 MGD Oversizing Overpayments, (ii) the amount of the 0.75 MGD Oversizing Overpayments, (iii) the applicable 0.75 MGD Oversizing Reimbursement that is due to each of the funding DEVELOPERS and (iv) the DEVELOPERS that are obligated to pay the 0.75 MGD Oversizing Reimbursement (the "**0.75 MGD Reimbursing Developers**"). The 0.75

MGD Reimbursing Developers shall pay the applicable 0.75 MGD Oversizing Reimbursement to CITY on the Effective Date, and the CITY shall pay the applicable 0.75 MGD Oversizing Reimbursement to the applicable funding DEVELOPERS not later than thirty (30) days after the receipt of such funds.

b. Separate and distinct from the Reserved Capacity and the 0.75 MGD Oversizing Overpayments, under the terms of previous Funding Agreements for the construction of 0.25 MGD, certain DEVELOPERS have paid for oversizing of the existing LCTF (the "**0.25 MGD Oversizing Overpayments**"). These funding DEVELOPERS are due reimbursement for the 0.25 MGD Oversizing Overpayments at the time the oversized capacity is needed by other developers (the "**0.25 MGD Oversizing Reimbursement**"). Exhibit E-2 identifies (i) DEVELOPERS that have paid 0.25 MGD Oversizing Overpayments, (ii) the amount of the 0.25 MGD Oversizing Overpayments, (iii) the applicable 0.25 MGD Oversizing Reimbursement that is due to each of the funding DEVELOPERS and (iv) the DEVELOPERS that are obligated to pay the 0.25 MGD Oversizing Reimbursement (the "**0.25 MGD Reimbursing Developers**"). The 0.25 MGD Reimbursing Developers shall pay the applicable 0.25 MGD Oversizing Reimbursement to CITY on the Effective Date, and the CITY shall pay the applicable 0.25 MGD Oversizing Reimbursement to the applicable funding DEVELOPERS not later than thirty (30) days after the receipt of such funds.

c. The 0.75 MGD Oversizing Reimbursement and the 0.25 MGD Oversizing Reimbursement are referred to herein, collectively, as the "**Oversizing Reimbursements**."

9. Use Determinations.

a. Unused Capacity. The terms of this Section 9 shall apply if any DEVELOPER has failed to satisfy Reliance Requirements for such DEVELOPER'S Sewer Allocation by the last to occur of the Standby Trigger Date and Reserved Capacity Exhaustion Date (the "**Use Determination Trigger Date**"). The portion of a DEVELOPER'S Sewer Allocation as to which such DEVELOPER has not satisfied Reliance Requirements is defined as "**Unused Capacity**."

b. Unused Capacity Use Determinations.

(i) From and after the Use Determination Trigger Date, and upon thirty (30) days' prior written notice to all parties, any DEVELOPER may request (a "**Use Determination Request**") that CITY determine whether any DEVELOPER has failed to satisfy Reliance Requirements for its Sewer Allocation ("**Use Determination**"). CITY may also independently initiate a Use Determination upon written notice to all parties. The parties acknowledge that there may be multiple Use Determination Requests by individual DEVELOPERS.

(ii) Any Use Determination Request must (A) describe the Sewer Allocation desired by the requesting DEVELOPER (the "**Requested Allocation**") and (B) be accompanied by a Demonstration of Need and proof that the requesting DEVELOPER can satisfy Reliance Requirements for the Requested Allocation.

(iii) Within 30 days after receipt of a Use Determination Request (or initiation of the Use Determination by CITY, as applicable), CITY shall issue a draft summary of Unused Capacity (the "**Unused Capacity Summary**") listing the affected DEVELOPERS and applicable Unused Capacity.

(iv) Affected DEVELOPERS must respond with any clarifications or objections to the Unused Capacity Summary within 15 days after receipt. If affected DEVELOPERS fail to respond, they will be deemed to have approved the Unused Capacity Summary.

(v) The final Unused Capacity Summary shall constitute the final "**Use Determination**" and shall be issued by CITY not later than 15 days after receipt of any objections or clarifications.

(vi) Non-compliant DEVELOPERS shall have thirty (30) days after receipt of the final Use Determination (the "**Use Determination Cure Period**") in which to satisfy Reliance Requirements for their Unused Capacity.

(vii) If any non-compliant DEVELOPER fails to satisfy Reliance Requirements within the Use Determination Cure Period, then CITY shall notify the parties of such failure and the requesting DEVELOPER(S) (or CITY, if CITY initiated the Use Determination) may purchase the Requested Capacity, up to the amount set forth in the Use Determination. The requesting DEVELOPER(S) (or CITY, as applicable) must purchase the Requested Capacity not later than thirty (30) days after expiration of the Use Determination Cure Period by depositing the applicable purchase price with CITY as set forth below; otherwise, the right to purchase shall expire and be of no further force and effect. The CITY shall identify and sell Unused Capacity on a pro-rata basis from all DEVELOPERS with Unused Capacity, so that Unused Capacity is not taken from just one DEVELOPER. If multiple DEVELOPERS have made Use Determination Requests and there is insufficient Unused Capacity to satisfy all Requested Allocations, the CITY shall allocate Unused Capacity on a pro rata basis (based upon all non-compliant DEVELOPERS' Unused Capacity) to requesting DEVELOPERS or CITY, as applicable.

(viii) The purchase price for Unused Capacity shall equal the Developer Reimbursement applicable to the Unused Capacity plus Interest commencing on the Interest Commencement Date. CITY shall permit DEVELOPERS selling Unused Capacity to participate in the next expansion of the LCTF to the extent of the Unused Capacity sold by such DEVELOPER.

10. Land Based Financing. Any DEVELOPER may petition the CITY to use community facilities district or other land based financing ("**Land Based Financing**") to pay its share of Expansion Costs. If the use of Land Based Financing is approved by CITY, then such DEVELOPER'S share of Expansion Costs and any other amounts paid by such DEVELOPER pursuant to applicable Funding Agreements may be reimbursable from proceeds of Land Based Financing. The CITY shall adopt a reimbursement resolution to such effect concurrently with the approval of this Agreement; provided, however, that CITY'S adoption of such a reimbursement resolution does not obligate CITY to issue bonds or act as the lead agency with respect to such Land Based Financing.

11. Default.

a. If any party materially breaches or fails to comply with any of its obligations under this Agreement, such breaching party shall have thirty (30) days after receipt of written notice of breach from a non-defaulting party (the "**Breach Notice**") to cure such breach or noncompliance (as such period may be extended as set forth below, the "**Cure Period**"). If such breaching party does not cure such breach or noncompliance within the Cure Period, it shall be deemed in default ("**Default**") under this Agreement; provided, however, that if the nature of the breach or noncompliance reasonably requires more than thirty (30) days to cure, the breaching party shall not be in Default under this Agreement so long as the breaching party commences such cure within the Cure Period and diligently prosecutes such cure, and provided further that the Breach Notice shall set forth in reasonable detail the nature of the breach, noncompliance or default, as the case may be. The party sending the Breach Notice shall provide a copy to all parties hereunder.

b. Subject to the provisions of Section 11(c) below, upon a Default pursuant to Section 11(a), the parties shall first mediate the dispute in good faith using a mutually acceptable mediator, which mediation shall be scheduled and concluded not later than 60 days after expiration of the Cure Period. The mediation shall be conducted in accordance with the Construction Industry Mediation Rules of the American Arbitration Association currently in effect. Claims, controversies or disputes not resolved by mediation shall be decided by binding arbitration

unless the parties mutually agree otherwise. Arbitration shall be conducted in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect. The demand for arbitration shall be filed in writing with the other parties to this Agreement and the American Arbitration Association. Notwithstanding the foregoing, any party may seek injunctive or other immediate equitable relief, if applicable, in a court of law, pending resolution of the dispute through mediation or arbitration.

c. Notwithstanding the foregoing, in the event of a payment default hereunder that is not cured within ten (10) business days after any DEVELOPER'S receipt of a Breach Notice from CITY, (i) CITY may immediately suspend such DEVELOPER'S ability to use its Capacity Allocation and (ii) CITY may sell such DEVELOPER'S Capacity Allocation on a pro rata basis to the other DEVELOPERS for the purchase price illustrated in Section 9.b.

12. Counterparts. This Agreement may be executed in counterparts, including electronic (pdf) and facsimile counterparts, each of which shall be considered an original and all of which together shall be considered the same document.

13. Advice of Counsel. Each of the parties has received the advice of legal counsel prior to signing this Agreement. Each party acknowledges no other party or agent or attorney has made a promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter herein to induce another party to execute this Agreement. The parties agree no provision or provisions may be subject to any rules of construction based upon any party being considered the party drafting this Agreement.

14. Governing Law. The validity, interpretation and effect of this Agreement are governed by and shall be construed in accordance with the laws of the State of California.

15. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable but the remainder of the Agreement can be enforced without failure of material consideration to any party, then this Agreement shall not be affected and it shall remain in full force and effect. If, however, the invalidity or unenforceability of any provision of this Agreement results in a material failure of consideration, all parties shall meet and negotiate in good faith not less frequently than every ten (10) days and formulate new terms that substitute the stricken clause with other provisions that provide substantially similar terms as the stricken clause. If the parties are unable to agree, then the parties shall resolve the issues through mediation as set forth in Section 11.b.

16. Authorization. Without any personal liability therefor, each person executing this Agreement on behalf of the applicable party hereto warrants that (i) such party is duly organized and existing, (ii) such person has been duly authorized to execute and deliver this Agreement on behalf of the applicable party, (iii) the execution of this Agreement by such person shall bind the applicable party to the terms of this Agreement, and (iv) to such person's knowledge, the execution of this Agreement does not violate any agreement as to which such party is bound. CITY represents and warrants that CITY has obtained any necessary approvals to execute this Agreement and be bound by the terms hereof.

17. Other Agreements Not Affected. This Agreement constitutes the entire agreement between the parties hereto with respect to the Phase 2 Expansion and supersedes all prior understandings or agreements with respect to the subject matter hereof; provided, however, that this Agreement does not supersede, amend, nor replace any prior written agreement relating to any matter other than with respect to the matters expressly set forth in this Agreement relating to this specific Phase 2 Expansion project such as, without limitation, the parties' separate Consortium Agreement, as amended from time to time, and the Conditional Will Serve Agreement for Wastewater between CITY and Saybrook dated August 19, 2013. This Agreement may be modified only by specific reference describing a mutual intent and agreement to amend this Agreement in written documents signed by all parties hereto.

18. Greenlighting Future Expansions. Nothing herein supersedes, amends or replaces any prior written agreement with respect to the DEVELOPERS' ability to "greenlight" future expansions in accordance with the parties' other written agreements regarding "greenlighting."

