

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

521A



FROM: TLMA - Transportation Department

SUBMITTAL DATE:
October 21, 2010

SUBJECT: Project Agreement for Traffic Signal Improvements for Fee Credit/Reimbursement (Benton Road/Pourroy Road) between the County and Shea Homes Limited Partnership associated with TR 29214.

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the subject Agreement between the County and Shea Homes Limited Partnership, a California limited partnership (Developer); and
- 2) Authorize the Chairman to execute the same.

BACKGROUND: On February 24, 2004, the Board of Supervisors approved Tract No. 29214 located on Benton Road at Pourroy Road. The Transportation Department's conditions for this tract require the installation of a traffic signal at the intersection of Benton Road and Pourroy

Juan C. Perez
Director of Transportation

(Continued On Attached Page)

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 189,323	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11
SOURCE OF FUNDS: Western County Traffic Signal Mitigation Funds (DIF) 100%			Positions To Be Deleted Per A-30	<input type="checkbox"/>
			Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Tina Grande

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: November 2, 2010
xc: Transp.

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref. 02/24/04, Item 1.2 | District: 3 | Agenda Number:

3.55

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY:
DATE: 10-14-10
CYNTHIA M. GUNZEL

Dept't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

The Honorable Board of Supervisors

RE: Project Agreement for Traffic Signal Improvements for Fee Credit/Reimbursement (Benton Road/Pourroy Road) between the County and Shea Homes Limited Partnership associated with TR 29214.

October 21, 2010

Page 2 of 2

Road. The attached agreement provides for the issuance of credits/reimbursement from the Transportation-Signal component of the Developer Impact Fee (DIF) Program.

The Developer is obligated to pay traffic signal fees for 371 single family dwelling units for a total amount of \$124,956. The County and the Developer have agreed that the County will issue credits/reimbursement to offset the actual cost of the traffic signal improvements up to an amount not to exceed \$189,323 to the Developer, once the improvements are complete, accepted by the County, and costs are verified. Additionally, cash reimbursement is subject to availability and programming of funds received by the County.

Project No. B90951

**PROJECT AGREEMENT
TRAFFIC SIGNAL IMPROVEMENTS
FOR FEE CREDIT/REIMBURSEMENT
(Benton Road/Pourroy Road)**

THIS PROJECT AGREEMENT (this "Agreement"), entered into this 2nd day of November, 2010, by and between the County of Riverside, a public subdivision of the State of California (the "County") and Shea Homes Limited Partnership, a California limited partnership (the "Developer"). County and Developer are sometimes hereinafter referred to individually as "Party" and collectively as "Parties".

RECITALS

WHEREAS, Developer presently owns a property, which has received development approval from the County for Adeline's Farm Tract 29214, collectively 371 Single Family Residential units, as shown on Exhibit A, attached hereto and incorporated herein (the "Property"); and

WHEREAS, as a condition of development of the Property, the Developer is required to construct or cause to be constructed traffic signal improvements at the intersection of Benton Road and Pourroy Road (the "Project"), as shown and described in Exhibit B, attached hereto and incorporated herein, to partially mitigate identified impacts resulting from the residential development of the Property; and

WHEREAS, the County Board of Supervisors (the "Board") adopted Ordinance No. 659 as amended and Chapter 4.60 of the Riverside County Code establishing development impact fees (respectively, the "Ordinance" and the "Developer Impact Fee") to be paid at the time a certificate of occupancy is issued or upon final inspection, whichever occurs first; and

WHEREAS, Section 17 of the Ordinance provides general conditions under which a credit against all or a portion of the Developer Impact Fee may be earned; and

WHEREAS, a component of the Developer Impact Fee is a stated dollar amount to be utilized for the construction of traffic signal improvements within the unincorporated area of the County; and

WHEREAS, the Developer and County have determined that the Developer is eligible to receive a reimbursement for the actual construction cost of the Project, but not to exceed \$189,323 as shown and described in Exhibit C, attached hereto and incorporated herein; and

WHEREAS, the Developer and the County desire to enter into this Agreement to provide the conditions under which the Developer is to construct or cause to be constructed the Project, to establish the fee credit to be earned by the Developer, and the manner in which the fee credit is to be applied against the Development Impact Fee to be paid by the Developer upon the development of the Property; and

WHEREAS, this signal project is deemed eligible for fee credit or reimbursement based on the criteria set forth in Ordinance No. 659, Ordinance No. 748, and the policies and practices of the Riverside County Transportation Department.