19. Notices. All notices which are allowed or required to be given hereunder shall be in writing and (i) shall be deemed given and received when personally delivered or (ii) shall be deemed given when the same are deposited in the United States Mail, with sufficient postage prepaid, to be sent by registered or certified mail or overnight mail service, addressed to the designated person by one party to another in writing, and shall be deemed received on the fourth business day after such mailing. Any notice shall be given to all of the following:

CITY	RID	LMI
City of Lathrop 390 Towne Centre Drive Lathrop, CA 95330 Attn: City Manager With a copy to: City of Lathrop 390 Towne Centre Drive Lathrop, CA 95330 Attn: City Attorney	River Islands Development, LLC 73 West Stewart Road Lathrop, CA 95330 Attn: Susan Dell'Osso With a copy to: River Islands Development, LLC 2999 Oak Road, Suite 400 Walnut Creek, CA 94597 Attn: Lisa Freilicher, Esq.	Lathrop Mossdale Investors LP 675 Hartz Avenue Danville, CA 94526 Attn: Jeff Abramson and Lori Waltzer
RDI	**SAYBROOK**	
Richland Developers, Inc. 3161 Michelson Drive, Suite 425 Irvine, CA 92612 Attn: General Counsel With a copy to: Richland Developers, Inc. 3000 Lava Ridge Court, Suite 115 Roseville, CA 95661 Attn: Clifton Taylor	Saybrook CLSP, LLC 303 Twin Dolphin Drive Suite 600 Redwood Shores, CA 94065 Attn: Jeff Wilson With a copy to: Best and Krieger 300 South Grand Avenue, 25th Floor Los Angeles, CA 90071 Attn: Seth Merewitz, Esq.	

20. Further Assurances. The parties agree to perform such further acts and to execute and deliver such further instruments as are reasonably necessary to accomplish the intent and purpose of this Agreement.

21. Assignment and Transfer. This Agreement shall inure to the benefit of and bind the successors and permitted assigns of the parties. Except for an assignment to an Affiliate (defined below) of a DEVELOPER, no DEVELOPER may assign this Agreement without the prior written consent of CITY, which shall not be unreasonably withheld, conditioned or delayed. Without limiting the foregoing, prior to any DEVELOPER assignment, (i) the assigning DEVELOPER shall notify all parties of the proposed assignment and provide reasonable information to the parties regarding the proposed assignee and (ii) any potential assignee must reasonably demonstrate to the CITY's satisfaction that the proposed assignee has the financial ability and experience to fulfill the assigning DEVELOPER'S obligations under this Agreement. Any DEVELOPER may assign this Agreement to an Affiliate, with notice to the other parties hereto. As used herein, the term "Affiliate" means any person, entity or organization as to which any DEVELOPER has a controlling

interest. As used herein, "controlling interest" means the right to control the management decisions of such person or entity, whether by contract or otherwise.

22. Time of the Essence. Time is of the essence of this Agreement.

23. Construction. All parties have been represented by counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against a drafting party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision(s) to which they pertain.

24. No Joint Venture or Partnership. Nothing in this Agreement or in any document executed in connection with this Agreement shall be construed as creating a joint venture, partnership, or any agency relationship between CITY and a DEVELOPER or all DEVELOPERS. CITY shall have no responsibility for Disposal Infrastructure or any other public improvements unless and until accepted by CITY.

25. Waiver. No waiver of any provision of this Agreement shall be effective unless such waiver is in writing and signed by a duly authorized representative of the party against whom enforcement is sought.

26. Table of Exhibits. The following exhibits are attached hereto and made a part hereof:

Exhibit A:	Funded and Unfunded Expansion Costs
Exhibit B-1:	Initial Capacity Allocations
Exhibit B-2:	Standby Charges
Exhibit C-1:	Developer Allocations of Reserved Capacity
Exhibit C-2:	Reserved Capacity Overpayment
Exhibit D:	Developer Reimbursement
Exhibit E-1:	Oversizing Overpayments (0.75 MGD)
Exhibit E-2:	Oversizing Overpayments (0.25 MGD)
Schedule 1:	Funding Agreements
Schedule 2:	Withdrawn Developers
Schedule 3:	Transfer Information

[SIGNATURES ON THE FOLLOWING PAGE]

[SIGNATURE PAGE TO CONSTRUCTION FUNDING AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

CITY

CITY OF LATHROP
a municipal corporation of the State of California

By: _____
Name: Stephen J. Salvatore
Its: City Manager

ATTEST:

By: _____
Name: Teresa Vargas
Its: City Clerk
Dated: 1/12/17

APPROVED AS TO FORM:

_____
Salvador V. Navarrete
City Attorney

RDI

RICHLAND DEVELOPERS, INC.
a Delaware corporation

By: _____
Name: _____
Its: _____

RID

RIVER ISLANDS DEVELOPMENT, LLC
a California limited liability company

By: _____
Name: Susan Dell'Osso
Its: Vice President and Secretary

LMI

LATHROP MOSSDALE INVESTORS LP, a California limited partnership

By: _____
Name: _____
Its: _____

SAYBROOK

SAYBROOK CLSP, LLC
a California limited liability company

By: Saybrook Fund Investors, LLC
its Managing Member

By: _____
Name: Jeffrey M. Wilson
Its: Officer

[SIGNATURE PAGE TO CONSTRUCTION FUNDING AGREEMENT]

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CITY

CITY OF LATHROP
a municipal corporation of the State of California

By: _____
Name: Stephen J. Salvatore
Its: City Manager

ATTEST:

By: _____
Name: Teresa Vargas
Its: City Clerk
Dated: _____

APPROVED AS TO FORM:

_____
Salvador V. Navarrete
City Attorney

RID

RIVER ISLANDS DEVELOPMENT, LLC
a California limited liability company

By: _____
Name: Susan Dell'Osso
Its: Vice President and Secretary

LMI

LATHROP MOSSDALE INVESTORS LP, a California limited partnership
BY: LATHROP MOSSDALE VENTURES, INC., ITS GENERAL PARTNER
By: _____
Name: Lori R Waltzer
Its: CFO

RDI

RICHLAND DEVELOPERS, INC.
a Delaware corporation

By: _____
Name: _____
Its: _____

SAYBROOK

SAYBROOK CLSP, LLC
a California limited liability company

By: Saybrook Fund Investors, LLC
its Managing Member

By: _____
Name: Jeffrey M. Wilson
Its: Officer

[SIGNATURE PAGE TO CONSTRUCTION FUNDING AGREEMENT]

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CITY OF LATHROP
a municipal corporation of the State of California

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Its: City Manager

ATTEST:

By: _____
Name: Teresa Vargas
Its: City Clerk
Dated: _____

APPROVED AS TO FORM:

_____
Salvador V. Navarrete
City Attorney

RDI

RICHLAND DEVELOPERS, INC.
a Delaware corporation

By: _____
Name: _____
Its: _____

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RIVER ISLANDS DEVELOPMENT, LLC
a California limited liability company

By: _____
Name: Susan Dell'Osso
Its: Vice President and Secretary

LMI

LATHROP MOSSDALE INVESTORS LP, a California limited partnership

By: _____
Name: _____
Its: _____

SAYBROOK

SAYBROOK CLSP, LLC
a California limited liability company

By: Saybrook Fund Investors, LLC
its Managing Member

By: _____
Name: Jeffrey M. Wilson
Its: Officer

[SIGNATURE PAGE TO CONSTRUCTION FUNDING AGREEMENT]

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CITY

CITY OF LATHROP
a municipal corporation of the State of California

By: _____
Name: Stephen J. Salvatore
Its: City Manager

ATTEST:

By: _____
Name: Teresa Vargas
Its: City Clerk
Dated: _____

APPROVED AS TO FORM:

_____
Salvador V. Navarette
City Attorney

RDI

RICHLAND DEVELOPERS, INC.
a Delaware corporation

By: _____
Name: John H. Bray
Its: President

RID

RIVER ISLANDS DEVELOPMENT, LLC
a California limited liability company

By: _____
Name: Susan Dell'Osso
Its: Vice President and Secretary

LMI

LATHROP MOSSDALE INVESTORS LP, a California limited partnership

By: _____
Name: _____
Its: _____

SAYBROOK

SAYBROOK CLSP, LLC
a California limited liability company

By: _____
Name: Jeff Wilson
Its: Co-Managing Member

EXHIBIT A

Funded and Unfunded Expansion Costs

(See Attached)

EXHIBIT A

Funded and Unfunded Expansion Costs

CTF Phase 2 Expansion, City of Lathrop, California

Project Costs:		
LCTF Phase 2 Expansion Costs (Contractor):	**$18,683,208**	Based on apparent low bidder, see Note b below
SCADA costs (Primex):	**$110,890**	50% of Primex contract for SCADA (remaining 50% is for the existing facilities, and is paid for by the City)
SCADA costs (PACE):	**$122,982**	50% of PACE contract for SCADA (remaining 50% is for the existing facilities, and is paid for by the City)
SCADA costs (City):	**$37,500**	50% of City costs for SCADA (remaining 50% is for the existing facilities, and is paid for by the City)
10% Contingency for SCADA costs:	**$27,137**	
Total Construction Costs:	**$18,981,717**	Sum of contractor costs plus SCADA costs
Soft Costs:	**$5,500,000**	
Value of RIPFA Parcel:	**$303,000**	Appraisal
Value of Crossroads Parcel:	**$225,000**	Estimate, assuming about $90,000 per acre, similar to RIPFA parcel, and 2.5 acres
Total Project Costs:	**$25,009,717**	

Other Costs:		
Costs for Reimbursement to Original Consortium for Previous Oversizing:	$1,533,821	Refer to Exhibit E-1
Costs for Reimbursement to Phase 1 for Previous Oversizing:	$358,674	Refer to Exhibit E-2
Total of Other Costs:	**$1,892,495**	

Unit Costs:		
Full Expansion to 2.5 MGD ($/gpd):	$16.67	($25.01 million divided by 1.5 million gallons per day)
Unit Cost at 2.1 MGD ($/gpd):	$22.74	($25.01 million divided by 1.1 million gallons per day)
Overpayment by Phase 2 Group ($/gpd):	$6.07	($22.74 minus $16.67)

Developer	Flow Capacity (gpd)	Reserve Capacity (gpd)	% of Expansion	Share of Project Costs	Credit for Land	Share of Reimbursement for Previous Oversizing	Total Cost (Not Including Standby Charges or Costs for Storage and Disposal)	Amount Paid to Date (Funded Expansion Costs)	Amount Due (Unfunded Expansion Costs)	Estimated Standby Charge (1st Year, per unused gpd)
River Islands	652,840	237,396	59.35%	$14,843,040	$0	$1,123,179 (a)	**$15,966,218**	$2,037,017	$13,929,201	*$0.529*
Crossroads (capacity owned by City)	216,000	78,545	19.64%	$4,910,999	($225,000)	$371,617	**$5,057,616**	$421,113	$4,636,503	*$0.529*
Richland Developers	114,000	41,455	10.36%	$2,591,916	$0	$196,131	**$2,788,047**	$222,254	$2,565,793	*$0.529*
Saybrook	100,000	36,364	9.09%	$2,273,611	$0	$172,045 (a)	**$2,445,656**	$0	$2,445,656	*$0.529*
Lathrop Mossdale Investors	17,160	6,240	1.56%	$390,152	$0	$29,523 (a)	**$419,675**	$33,455	$386,220	*$0.529*
Richland Communities	0	0	0.00%	$0	$0	$0	**$0**	$200,808	($200,808)	-
River Islands Public Financing Authority	-	-	-	-	($303,000)	-	**($303,000)**	$0	($303,000)	-
Total	**1,100,000**	**400,000**	**100.00%**	**$25,009,717**	**($528,000)**	**$1,892,495**	**$26,374,212**	**$2,914,647**	**$23,459,565**	-

Notes:

(a) As part of the Original Consortium and/or Phase 1 , River Islands, Lathrop Mossdale Investors, and Saybrook will receive shares of the reimbursements, as outlined in Exhibits E-1 and E-2.

(b) Contractor cost to be paid for the Developers is calculated at 95.98% of $19,466,370, which is the Contractor bid of $17,696,700 plus 10% contingency. It was estimated based on the Design Engineer's estimate that 95.98% of the total construction costs was for the plant expansion, and thus would be paid for by the Phase 2 Developers. The remaining 4.02% of the project addresses either decommissioning of the Crossroads facility or repairs or maintenance to the existing CTF facility, and will be paid by the City.

Abbreviations:

gpd = gallons per day MGD = million gallons per day

EXHIBIT B-1

Initial Capacity Allocations

(See Attached)

EXHIBIT B-1

Capacity Allocations

CTF Phase 2 Expansion, City of Lathrop, California

Developer	Flow Capacity (gpd)	% of Expansion
River Islands	652,840	59.35%
Crossroads (Capacity owned by City)	216,000	19.64%
Richland Developers	114,000	10.36%
Saybrook	100,000	9.09%
Lathrop Mossdale Investors	17,160	1.56%
Total	**1,100,000**	**100.00%**

Abbreviations:

gpd = gallons per day

EXHIBIT B-2

Standby Charges

(See Attached)

EXHIBIT B-2

Calculations for Estimated Standby Charges

Consolidated Treatment Facility, City of Lathrop, California

Assumptions:			
Plant Capacity After Expansion:	2.5	mgd	
Sold Capacity After Expansion:	2.1	mgd	
Standby Charge Goes Into Effect:	FY 2017-2018		Assumed Plant Completion in April 2018
Non-Crossroads Flow When Standby Charge In Effect:	0.754	mgd	From Table 4-3 of Draft Rate Study
Crossroads Flow When Standby Charge in Effect:	0.18	mgd	From Richland Projections for December 2017
Total CTF Flow When Standby Charge in Effect:	0.934	mgd	Sum of Non-Crossroads and Crossroads Flow
Flow Share that is Ineligible for Standby Charges:	0.146	mgd	At the time that the first standby district was "sunset", the flow in the treatment plant was approximately 0.604 mgd out of 0.75 mgd capacity. The remaining 0.146 mgd out of the 0.75 mgd is ineligible for standby charges (because of the sunsetting) even though some portion of it may remain unused.
Wastewater Rate When Standby Charge in Effect	$79.00	per account per month	From Table 4-6 of Draft Rate Study

Calculations for 2.5 MGD Plant:			
Current Annual Fee for Veolia:	$950,000		
Estimated Annual Fee for Veolia After Expansion:	$1,440,612		Veolia Proposal as of mid-May 2016
Additional Expenses for Incremental Increase in Veolia Fee:	$490,612		(Annual Fee After Expansion) - (Current Annual Fee)
Contingency for Additional Expenses Other Than Veolia Fee	$49,061		10% contingency to cover expected additional maintenance including SCADA, LAS-3, additional monitoring wells, other off-site infrastructure
Required Revenue from Standby Charge:	$539,673		(Additional Expenses for Incremental Increase in Veolia Fee) + (Contingency)
Standby Flow:	1,020,000	gpd	(Sold Capacity) - (Total CTF Flow) - (Flow Share Ineligible for Standby Charges). This is equivalent to the unused sold capacity minus the amount of flow calculated above that cannot be assessed standby charges because the first standby district has "sunset".
Standby Charge per gpd:	**$0.529**		**(Required Standby Revenue) / (Standby Flow)**

EXHIBIT B-2

Calculations for Estimated Standby Charges

Consolidated Treatment Facility, City of Lathrop, California

Calculations for Standby Overcharge:			
(For this calculation, we first calculate the standby charges for a 2.1 MGD plant, and then compare to the standby charges for a 2.5 MGD plant)			
Current Annual Fee for Veolia:	$950,000		
Estimated Annual Fee for Veolia After Expansion:	$1,337,454		Veolia Proposal as of mid-May 2016
Additional Expenses for Incremental Increase in Veolia Fee:	$387,454		(Annual Fee After Expansion) - (Current Annual Fee)
Contingency for Additional Expenses Other Than Veolia Fee	$38,745		10% contingency to cover expected additional maintenance including SCADA, LAS-3, additional monitoring wells, other off-site infrastructure
Required Revenue from Standby Charge:	$426,199		(Additional Expenses for Incremental Increase in Veolia Fee) + (Contingency)
Standby Flow:	1,020,000	gpd	Calculated above
Standby Charge per gpd:	**$0.418**		**(Required Standby Revenue) / (Standby Flow)**
Standby "Overcharge" Due to 2.5 MGD Plant Instead of 2.1 MGD Plant (per gpd of sold capacity)	**$0.111**		**(Standby Charge With 2.5 MGD Plant) - (Standby Charge with 2.1 MGD Plant)**
Standby "Overcharge" Due to 2.5 MGD Plant Instead of 2.1 MGD Plant (per gpd of reserve capacity)	**$0.306**		**(Standby Overcharge per gpd of sold capacity) x (1.1 MGD sold capacity / 0.4 MGD reserve capacity)**

Breakeven Point Calculation:			
Other Variable Wastewater Fund Expenditures in 2017-2018:	$856,000		Backup Table for Draft Rate Study (Tab "700_exp" in Excel file) -- sum of utilities and capital replacement fund transfer
Incremental Increase in Other Variable Expenditures Per User:	$238		(Variable Wastewater Fund Expenditures)/([Total CTF Flow]/[260 gpd/user])
Monthly Incremental Increase in Other Variable Expenditures per New User	$19.86		(Incremental Increase in Other Variable Expenditures)/(12 months)
Number of New Users to Break Even:	760		(Required Revenue from Standby Charges) / ([Wastewater Rate - Monthly Incremental Increase in Non-Veolia Expenditures] x 12)
Threshold of Flow From New Users at Which Standby Charge No Longer Needed:	**197,707**	**gpd**	**(Number of New Users to Break Even) x (assumed 260 gpd per new user)**
Number of New Users to Fill Capacity:	5,769		(2.5 mgd - 1 mgd)/(assumed 260 gpd/user)
Percentage of New Users Needed to Break Even:	13%		

EXHIBIT B-2

Calculations for Estimated Standby Charges

Consolidated Treatment Facility, City of Lathrop, California

Notes:

(a) The standby calculation assumes that the wastewater rates do not change from those stated in the October 2015 Draft Water and Wastewater Rate Studies, prepared by Municipal Financial Services. These rates apply through the Fiscal Year 2019-2020.

(b) CTF flows shown in the calculation are based on flows shown in the October 2015 Draft Water and Wastewater Rates, while Crossroads flows are based on values provided from Richland in an email dated 24 April 2016.

(c) The calculation assumes that Crossroads users holding capacity but not yet flowing will continue to pay standby charges.

(d) It is assumed that none of the excess fees from the Crossroads funds will be used to offset standby charges.

EXHIBIT C-1

Developer Allocations of Reserved Capacity

(See Attached)

EXHIBIT C-1

Reserve Capacity Allocations

CTF Phase 2 Expansion, City of Lathrop, California

Developer	Reserve Capacity (gpd)	% of Expansion
River Islands	237,396	59.35%
Crossroads (capacity owned by City)	78,545	19.64%
Richland Developers	41,455	10.36%
Saybrook	36,364	9.09%
Lathrop Mossdale Investors	6,240	1.56%
Total	**400,000**	**100.00%**

Abbreviations:

gpd = gallons per day

EXHIBIT C-2

Reserved Capacity Overpayment

(See Attached)

EXHIBIT C-2

Reserve Capacity Overpayment

CTF Phase 2 Expansion, City of Lathrop, California

Project Costs:		
Total Project Costs:	**$25,009,717**	From Exhibit A

Other Costs:		
Costs for Reimbursement to Original Consortium for Previous Oversizing:	$1,533,821	Refer to Exhibit E-1
Costs for Reimbursement to Phase 1 for Previous Oversizing:	$358,674	Refer to Exhibit E-2
Total of Other Costs:	**$1,892,495**	

Unit Costs:		
Full Expansion to 2.5 MGD ($/gallon):	$16.67	($25.01 million divided by 1.5 million gallons per day)
Unit Cost at 2.1 MGD ($/gallon):	$22.74	($25.01 million divided by 1.1 million gallons per day)
Overpayment by Phase 2 Group ($/gal):	$6.07	($22.74 minus $16.67)

Developer	Flow Capacity (gpd)	Reserve Capacity (gpd)	% of Expansion	Overpayment of Project Costs (a)	Overpayment for Previous Oversizing	Total Overpayment (Not Including Standby Charge Overpayment)	Estimated Overpayment for Standby Charge (1st Year, per unused gpd)
River Islands	652,840	237,396	59.35%	$3,960,197	$1,123,179	**$5,083,376**	*$0.111*
Crossroads (capacity owned by City)	216,000	78,545	19.64%	$1,310,279	$371,617	**$1,681,896**	*$0.111*
Richland Developers	114,000	41,455	10.36%	$691,536	$196,131	**$887,667**	*$0.111*
Saybrook	100,000	36,364	9.09%	$606,611	$172,045	**$778,656**	*$0.111*
Lathrop Mossdale Investors	17,160	6,240	1.56%	$104,094	$29,523	**$133,617**	*$0.111*
Richland Communities	0	0	0.00%	$0	$0	**$0**	-
Total	**1,100,000**	**400,000**	**100.00%**	**$6,672,717**	**$1,892,495**	**$8,565,212**	-

Total Payments from Future Developer(s):		
Reimbursement for Phase 2 Group Overpayment:	$8,565,212	(not including overpayment for standby charge)
Total Unit Cost ($/gallon)	**$21.41**	(not including overpayment for standby charge)
Cost for Overpayment for Standby Charge ($/gallon of reserve capacity)	**$0.306**	(calculated in Exhibit B-2)

Notes:

(a) Overpayment is equal to unit cost of overpayment ($6.07 per gallon) multiplied by the flow capacity.