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

TERMS

Section 1. Purpose of the Agreement: Following execution of this Agreement, the Developer shall cause, consistent with Sections 3 through 12, below, the Project to be designed, engineered and constructed as if it had been constructed under the direction and supervision or under the authority of the County, and upon acceptance of the Project by the County, the Developer will have earned a fee credit in the dollar amount determined consistent with the provisions of this Agreement that is to be applied against the Development Impact Fee to be paid for the development of the Property.

Section 2. Definitions: Unless otherwise specifically defined in this Agreement, all terms will have the meaning ascribed to them by the Ordinance.

Section 3. Preparation and Approval of Plans and Specifications: To the extent that it has not already done so, the Developer shall cause plans and specifications (collectively, the "Plans") to be prepared for the Project. The Developer shall obtain the written approval of the Plans from the County. The Developer shall provide a copy of the Plans to the Director of Transportation Department of the County, or his/her designee (the "County Engineer").

Section 4. Duty of Developer to Construct: The Developer shall construct or cause to be constructed the Project in accordance with the approved Plans approved by the County Engineer. The Developer shall perform all of its obligations hereunder and shall conduct all operations with respect to the construction of the Project in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Notwithstanding the foregoing, nothing set forth in this Agreement shall be construed to require the Developer to perform any work requiring a contractor's license, nor shall the Developer be deemed to be performing construction services pursuant to this Agreement.

Section 5. Bid and Construction Requirements: In order to insure that the Project is constructed as if it had been constructed under the direction and supervision, or under the authority of, the County, the Developer shall comply with all of the requirements set forth in this Section.

(a) Prior to soliciting bids, the Developer shall submit a bid packet for review and approval to the County Engineer. The contract for the construction of the Project shall be awarded to the responsible bidder submitting the lowest responsive bid for the Project after

notice inviting sealed bids is given as required for public works projects pursuant to any applicable provisions of the California Public Contracts Code and the rules, regulations and policies of the County. Upon opening of bids and prior to awarding the construction contract, the Developer shall submit the lowest responsible bidder's bid to the County Engineer for review and approval, which approval will not be unreasonably withheld or delayed.

(b) The Developer shall require, and the specifications, bid and contract documents shall require all contractors, subcontractors, vendors, equipment operators and owner operators, in each such case to the extent such individuals or entities are engaged to perform work on the Project, to pay at least general prevailing wage rates to all workers employed in the execution of the contract, to post a copy of the general prevailing wage rates at the job-site in a conspicuous place available to all employees and applicants for employment, and to otherwise comply with applicable provisions of the California Labor Code, the California Government Code and the California Public Contracts Code relating to general prevailing wage rates as required by the specifications approved by the County Engineer. The County has provided the Developer with copies of tables setting forth the general prevailing wage rates, and the Developer hereby acknowledges receipt thereof.

(c) The Developer shall require each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such individual or entity is engaged to perform work on the Project, to provide proof of insurance coverage satisfying the requirements of Section 11 (g) hereof throughout the term of the construction of the Project. Rather than requiring its contractors to provide such insurance, the Developer may elect to provide the same for the benefit of its contractors.

(d) Each contractor engaged to perform work on the Project shall be required to furnish (i) labor and material payment bonds, and (ii) contract performance bonds, each in an amount equal to 100% of the contract price naming the Developer and the County as obligees and issued by a California admitted surety which complies with the provisions of Section 995.660 of the California Code of Civil Procedure. All such bonds shall be in a form as shown in Exhibit D. Rather than requiring its contractors to provide such bonds, the Developer may elect to provide the same for the benefit of its contractors.

(e) The Developer shall comply, and shall cause each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such individual or entity is engaged to perform work on the Project, to comply, with such other requirements relating to the construction of the Project as the County may impose by written notification delivered to the Developer, to the extent legally required as a result of changes in applicable Federal, State or County laws, rules or procedures.