(b) All costs are estimated costs based on current costs, which will have to be trued up when final costs are known.

Abbreviations:

gpd = gallons per day MGD = million gallons per day

EXHIBIT D

Developer Reimbursement

(See Attached)

EXHIBIT D

Example Developer Reimbursement

CTF Phase 2 Expansion, City of Lathrop, California

Calculation of Payments from Future Developer(s) to Cover Expansion Costs:		
Total Unit Cost ($/gallon)	$21.41	(from Exhibit C-2)
Simple Interest Rate	10%	(Example)
Number of Years Since Expansion Costs Paid:	1	(Example)
Unit Cost Including Interest ($/gallon):	$23.55	

Calculation of Payments from Future Developer(s) to Cover Overpayment of Standby Charges		
Cost for Overpayment for Standby Charge ($/gallon of reserve capacity)	$0.306	(from Exhibit B-2)
Simple Interest Rate	10%	(Example)
Number of Years Since Standby Charges Paid:	1	(Example)
Unit Cost Including Interest ($/gallon):	$0.337	

Example Calculations for Standby Charge Reimbursement (see Note a below)

Developer	Flow Capacity (gpd)	Reserve Capacity (gpd)	Standby Charge Overpayment Rate from Exhibit B-2 ($/gpd of flow capacity)	Standby Charge Overpayment, assuming no flow used ($, rounded)	Standby Charge Overpayment Rate from above with interest ($/gpd of reserve capacity)	Example Reimbursement Due for Overpayment of Standby Charges ($, rounded)
River Islands	652,840	237,396	$0.111	$72,500	$0.337	$80,000
Crossroads	216,000	78,545	$0.111	$24,000	$0.337	$26,500
Richland Developers	114,000	41,455	$0.111	$12,700	$0.337	$14,000
Saybrook	100,000	36,364	$0.111	$11,100	$0.337	$12,300
Lathrop Mossdale Investors	17,160	6,240	$0.111	$1,900	$0.337	$2,100

Notes:

(a) The calculation is provided for example purposes only, and does not necessarily represent the correct reimbursement amounts, which will depend on the number of homes built and the flow used by each individual developer. The calculation is based on an assumption that the standby flow for each developer is equal to its flow capacity (e.g., the standby flow for River Islands is assumed to be its entire flow capacity of 652,840 gpd). The calculation is for a single year of standby charges, so a similar calculation would be needed for each subsequent year (if any) where standby charges are charged.

EXHIBIT E-1

Oversizing Overpayments (0.75 MGD)

(See Attached)

EXHIBIT E-1
City of Lathrop
Sewer Consortium Reimbursement
As of 11/3/2016

			Initial 0.75 MGD Plant (.75/.75)									
	Initial Cost	Capacity Served (mgd)	.75 mgd % share	.75 mgd Init share	0.75 Ult cost	0.75 oversizing	Payback from .25 exp	Remaining balance	Payback from 1.5 Exp	Remaining Balance	Payback from .5 Exp	Remaining Balance
Headworks Structure	$ 220,000	3	25.00%	$ 220,000	$ 55,000	$ 165,000	$ 55,000	$ 110,000	$ 99,000	$ 11,000	$ 11,000	$ -
Headworks Equipment	$ 279,200	1.5	50.00%	$ 279,200	$ 139,600	$ 139,600	$ 69,800	$ 69,800	$ 69,800	$ -		
Storage Pond 3	$ 1,122,000	3	25.00%	$ 1,122,000	$ 280,500	$ 841,500	$ 280,500	$ 561,000	$ 504,900	$ 56,100	$ 56,100	$ -
Storage Pond 3 R/W	$ 473,976	3	25.00%	$ 473,976	$ 118,494	$ 355,482	$ 118,494	$ 236,988	$ 213,289	$ 23,699	$ 23,699	$ -
Waste Sludge Tank	$ 204,000	1.5	50.00%	$ 204,000	$ 102,000	$ 102,000	$ 51,000	$ 51,000	$ 51,000	$ -		
Sodium Hypochlorite	$ 112,500	3	25.00%	$ 112,500	$ 28,125	$ 84,375	$ 28,125	$ 56,250	$ 50,625	$ 5,625	$ 5,625	$ -
TOTAL	$ 2,411,676			$ 2,411,676	$ 723,719	$ 1,687,957	$ 602,919	$ 1,085,038	$ 988,614	$ 96,424	$ 96,424	
Inflation 6/2003 thru 7/2013						$ 2,406,107.81	$ 859,705	$ 1,546,403				
Inflation 7/2013 thru 8/2016								$ 1,683,126.75	$ 1,533,821.49	$ 149,305		

Allocations per second Amendment to Consortium Agreement	gal per day	% of 750kgal						
McKee	25,651	3.42%		$29,403		$52,459		$5,106
Western Pacific	100,001	13.33%		$114,629		$204,512		$19,908
TCN	199,745	26.63%		$228,962		$408,498		$39,764
Lathrop Mossdale	324,628	43.28%		$372,113		$663,895		$64,625
River Islands	99,975	13.33%		$114,599		$204,458		$19,902
	750,000	100.00%		$ 859,705		$1,533,821		$149,305

Prepared By: Cari James
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EXHIBIT E-2

Oversizing Overpayments (0.25 MGD)

(See Attached)

EXHIBIT E-2
City of Lathrop
Sewer Consortium Reimbursement
As of 11/3/2016

	.25 mgd Expansion (.25/1.0)								
	0.25 mgd Init Share	0.25 mgd Ult Share	0.25 mgd Ult Cost	0.25 mgd Oversizing	Payback from 1.5 exp	Remaining Balance	Payback from .5 exp	Remaining Balance
	$ 55,000	8.33%	$ 18,333	$ 36,667	$ 33,000	$ 3,667	$ 3,667	$ 0
	$ 69,800	16.67%	$ 46,533	$ 23,267	$ 23,267	$ -		
	$ 280,500	8.33%	$ 93,500	$ 187,000	$ 168,300	$ 18,700	$ 18,700	$ -
	$ 118,494	8.33%	$ 39,498	$ 78,996	$ 71,096	$ 7,900	$ 7,900	$ -
	$ 51,000	16.67%	$ 34,000	$ 17,000	$ 17,000	$ -		
	$ 28,125	8.33%	$ 9,375	$ 18,750	$ 16,875	$ 1,875	$ 1,875	$ -
TOTAL	$ 602,919		$ 241,240	$ 361,679	$ 329,538	$ 32,141	$ 32,141	$ 0
				$ 393,656.99	$ 358,673.97	$ 34,983.02		

Allocations per Greenlight Agreement		gal per day	% of 250 kgal			
McKee		0	0.00%			
Western Pacific		0	0.00%			
TCN		0	0.00%			
Lathrop Mossdale		0	0.00%			
River Islands		200,000	80.00%	$286,939		$0
Saybrook		50,000	20.00%	$71,735		$0
		250,000	100.00%	$358,674		$0

Prepared By: Cari James
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SCHEDULE 1

Funding Agreements

1) Funding Agreement between City of Lathrop and Jass Sangha dated March 17, 2015
2) Funding Agreement between City of Lathrop and David Lazares and Cynthia Lazares Trust dated March 17, 2015
3) Funding Agreement between City of Lathrop and Richland Developers, Inc. dated March 19, 2015, as amended by Amendment to the Funding Agreement dated March 10, 2016, as revised by that certain Partial Assignment between Richland Developers, Inc. to Richland Communities, Inc. dated March 10, 2016
4) Funding Agreement between City of Lathrop and River Islands Development, LLC dated March 20, 2015, as amended by Amendment to the Funding Agreement dated March 10, 2016
5) Funding Agreement between City of Lathrop and Lathrop Mossdale Investors LP dated March 20, 2015, as amended by Amendment to the Funding Agreement dated March 10, 2016
6) Funding Agreement between City of Lathrop and Ramona Chace, LLC dated March 20, 2015

SCHEDULE 2

Withdrawn Developers

Lathrop Gateway Business Park
Ramona/Chase/Pegasus
Jass Sangha
Richland Communities, Inc., a Florida corporation

SCHEDULE 3

Transfer Information

WASTEWATER CAPACITY TRANSFER CRITERIA

Any Developer or third party who has acquired wastewater capacity under this Agreement and who wishes to transfer some or all of its wastewater capacity shall apply for the transfer through the City's Public Works Director. The application shall include the following information and be submitted with the requisite fee(s):

1. Name of transferor and proposed transferee.
2. Address and/or APN of the parcel(s) to benefit from the transfer.
3. The number of Equivalent Capacity Units (ECU's) or Interceptor System Units (ISU's) needed.
4. A description of the proposed development in sufficient detail to identify the potential impacts and benefits of the proposed development.
5. A letter from the purchaser committing to obtain a building permit, parcel map or final map with one year from City approval of the transfer, or to sell the units back to the City at the end of one year unless Council approves an alternative time limit. The repurchase price shall be the same as the cost paid by the transferee at the time the transfer took place, less the City's administrative fee.
6. An application fee to cover the cost of staff efforts, including the preparation of staff reports for Council action and a ten percent (10%) deposit toward the cost of the units.
7. An acknowledgement that it is the purchaser's responsibility to provide any sewer line extensions and related facilities necessary to utilize the ECU's or ISU's.

The City's Public Works Director shall consider the following factors in approving or denying a transfer request:

1. Is the request consistent with the City's General Plan?
2. Is the request consistent with the City's Sewer Master Plan?
3. Is the request consistent with the City's Zoning Ordinance?
4. Is the request consistent with any other applicable local, state or federal laws, regulations or ordinances?

Upon receipt of a written request and payment of the appropriate fee(s), the City Engineer will prepare a report for City Council consideration and action. The City Council may approve the request and authorize the City Manager to execute an agreement approved by the City Attorney with the applicant, or deny the request based on the foregoing factors. If the City Council approves a transfer of ECU's or ISU's from one parcel(s) to a different parcel(s), the applicant shall pay all costs to prepare and record an agreement(s) for the transfer. The agreement(s) will be recorded and advise future property owners of the transfer and limitations on future development.

EXHIBIT "B"

Doc #: 2018-047863
05/01/2018 08:45:03 AM
Page: 1 of 22 Fee: $0
Steve J. Bestolarides
San Joaquin County Recorders
Paid By: SHOWN ON DOCUMENT

RECORDING REQUESTED BY, AND
WHEN RECORDED MAIL TO:

CITY OF LATHROP
ATTN: CITY CLERK
390 TOWNE CENTRE DRIVE
LATHROP, CA 95330

SPACE ABOVE THIS LINE FOR RECORDER'S USE

TRANSFER AGREEMENT RELATING TO DEVELOPMENT AGREEMENT

BETWEEN SOUTH LATHROP LAND, LLC., AND RICHLAND DEVELOPERS INC., FOR THE SOUTH LATHROP SPECIFIC PLAN DEVELOPER AGREEMENT, DATED AUGUST 3, 2015, RECORDED ON SEPTEMBER 5, 2015, (INSTRUMENT NO. 2015-106926)

ADOPTED BY CITY OF LATHROP ORDINANCE NO. 18-390

RECORDING REQUESTED BY:

CITY OF LATHROP
ATTN: CITY CLERK
390 TOWNE CENTRE DRIVE
LATHROP, CA 95330

(Space Above Line For Recorder's Use Only)

TRANSFER AGREEMENT RELATING TO DEVELOPMENT AGREEMENT

This Transfer Agreement Relating To Development Agreement ("**Transfer Agreement**") is made this 2nd day of March, 2018, by SOUTH LATHROP LAND, L.L.C., a Delaware limited liability company ("**Assignee**"), and RICHLAND DEVELOPER'S INC., a Delaware corporation ("**Assignor**") with reference to the following recitals.

RECITALS

A. Substantially concurrently with the recordation of this Transfer Agreement, Assignor has conveyed to Assignee that certain real property described in **Exhibit "A"** attached hereto and incorporated herein (the "**Property**").

B. Assignor, as "Seller" and Assignee, as "Buyer" entered into that certain Agreement of Purchase and Sale of Option and Escrow Instructions dated as of February 28, 2018 pursuant to which Assignor has agreed to transfer and assign an option to purchase the Property to Assignee, and Assignee will substantially concurrently obtain fee title (the "**Purchase Agreement**"). Escrow is expected to close on March 2, 2018.

C. Assignor is a party to that certain Annexation Agreement and Separate Development Agreement by and between The City of Lathrop ("**City**") and Richland Developers, Inc. relating to The South Lathrop Specific Plan dated August 3, 2015, which was recorded on September 2, 2015 as Instrument No. 2015-106926 (the "**Development Agreement**").

D. Assignor and Assignee acknowledge that the Ancillary Properties referenced in the Development Agreement were never annexed into the City, were personal to Assignor, and have been sold by Assignor.

E. Pursuant to the Purchase Agreement, Assignor desires to assign and Assignee desires to assume all of Assignor's rights, duties and obligations under the Development Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants of the parties herein, and for good and valuable consideration, the receipt of sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Incorporation of Recitals. The Recitals of fact set forth above are true and correct and are incorporated into this Agreement in their entirety by this reference.

2. Assignment to and Assumption by Assignee. Effective as of the date that Assignee acquires fee title to the Property, Assignor hereby sells, transfers and assigns to Assignee, and Assignee hereby expressly and unconditionally assumes all the rights, duties and obligations of Assignor under the Development Agreement, including, without limitation, all of the general rights, duties and obligations of Assignor under the Development Agreement for the development of the Property. Assignee agrees to observe and fully perform all of Assignor's obligations under the Development Agreement, and to be subject to all the terms and conditions thereof, it being the express intention of both Assignor and Assignee that, upon execution of this Transfer Agreement, Assignee shall become substituted for Assignor as "Richland" under the Development Agreement. Notwithstanding the foregoing, this Transfer Agreement shall not apply to, and Assignor shall retain, any and all rights in and to, any refunds, reimbursements or credits of any kind or character applicable to work performed or sums paid prior to the effective date of this Transfer Agreement.

3. Release of Assignor. Pursuant to Section 13.02.2 of the Development Agreement, Assignor shall be free from any and all liabilities accruing on or after the date hereof with respect to the Development Agreement. No breach or default under this Transfer Agreement or the Development Agreement by Assignee shall be attributed to Assignor. For purposes of this Transfer Agreement, the "Release Provisions" shall be all Rights and Obligations of Assignor under the Development Agreement that arise from and after the date that Assignee acquires fee title to the Property.

4. Assignee's Acknowledgment. Assignee hereby agrees and acknowledges that Assignee has had full opportunity to read and review the Development Agreement and is familiar with the rights and obligations under the Development Agreement.

5. Notices. Pursuant to Section 15.09 of the Development Agreement, from and after the date hereof, notices for Richland shall be addressed as follows:

If to RDI:

South Lathrop, LLC
527 W 7th Street, Suite 308
Los Angeles, CA 90014
Attn: Philip J. Prassas
Email: pprassas@chindustrial.com

With a copy to:

Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 West Madison Street, Suite 3900
Chicago, Illinois 60606
Attn: Mark J. Beaubien
Facsimile: (312) 984-3150
Email: mark.beaubien@bfkn.com

6. Termination. This Transfer Agreement shall be of no force and effect unless Assignee acquires fee title to the Property on or before June 1, 2018.

7. Governing Law. This Transfer Agreement is made and entered into in the State of California and shall be interpreted, construed and enforced in accordance with the laws of the State of California. Venue shall be in San Joaquin County.

8. Binding Effect. This Transfer Agreement shall apply to, bind, and inure to benefit of Assignor and Assignee, and their respective heirs, legal representatives, successors and assigns.

9. Counterparts. This Transfer Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which shall together constitute one instrument.

IN WITNESS WHEREOF, this Transfer Agreement has been executed as of the date first above written.

ASSIGNOR

RICHLAND DEVELOPERS, INC.,
a Delaware corporation

By: _____

Name: John C. Troutman

Title: Vice President

ASSIGNEE

SOUTH LATHROP LAND, L.L.C., a Delaware limited liability company

By: CHI West 109 South Lathrop Land, L.P.,
a Delaware limited partnership,
its managing member

By: CHI LTH GP, L.L.C., a Delaware limited liability company, its ~~general~~ partner

By: _____

Name: _____

Title: VP

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On March 1, 2018 before me, Allison Adams, Notary Public,
Date *Here Insert Name and Title of the Officer*

personally appeared John C. Trutman
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

ALLISON ADAMS
Commission # 2143555
Notary Public - California
Orange County
My Comm. Expires Feb 21, 2020

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: _____	Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange }

On March 1, 2018 before me, Pamela Alongi, Notary Public
Date *Here Insert Name and Title of the Officer*

personally appeared Philip J. Prassas
Name(s) of Signer(s)

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

PAMELA ALONGI
Notary Public – California
Orange County
Commission # 2230200
My Comm. Expires Mar 2, 2022

Place Notary Seal and/or Stamp Above

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

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Transfer Agreement
Document Date: _____ Number of Pages: _____
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian of Conservator	☐ Trustee ☐ Guardian of Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

CITY'S CONSENT TO ASSIGN

Pursuant to Section13.02.2 of the Development Agreement, the City of Lathrop hereby consents to the Transfer Agreement and acknowledges that Assignor/Richland, having satisfied the conditions to the release set forth in Section 13.02.2 of the Development Agreement, shall be released from its obligations under the Development Agreement.

CITY OF LATHROP,
a California municipal law corporation

By: _____

Name: Sonny Dhaliwal

Title: Mayor of City of Lathrop

Dated: 4/9/18

ATTEST:

By: _____
Teresa Vargas, City Clerk

Dated: 4/9/18

APPROVED AS TO LEGAL FORM:

By: _____
Salvador Navarrete, City Attorney

Dated: 3-27-18

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Joaquin)

On April 9, 2018 before me, Teresa Vargas, Notary Public
Date *Here Insert Name and Title of the Officer*

personally appeared Sonny Dhaliwal
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

TERESA VARGAS
Commission # 2102612
Notary Public - California
San Joaquin County
My Comm. Expires Mar 9, 2019

Signature Teresa Vargas
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Transfer Agreement for SLSP DA No. 2015-106926 Document Date: 3/2/18
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: Mayor of City of Lathrop	Signer Is Representing: _____

APN 191-270-24 and 191-270-26

LEGAL DESCRIPTION

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

A PORTION OF SECTIONS 14, 15 AND 16, TOWNSHIP 1 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A, AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD FEBRUARY 19, 2004 IN BOOK 23 OF PARCEL MAPS, PAGE 9, SAN JOAQUIN COUNTY RECORDS.

APN 191-270-24 and 191-270-26

APN 191-270-11, 191-270-32 and 191-270-33

LEGAL DESCRIPTION

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

PARCEL 1 AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD DECEMBER 30, 2004 IN BOOK 23 OF PARCEL MAPS AT PAGE 91, SAN JOAQUIN COUNTY RECORDS,

TOGETHER WITH ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 2 AS SHOWN ON THAT CERTAIN PARCEL MAP RECORDED IN BOOK 23 OF PARCEL MAPS AT PAGE 91, SAN JOAQUIN RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF PARCEL 2 AS SHOWN ON THE ABOVE MENTIONED PARCEL MAP, THENCE FROM SAID POINT OF BEGINNING, ALONG THE EASTERLY LINE OF SAID PARCEL 2, SOUTH 00°00'43" WEST 1261.03 FEET TO THE SOUTHEASTERLY CORNER OF SAID PARCEL 2;

THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 2, NORTH 89°59'17" WEST 284.91 FEET;

THENCE LEAVING SAID SOUTHERLY LINE AND ENTERING SAID PARCEL 2, THE FOLLOWING FIVE (5) COURSES:

1. NORTH 00°00'43" EAST 721.00 FEET;
2. SOUTH 89°59'17" EAST 18.00 FEET;
3. NORTH 00°00'43" EAST 116.25 FEET;
4. NORTH 89°59'17" WEST 18.00 FEET;
5. NORTH 00°00'43" EAST 424.00 FEET TO A POINT ON THE NORTHERLY LINE OF SAID PARCEL 2;

THENCE ALONG SAID NORTHERLY LINE, SOUTH 89°56'35" EAST 284.91 FEET, TO THE TRUE POINT OF BEGINNING.

THIS LEGAL DESCRIPTION IS MADE PURSUANT TO THAT CERTAIN CERTIFICATE APPROVING A LOT LINE/BOUNDARY LINE ADJUSTMENT, CERTIFICATE NO. PA-0800041, RECORDED MARCH 28, 2008, AS INSTRUMENT NO. 2008-050423 OF OFFICIAL RECORDS.