(f) The Developer shall require, and the specifications, bid and contract documents shall require, all contractors, subcontractors, vendors, equipment operators and owner operators, in each such case to the extent such individuals or entities are engaged to perform work on the Project, to submit certified weekly payroll records to the Developer for

inspection by the County Engineer, and to furnish certified payroll records to the County Engineer promptly upon request.

(g) All change orders shall be reviewed and approved by the County Engineer for the purpose of ensuring that they comply with Flood Control District or County standards, which review and approval will not be unreasonably withheld.

(h) At the time the Developer submits a "Notice of Intent" to commence construction as set forth in Section 8 below, the Developer shall deposit with the County the estimated cost of providing construction inspection for the Project, in an amount as determined and approved by the County in accordance with Ordinance Nos. 671 and 749, including any amendments thereto, of the County, based upon the bonded value of the Project.

(i) The Developer shall provide proof to the County Engineer, at such intervals and in such form as the County Engineer may require that the foregoing requirements have been satisfied as to the Project.

Section 6. NPDES Compliance: The Developer shall prepare and implement, or cause to be prepared and implemented, a Stormwater Pollution Prevention Plan (SWPPP) in accordance with the requirement of the State's National Pollutant Discharge Elimination System (NPDES) General Permit for Stormwater Discharges Associated with Construction Activity (SWRCB Order No. 99-08 DWQ) and any amendments thereto (the "General Permit"). The General Permit regulates both stormwater and non-stormwater discharges associated with construction activities required by this Agreement.

The SWPPP shall identify site specific "Best Management Practices" ("BMP's") to be implemented during and after construction to control pollution of Stormwater runoff and receiving waters. The identified BMP's shall include, but not be limited to, "good housekeeping" practices for the "Construction Site" (which is defined to include not only the site on which the Project is to be constructed but also any off site staging areas and material storage areas) such as establishing stabilized construction access points, providing adequate sanitary/septic waste management, designating vehicle and equipment cleaning/maintenance areas, employing proper material handling and storage practices, maintaining adequate soil stabilization and erosion control practices to control the discharge of pollutants from the Construction Site and any activities thereon. The SWPPP shall also stipulate to an ongoing program for monitoring and maintenance of all BMP's.

The Developer shall be solely responsible throughout the duration of constructing the Project for placing, installing, constructing, inspecting and maintaining all BMP's identified in the SWPPP and amendments thereto and for removing and disposing of temporary BMP's.

The Developer shall become fully informed of and comply with the applicable provisions of the General Permit, Federal, State and local regulations that govern the Developer's activities and operation pertaining to both stormwater and non-stormwater discharges from the Construction Site and any area of disturbance outside said Construction Site. The Developer shall, at all times, keep copies of the General Permit, approved SWPPP and all amendments at the Construction Site. The SWPPP shall be made available upon request of a representative of the SWRCB, San Diego

Regional Water Quality Control Board, or the United States Environmental Protection Agency. The Developer shall, at reasonable times, allow authorized agents of the above referenced agencies, upon the presentation of credentials to: (i) enter upon the Construction Site; (ii) have access to and copy any records required to be kept as specified in the General Permit, (iii) inspect the Construction Site, including any offsite staging areas or material storage areas and determine whether related soil stabilization and sediment control BMP's have been implemented and maintained, and (iv) sample or monitor stormwater or non-stormwater runoff for purposes of ensuring compliance with the General Permit.

The Developer shall be solely and exclusively responsible for any arrangements made between the Developer and other property owners or entities that result in disturbance of land at the Construction Site.

The Developer shall be responsible for all costs and for any liability imposed by law as a result of the Developer's failure to comply with the requirements set forth in this Section, including but not limited to, compliance with the applicable provisions of the General Permit and Federal, State and local regulations. For the purpose of this Section, costs and liabilities include, but are not limited to, fines, penalties and damages whether assessed against the County or the Developer, including those levied under the Federal Clean Water Act and the State's Porter-Cologne Water Quality Act.

Section 7. Permits: To the extent authorized by law, the County will grant to the Developer the necessary County permit(s) required to allow for the construction of the Project as approved by the County and provided the Developer complies with all requirements for said permit(s).