APN 191-270-11, 191-270-32 and 191-270-33

APN 191-280-09 AND 191-280-10

LEGAL DESCRIPTION

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

PARCEL ONE (APN 191-280-09):

A TRACT OF LAND SITUATED IN SECTION NINE (9) AND TEN (10), TOWNSHIP ONE (1) SOUTH, RANGE SIX (6) EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT AN IRON PIPE AT FENCE CORNER AT THE NORTHEAST CORNER OF THE BRANDT RANCH, SAID PIPE BEING IN THE WEST LINE OF LOT LINE NINE (9) OF SHIPPEE FRENCH CAMP TRACT, AND 12.25 CHAINS NORTH OF THE CENTER OF SAID SECTION 10; THENCE DUE WEST ALONG FENCE ON THE NORTH LINE OF THE BRANDT PROPERTY, 456.5 FEET TO AN IRON PIPE IN THE SOUTHERLY LINE OF COUNTY ROAD, KNOWN AS ROBERTS ISLAND ROAD; THENCE ALONG THE SOUTHERLY LINE OF SAID ROAD AS FOLLOWS:

SOUTH 53°10' WEST, 50.04 FEET TO AN IRON PIPE; DUE WEST 1460.55 FEET TO AN IRON PIPE AT THE TRUE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED TRACT; THENCE CONTINUE ALONG THE SOUTH LINE OF COUNTY ROAD, DUE WEST 1310.0 FEET TO AN IRON PIPE; THENCE SOUTH 01°45' EAST, 3417.0 FEET TO AN IRON PIPE IN THE SOUTH LINE OF THE BRANDT PROPERTY; THENCE SOUTH 89°45'30" EAST ALONG THE SOUTH LINE OF BRANDT PROPERTY, 1310.2 FEET TO AN IRON PIPE; THENCE NORTH 1°45' WEST, 3422.5 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THAT PORTION OF SAID LAND DESCRIBED IN DEED RECORDED MARCH 17, 1967 IN VOL. 3111 OF OFFICIAL RECORDS, PAGE 215 SAN JOAQUIN COUNTY RECORDS.

PARCEL TWO (APN 191-280-09):

A TRACT OF LAND SITUATED IN SECTION NINE (9), TOWNSHIP ONE (1) SOUTH, RANGE SIX (6) EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT AN IRON PIPE AT FENCE CORNER AT THE NORTHEAST CORNER OF THE BRANDT RANCH, SAID IRON PIPE BEING IN THE WEST LINE OF LOT NINE (9) OF SHIPPEE FRENCH CAMP TRACT AND 12.25 CHAINS NORTH OF THE CENTER OF SECTION TEN (10), SAID TOWNSHIP AND RANGE; THENCE DUE WEST ALONG FENCE ON THE NORTH LINE OF THE BRANDT RANCH, 456.5 FEET TO AN IRON PIPE IN THE SOUTHERLY LINE OF COUNTY ROAD, KNOWN AS THE ROBERTS ISLAND ROAD; THENCE ALONG THE SOUTHERLY LINE OF SAID ROAD AS FOLLOWS:

SOUTH 53°10' WEST, 50.04 FEET TO AN IRON PIPE, DUE WEST 2770.55 FEET TO AN IRON PIPE; THENCE LEAVING ROAD, SOUTH 01°45' EAST, 1153.0 FEET TO AN IRON PIPE AT PROPERTY CORNER; THENCE CONTINUE SOUTH 1°45' EAST, 1168.2 FEET TO AN IRON PIPE AT THE TRUE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED TRACT OF LAND; THENCE

CONTINUE SOUTH 01°45' EAST 1095.8 FEET TO AN IRON PIPE IN THE SOUTH LINE OF THE BRANDT PROPERTY; THENCE ALONG THE SOUTH LINE OF THE BRANDT PROPERTY, NORTH 89°45'30" WEST, 2269 FEET TO THE RIGHT BANK OF THE SAN JOAQUIN RIVER; THENCE DOWNSTREAM ALONG THE RIGHT BANK OF THE SAN JOAQUIN RIVER AS FOLLOWS:

NORTH 01°45' EAST, 382 FEET; NORTH 53°10' EAST, 340 FEET; NORTH 40°30' EAST, 495 FEET; NORTH 20°10' EAST, 136.7 FEET; THENCE LEAVING THE RIVER DUE EAST 1572.3 FEET TO THE TRUE POINT OF BEGINNING.

APN 191-280-09 AND 191-280-10

APN 191-280-11

LEGAL DESCRIPTION

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

A PORTION IN SECTION 9, TOWNSHIP 1 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT AN IRON PIPE AT FENCE CORNER AT THE NORTHEAST CORNER OF THE BRANDT RANCH, SAID IRON PIPE BEING IN THE WEST LINE OF LOT 9 OF SHIPPEE FRENCH CAMP TRACT, AND 12.25 CHAINS NORTH OF THE CENTER OF SECTION 10, SAID TOWNSHIP AND RANGE; THENCE DUE WEST ALONG FENCE ON THE NORTH LINE OF BRANDT RANCH,
456.5 FEET TO AN IRON PIPE IN THE SOUTHERLY LINE OF COUNTY ROAD KNOWN AS THE ROBERTS ISLAND ROAD; THENCE ALONG THE SOUTHERLY LINE OF SAID ROAD AS FOLLOWS: SOUTH 53° 10' WEST, 50.04 FEET TO AN IRON PIPE; DUE WEST 2770.55 FEET TO AN IRON PIPE; THENCE LEAVING ROAD, SOUTH 1° 45' EAST, 1153 FEET TO AN IRON PIPE AT THE TRUE POINT OF BEGINNING OF THE FOLLOWING AND WITHIN DESCRIBED 40.585 ACRE TRACT OF LAND; THENCE CONTINUE SOUTH 1° 45' EAST, 1168.2 FEET TO AN IRON PIPE; THENCE DUE WEST 1572.3 FEET TO THE RIGHT BANK OF THE SAN JOAQUIN RIVER; THENCE DOWNSTREAM ALONG THE RIGHT BANK OF THE SAN JOAQUIN RIVER, AS FOLLOWS: NORTH 25° 10' EAST, 306.8 FEET; NORTH 2° 15' EAST, 210 FEET; NORTH 33° 05' EAST, 210 FEET; NORTH 33° 05' WEST, 207 FEET; NORTH 56° 25 ' WEST, 236 FEET TO PROPERTY CORNER; THENCE ALONG PROPERTY LINE, AS FOLLOWS: NORTH 40° 23' EAST, 494 FEET TO AN IRON PIPE; DUE EAST 1387.65 FEET TO THE TRUE POINT OF BEGINNING.

APN 191-280-11

APN 193-340-03

LEGAL DESCRIPTION

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

THAT CERTAIN REAL PROPERTY SITUATED IN SECTIONS (3) AND G OF C. M. WEBER GRANT, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A STEEL AXLE AT THE SOUTHWEST CORNER OF SAID C. M. WEBER GRANT; THENCE NORTH 89°23' EAST ALONG THE SOUTH LINE OF SAID C. M. WEBER GRANT, BEING THE SOUTH LINE OF BRIGGS PROPERTY, 4004.07 FEET TO A STEEL AXLE AT THE SOUTHWEST CORNER OF PETERS, 41.56 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOL. 592 OF OFFICIAL RECORDS, PAGE 341; THENCE ALONG THE WEST LINE OF SAID PETERS PROPERTY, NORTH 0°37' WEST, 1191.8 FEET TO A STEEL AXLE AT THE NORTHWEST CORNER OF SAID 41.56 ACRE TRACT; THENCE SOUTH 89°52'15" WEST, 691.05 FEET TO A POINT DESIGNATED A; THENCE NORTH 0°07'45" WEST, 50 FEET TO A POINT IN THE SOUTH LINE OF THE STUART 60 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOL. 506 OF OFFICIAL RECORDS, PAGE 489; THENCE ALONG THE SOUTH LINE OF STUART PROPERTY, SOUTH 89°52'15" WEST, 1607.48 FEET TO THE SOUTHWEST CORNER OF THE STUART 5 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOL. 531 OF OFFICIAL RECORDS, PAGE 332; THENCE ALONG THE WEST LINE OF SAID 5 ACRE TRACT, NORTH 0°07"45" WEST, 557.77 FEET TO THE NORTHWEST CORNER OF SAID 5 ACRE TRACT; THENCE ALONG BOUNDARY LINE OF ABOVE MENTIONED STUART 60 ACRE TRACT, SOUTH 89°52"15" WEST, 1753.02 FEET TO A CORNER OF SAID 60 ACRE TRACT IN THE WEST LINE OF SAID C. M. WEBER GRANT; THENCE ALONG THE WEST LINE OF SAID C. M. WEBER GRANT, SOUTH 1°56' EAST, 1834.5 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION DESCRIBED IN DEED TO ROSAURO A. DACLAN AND PAULA D. DACLAN, HIS WIFE, RECORDED JANUARY 22, 1952 IN VOL. 1389 OF OFFICIAL RECORDS, PAGE 359, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PORTION OF SECTION G OF C. M. WEBER'S GRANT, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION G OF SAID WEBER GRANT; THENCE NORTH 1°56' WEST ALONG THE WEST LINE OF SAID SECTION, A DISTANCE OF 1834.5 FEET TO THE SOUTHWEST CORNER OF THE STUART 60 ACRE TRACT, RECORDED NOVEMBER 6, 1935 IN VOL. 506 OF OFFICIAL RECORDS, PAGE 489; THENCE SOUTH 89°30' EAST ALONG THE SOUTH LINE OF SAID 60 ACRE TRACT, A DISTANCE OF 1753.02 FEET TO THE NORTHWEST CORNER OF THE STUART 5 ACRES TRACT, DESCRIBED IN DEED RECORDED JUNE 5, 1936 IN VOL. 531 OF OFFICIAL RECORDS, PAGE 332; THENCE SOUTH 0°07'45" WEST ALONG THE WEST LINE OF SAID 5 ACRE TRACT AND SAID WEST LINE PROJECTED SOUTHERLY TO A POINT IN THE SOUTH LINE OF SAID WEBER GRANT; THENCE WEST ALONG THE SOUTH LINE OF SAID WEBER GRANT TO THE POINT OF BEGINNING.

APN 193-340-03

APN 241-020-70

LEGAL DESCRIPTION

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

A PORTION OF SECTION 3, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTH RIGHT OF WAY LINE OF THE CENTRAL PACIFIC RAILWAY COMPANY WITH THE QUARTER SECTION LINE NORTH AND SOUTH THROUGH SAID SECTION 3; THENCE RUNNING SOUTHWESTERLY ALONG SAID SOUTH RIGHT OF WAY LINE TO THE INTERSECTION OF THE EAST LINE OF THE MOSSDALE ROAD PRODUCED TO MEET THE SAME; BEING THE POINT OF BEGINNING OF THE TRACT OF LAND HEREIN DESCRIBED; THENCE RUNNING SOUTH TO THE SOUTH LINE OF SECTION 3; THENCE WEST TO THE RIGHT BANK OF THE SAN JOAQUIN RIVER; THENCE FOLLOWING THE MEANDERS OF SAID RIVER DOWNSTREAM TO ITS INTERSECTION WITH THE EAST LINE OF THE MOSSDALE ROAD; THENCE FOLLOWING SAID LINE OF ROAD NORTHEASTERLY TO ITS INTERSECTION WITH THE SOUTH LINE OF THE RIGHT OF WAY OF CENTRAL PACIFIC RAILWAY COMPANY; THENCE NORTHEASTERLY ALONG SAID RIGHT OF WAY TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM A 100 FOOT STRIP OF LAND CONVEYED TO STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY DEED RECORDED APRIL 17, 1925 IN BOOK OF OFFICIAL RECORDS, BOOK 67, PAGE 375, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING THEREFROM ALL THAT PORTION OF THE FOLLOWING DESCRIBED REAL PROPERTY LYING EAST OF THE EAST LINE OF THE OLD MOSSDALE ROAD AND NORTH OF THE NORTH LINE OF THE NEW STATE HIGHWAY:

COMMENCING AT A POINT 50 FEET SOUTH OF INTERSECTION OF CENTER LINE OF CENTRAL PACIFIC RAILWAY RIGHT OF WAY WITH THE ONE-HALF SECTION LINE RUNNING NORTH AND SOUTH THROUGH SECTION 3, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE RUNNING SOUTH ALONG SAID ONE-HALF SECTION LINE TO THE SOUTH LINE OF SAID SECTION 3; THENCE WEST ALONG THE SOUTH LINE OF SECTION 3 TO THE RIGHT BANK OF SAN JOAQUIN RIVER; THENCE FOLLOWING THE MEANDERINGS OF SAID RIVER DOWNSTREAM TO ITS INTERSECTION WITH THE EAST LINE OF OLD MOSSDALE ROAD; THENCE ALONG THE EAST LINE OF SAID OLD MOSSDALE ROAD NORTHEASTERLY TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND 50 FEET SOUTH OF THE CENTER LINE OF CENTRAL PACIFIC RAILWAY RIGHT OF WAY; THENCE NORTHEASTERLY ALONG SAID LINE PARALLEL WITH AND 50 FEET SOUTH OF THE CENTER LINE OF THE CENTRAL PACIFIC RAILWAY RIGHT OF WAY TO THE POINT OF COMMENCEMENT AND BEING A PORTION OF THE WEST 1/2 OF SECTION 3, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN.

ALSO EXCEPTING THEREFROM ANY PORTION THEREOF LYING WITHIN THE 400 FOOT CONGRESSIONAL GRANT OF CENTRAL PACIFIC RAILWAY COMPANY.

ALSO EXCEPTING THEREFROM A TRACT OF LAND CONVEYED TO STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY DEED RECORDED AUGUST 16, 1928 IN BOOK OF OFFICIAL RECORDS, BOOK 247, PAGE 165, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY DEED RECORDED OCTOBER 11, 1955 IN BOOK OF OFFICIAL

RECORDS, BOOK 1797, PAGE 536, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY DEED RECORDED JANUARY 8, 1945 IN BOOK OF OFFICIAL RECORDS, BOOK 907, PAGE 334, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO STATE OF CALIFORNIA BY DEED RECORDED APRIL 17, 1969 IN BOOK OF OFFICIAL RECORDS, BOOK 3297, PAGE 147, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO RECLAMATION DISTRICT NO. 17, A PUBLIC AGENCY BY DEED RECORDED APRIL 22, 2010 AS INSTRUMENT NO. 2010055050 OF OFFICIAL RECORDS, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING ANY PORTION OF THE LAND WITHIN THE NATURAL BED OF THE SAN JOAQUIN RIVER AND ITS TRIBUTARIES BELOW THE ORDINARY HIGH WATER MARK WHERE IT WAS LOCATED PRIOR TO ANY ARTIFICIAL OR AVULSIVE CHANGES IN THE LOCATION OF THE RIVERBED.

APN 241-020-70

APN 241-030-13

LEGAL DESCRIPTION

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

PARCEL ONE:

A PORTION OF SECTIONS 3 AND 10, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE ONE-HALF SECTION LINE, 6.44 CHAINS WEST OF THE QUARTER SECTION CORNER OF THE EAST SIDE OF SECTION 10, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE NORTH ALONG A FENCE AND 6.44 CHAINS WEST OF THE SECTION LINE TO THE SOUTHERLY LINE OF THE RIGHT OF WAY OF THE CENTRAL PACIFIC RAILWAY COMPANY; THENCE SOUTHWESTERLY ALONG SAID RIGHT OF WAY TO THE ONE-HALF SECTION LINE RUNNING NORTH AND SOUTH THROUGH THE CENTER OF SECTION 3, SAID TOWNSHIP AND RANGE; THENCE SOUTH TO THE QUARTER SECTION CORNER BETWEEN SECTIONS 3 AND 10, SAID TOWNSHIP AND RANGE; THENCE WEST ALONG THE QUARTER SECTION LINE TO THE EASTERLY BANK OF THE SAN JOAQUIN RIVER;THENCE MEANDERING THE EASTERLY BANK OF SAID RIVER UPSTREAM TO WALTHALL SLOUGH;THENCE UP SAID SLOUGH TO A POINT 15.37 CHAINS WEST OF THE EAST LINE OF SECTION 10, SAID TOWNSHIP AND RANGE; THENCE NORTH PARALLEL TO SAID SECTION LINE, TO THE QUARTER SECTION LINE, EAST AND WEST THROUGH THE CENTER OF SAID SECTION 10;THENCE EAST TO THE POINT OF BEGINNING.

SAVING AND EXCEPTING THEREFROM THAT CERTAIN STRIP OF LAND CONTAINING 7.57 ACRES, CONVEYED BY ANGEL LITCHFIELD TO ALAMEDA AND SAN JOAQUIN RAILROAD COMPANY BY DEED DATED AUGUST 31, 1885, FILED FOR RECORD IN BOOK "A" OF DEEDS, VOL. 87, PAGE 474, SAN JOAQUIN COUNTY RECORDS.

ALSO SAVING AND EXCEPTING THEREFROM THAT CERTAIN PIECE OF LAND 100 BY 150 FEET, CONVEYED BY ANGEL LITCHFIELD TO RECLAMATION DISTRICT NO. 17, BY DEED DATED FEBRUARY 9, 1909, FILED FOR RECORD IN BOOK "A" OF DEEDS, VOL. 173, PAGE 470, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED OCTOBER 5, 1955 IN BOOK 1796 OF OFFICIAL RECORDS, PAGE 30, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION CONVEYED TO ROBERT H. BROWN, ET UX, RECORDED JUNE 4, 1964 IN BOOK 2829 OF OFFICIAL RECORDS, PAGE 434, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED AUGUST 19, 1974 IN BOOK 3903 OF OFFICIAL RECORDS, PAGE 106, SAN JOAQUIN COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION OF THE LAND DESCRIBED IN THE GRANT

DEED TO RECLAMATION DISTRICT NO. 17, A PUBLIC AGENCY RECORDED APRIL 22, 2010 AS INSTRUMENT NO. 2010-055046 OF OFFICIAL RECORDS.

PARCEL TWO:

AN EASEMENT 20 FEET IN WIDTH FOR DRAINAGE PURPOSES OVER A PORTION OF SECTION 10, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, THE CENTER LINE OF WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE CENTER LINE OF THE WESTERN PACIFIC RAILROAD RIGHT OF WAY, AT THE EASTERLY END OF A STEEL BRIDGE ACROSS THE SAN JOAQUIN RIVER; RUNNING THENCE ALONG THE CENTERLINE OF SAID RIGHT OF WAY, NORTH 68°49' EAST 350 FEET; THENCE SOUTH 23°11' EAST 50 FEET TO A POINT IN THE SOUTHERLY LINE OF THE WESTERN PACIFIC RAILROAD COMPANY RIGHT OF WAY, SAID POINT BEING IN THE CENTERLINE OF A DRAINAGE CANAL AND ALSO BEING THE TRUE POINT OF BEGINNING; THENCE RUNNING ALONG THE CENTERLINE OF SAID DRAINAGE CANAL SOUTH 23°11' EAST, 238 FEET, MORE OR LESS, TO THE INTERSECTION OF SAID CENTERLINE WITH THE CENTERLINE OF A DRAINAGE CANAL RUNNING IN A GENERALLY NORTHWESTERLY DIRECTION; THENCE ALONG THE CENTERLINE OF SAID DRAINAGE CANAL RUNNING IN A NORTHWESTERLY DIRECTION ON THE FOLLOWING TWO COURSES:

1. NORTH 62°09'41" WEST 190 FEET;
2. NORTH 78°26'34" WEST 29.00 FEET TO THE WESTERLY END OF A CONCRETE INTAKE STRUCTURE; THENCE SOUTH 66°49' WEST 235 FEET, MORE OR LESS, TO THE EASTERLY BANK OF THE SAN JOAQUIN RIVER, AS RESERVED IN DEED TO ROBERT B. BROWN, ET UX, RECORDED JUNE 4, 1964 IN BOOK 2829 OF OFFICIAL RECORDS, PAGE 434, SAN JOAQUIN COUNTY RECORDS.

APN: 241-030-13

APN 241-410-02

LEGAL DESCRIPTION

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

A PORTION OF THE WEST 1/2 OF SECTION 2 AND A PORTION OF THE EAST 1/2 OF SECTION 3, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY RT. 120, SAID POINT BEING A CONCRETE MONUMENT MARKING THE WEST LINE OF MCALPIN PROPERTY AS DESCRIBED IN DEED RECORDED JULY 7, 1954 IN BOOK 1648, PAGE 424; THENCE SOUTH 0 DEGREES 18 MINUTES WEST, ALONG SAID WEST LINE, A DISTANCE OF 1438 FEET; THENCE DUE EAST A DISTANCE OF 25 FEET TO THE NORTHWEST CORNER OF PROPERTY AS DESCRIBED IN DEED TO TRACEY E. DALE, ET UX, RECORDED IN BOOK 2788 PAGE 514; THENCE NORTH 84 DEGREES 30 MINUTES 52 SECONDS EAST, ALONG THE SOUTH LINE OF PROPERTY AS DESCRIBED IN DEED TO RUTH REHAK, RECORDED NOVEMBER 18, 1966 IN BOOK 3088, PAGE 198, OFFICIAL RECORDS, A DISTANCE OF 636 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREINAFTER DESCRIBED PARCEL:

THENCE CONTINUE NORTH 84 DEGREES 30 MINUTES 52 SECONDS EAST, A DISTANCE OF 430.52 FEET TO THE EAST LINE OF PROPERTY DESCRIBED AS THE —NORTH PARCEL" IN THE INTERLOCUTORY JUDGMENT OF DIVORCE, RECORDED JUNE 16, 1966 IN BOOK 3057, PAGE 206; THENCE NORTH 4 DEGREES 08 MINUTES 50 SECONDS EAST, ALONG THE EAST LINE OF SAID —NORTH PARCEL", A DISTANCE OF 1655.57 FEET, MORE OR LESS, TO THE SOUTHERLY LINE OF STATE HIGHWAY RT. 120; THENCE SOUTHWESTERLY ALONG THE SOUTHERLY LINE OF SAID HIGHWAY A DISTANCE OF 411 FEET; THENCE SOUTHERLY, PARALLEL WITH THE EASTERLY LINE OF SAID REHEK PROPERTY; A DISTANCE OF 500 FEET; THENCE SOUTHWESTERLY, PARALLEL WITH THE SOUTHERLY LINE OF SAID HIGHWAY 120, TO THE EASTERLY LINE OF REHEK PROPERTY; THENCE SOUTHERLY, ALONG THE EAST LINE OF SAID REHAK PARCEL TO THE TRUE POINT OF BEGINNING EXCEPT THEREFROM THAT PORTION DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED JUNE 21, 1977, IN BOOK 4274, PAGE 697, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM PARCELS A AND B AS SHOWN ON PARCEL MAP FILED JANUARY 10, 1978 IN BOOK 5 OF PARCEL MAPS, AT PAGE 120, SAN JOAQUIN COUNTY RECORDS.

APN 241-410-02

APN 241-410-03

LEGAL DESCRIPTION

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

PARCEL ONE:

PARCEL A, AS SHOWN ON PARCEL MAP FILED OCTOBER 31, 1980 IN VOL. 9 OF PARCEL MAPS, PAGE 173, SAN JOAQUIN COUNTY RECORDS.

PARCEL TWO:

AN EASEMENT FOR INGRESS AND EGRESS OVER AND UPON THE FOLLOWING DESCRIBED PROPERTY:

A PORTION OF SECTION 3, TOWNSHIP 2 SOUTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

A STRIP OF LAND 25 FEET WIDE, THE WEST LINE THEREOF BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY ROUTE 120, SAID POINT BEING A CONCRETE MONUMENT MARKING THE WEST LINE OF THE MCALPIN PROPERTY; THENCE SOUTH 0°18' WEST ALONG THE WEST LINE OF SAID MCALPIN PROPERTY A DISTANCE OF 1961 FEET TO A POINT ON THE NORTH LINE OF THE DESCRIBED IN DEED TO JAMES ROBERT POWELL, ET UX, RECORDED SEPTEMBER 19, 1967 IN BOOK 3153 OF OFFICIAL RECORDS, PAGE 465, AND BEING THE TERMINATION POINT OF SAID LINE.

EXCEPT THEREFROM THAT PORTION OF PROPERTY AS DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED AUGUST 16, 1977 IN BOOK 4295 OF OFFICIAL RECORDS, PAGE
676.

APN: 241-410-030-000

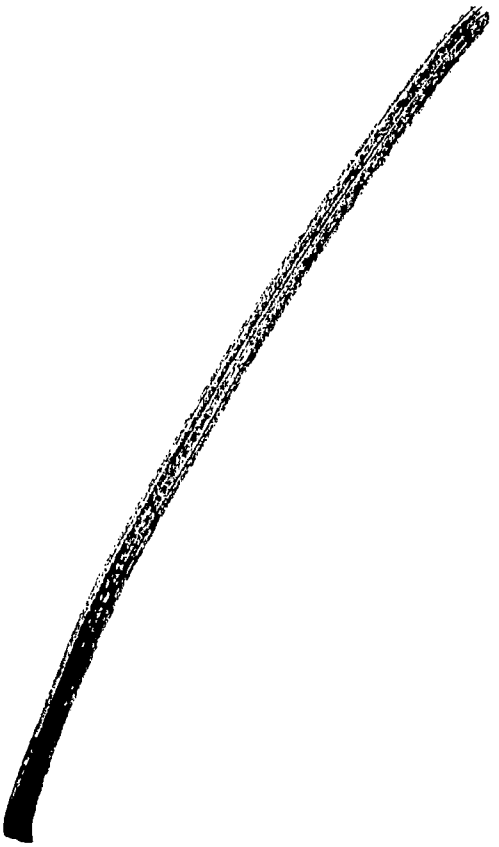
APN 241-410-06

LEGAL DESCRIPTION

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

PARCEL C, AS SHOWN ON PARCEL MAP FILED DECEMBER 28, 1977 IN BOOK 5 OF PARCEL MAPS, PAGE 105, SAN JOAQUIN COUNTY RECORDS.

APN 241-410-06



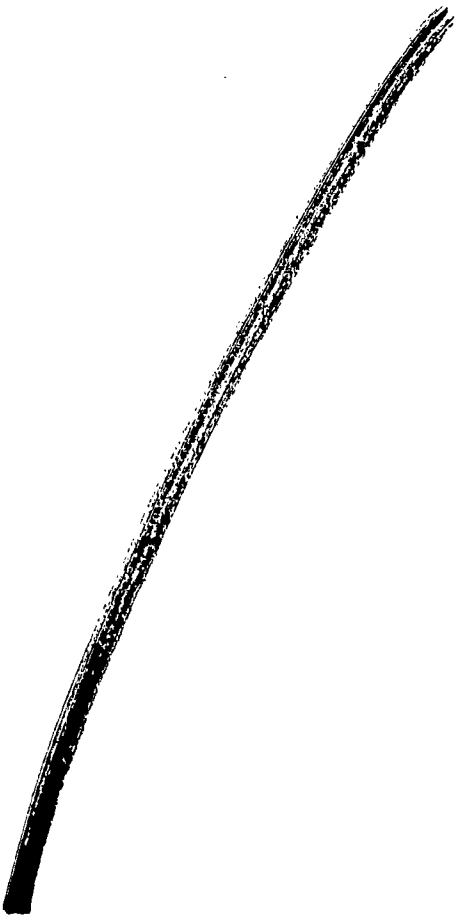
APN 241-410-07

LEGAL DESCRIPTION

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

PARCEL B, AS SHOWN ON PARCEL MAP FILED OCTOBER 31, 1980 IN VOL. 9 OF PARCEL MAPS, PAGE 173, SAN JOAQUIN COUNTY RECORDS.

APN 241-410-07



Reallocation of Wastewater (Sewer) Capacity from South Lathrop Land, LLC to City of Lathrop

6/19/2023

Total Initial Balance[1]	114,000	gpd

New Development	Allocation	
SLSP Parcels (225.21 Acres)	79,950	gpd
Remaining Capacity Not Allocated	*34,050*	gpd
Total Capacity (Not including Reserve Capacity)	*114,000*	gpd

Allocation Date	Allocation No.	gpd/Acre[2,3]	*Remaining Capacity*
September 10, 2018	2018-01	355	0
September 10, 2018	2018-01	355	0
September 10, 2018	2018-01	355	0

Reserve Sewer Treatment Capacity	*41,455*	gpd
Transferred to the City of Lathrop	*41,455*	gpd
Remaining Reserve Capacity	*0*	gpd

Allocation Date	Allocation No.	gpd	*Remaining Capacity*
September 14, 2020	2020-01	*41,455*	0

Assessor Parcel Number (APN)	Property Owner	Parcel Map 17-01 Parcel Number	Acres	Sewer Treatment & Disposal Allocated to parcel (gpd)[2]
241-030-46,47&48	South Lathrop Land, LLC	Parcel 1	26.08	9,258
241-030-16	BentallGreen Oak	Parcel 2	49.62	17,615
241-030-45	South Lathrop Land, LLC	Parcel 3	51.46	18,268
241-030-18	TriPoint Building 3, LLC	Parcel4	44.72	15,876
241-030-19	South Lathrop Land, LLC	Parcel 5	15.20	5,396
241-030-20	TriPoint Building 5, LLC	Parcel 6	12.50	4,438
241-030-21	TriPoint Building 6, LLC	Parcel 7	9.44	3,351
241-030-22	TriPoint Building 7, LLC	Parcel 8	6.90	2,450
241-030-23	South Lathrop Land, LLC	Parcel 9	9.29	3,298
		Totals	225.21	79,950
Remaining Capacity	South Lathrop Land, LLC			34,050

Allocation Date	Allocation No.	gpd	*Remaining Capacity*
July 10, 2023[4]	2023-01	17,100	9,258
			17,615
			18,268
			15,876
			5,396
			4,438
			3,351
			2,450
			3,298
			79,950
		17,100	16,950

Total South Lathrop Land Capacity	96,900
Total Unallocated Remaining Capacity	16,950

Notes:

1. Capacity per Exhibit B-1 of CTF Phase 2 Expansion Design and Construction Agreement dated 11-21-16, transferred to South Lathrop Land
2. Disposal Capacity in Land Application Area #3 assumed to match treatment capacity allocated
3. Per Draft Master Plan dated January 2018
4. Sale to DR Horton

Authorized by:

City of Lathrop

Brad Taylor, City Engineer — Date

Cari James, Director of Finance — Date

TriPoint Building 6, LLC

Philip J. Prassas, Vice President — Date

TriPoint Building 7 LLC

Philip J. Prassas, Vice President — Date

South Lathrop Land, LLC

Philip J. Prassas, Vice President — Date

TriPoint Building 3, LLC

Philip J. Prassas, Vice President — Date

TriPoint Building 5, LLC

Philip J. Prassas, Vice President — Date

EXHIBIT "C"

Reallocation of Wastewater (Sewer) Capacity from City of Lathrop to DR Horton

	Allocation GPD				City Council Allocation Date	Sewer Allocation No.	GPD/Unit[2]	APNs/Lots
Beginning Balance	***17,100***	***gpd***						
DR Horton Eagle's Landing	17,100	gpd			**July 10, 2023**	**EL 2023-01**	180	**95**
Remaining Capacity	**0**	**gpd**						

Notes:

1) Initial capacity of of 17,100 from purchase of South Lathrop Land Capacity on July 10, 2023
2) Obligation to secure capacity associated with VTM 22-100
3) Capacity to be assigned by a final map within one year of purchase, if capacity remains unassigned within one year of purchase the capacity shall be sold back to the City per the Transfer Agreement

Authorized by:

City of Lathrop

Brad Taylor, City Engineer — Date

Cari James, Director of Finance — Date

Grantee: D.R. Horton Bay, Inc.

By: — Date

Print Name:

Title:

EXHIBIT "D"

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