Section 8. Notice of Intent to Commence Construction: Not less than twenty (20) Business Days prior to the date on which Developer intends to commence construction of the Project, the Developer shall provide a written "Notice of Intent" to the County Engineer. Construction of the Project shall not precede until the County Engineer issues a "Notice to Proceed" to the Developer. The "Notice of Intent" is to include the following documents:

- (a) Copies of all Licenses and Regulatory Permits secured pursuant to Sections 6 and 7, above, including a copy of the Notice of Intent ("NOI") and waste discharge identification number ("WDID No.") received from the SWRCB pursuant to Section 6, above.
- (b) Copies of the bonds required by Section 5(d), above.
- (c) Construction Inspection Deposit required by Section 5(h), above.
- (d) Duly executed irrevocable offer(s) of dedication to the public for flood control and road purposes, including ingress and egress, for the rights of way deemed necessary by the County for the construction, inspection, operation and maintenance of the Project.
- (e) Preliminary reports of title dated not more than thirty (30) days prior to date of submission for all property described in the irrevocable offer(s) of dedication.

- (f) A complete list of all contractors and subcontractors to be performing work on the Project, including the corresponding license number and license classification of each. On said list, the Developer shall also identify its designated superintendent for construction of the Project.
- (g) A construction schedule which shall show the order and dates in which the Developer and the Developer's contractor proposes to carry on the various parts of work, including estimated start and completion dates. As the construction progresses the Developer shall update said construction schedule upon request.
- (h) The final mylar plan sheets for the Project and assign their ownership to the County, as appropriate, prior to the start of construction of the Project.
- (i) Certificates of insurance and endorsements as required by Section 11, below.

Section 9. Inspection; Completion of Construction: The County Engineer shall have responsibility for providing inspection of the Project construction work to insure that the construction work is accomplished in accordance with the Plans approved by the County Engineer. County personnel shall have access to the construction worksite at all reasonable times for the purpose of accomplishing such inspection.

No later than ten business days after receiving notification from the County that the Project has been constructed in accordance with the Plans, the Developer shall forthwith file with the Riverside County Recorder a Notice of Completion pursuant to the provisions of Section 3093 of the California Civil Code. The Developer shall furnish to the County a duplicate copy of each such Notice of Completion showing thereon the date of filing with said County Recorder.

The Developer shall complete the construction of the Project and file the Notice of Completion within three (3) years from the date of this Agreement, unless the Parties by mutual consent agree to extend this deadline. If the Project has not been completed within said three (3) years and an extension of time has not been requested, the Developer shall forfeit any and all fee credits and reimbursements for this Project.

Section 10. Maintenance of Facilities; Warranties: The Developer shall maintain the Project in good and safe condition until its acceptance by the County. Prior to the acceptance of the Project, the Developer shall be responsible for maintaining the Project in proper operating condition, and shall perform such maintenance as the County Engineer reasonably determines to be necessary. As of the date of acceptance, the performance bond provided by the Developer for the Project pursuant to Section 5(d) hereof will be reduced to an amount equal to 10% of the original amount thereof and shall serve as a warranty bond to guarantee that the Project will be free from defects due to faulty workmanship or materials for a period of 12 months from the date of acceptance, or the Developer may elect to provide a new warranty bond or cash in such an amount. As of the date of acceptance of the Project, the Developer shall assign to the County all of the Developer's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to the Project.

Section 11. Insurance Requirements: Without limiting or diminishing the Developer's obligation to indemnify or hold the County harmless, the Developer shall procure and maintain or cause to be maintained, at its sole cost and expense the following insurance coverages during the term of this Agreement.

(a) *Commercial General Liability:* Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations, explosion, collapses, use of cranes, and other heavy equipment and underground hazards, personal and advertising injury covering claims which may arise from or out of Developer's performance of its obligations hereunder. Policy shall name by endorsement the County and its special districts, respective directors, officers, Board of Supervisors, elected officials, employees, agents or representatives as Additional Insureds. Policy's limit of liability shall not be less than \$2,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit.

(b) *Vehicle Liability:* Developer shall maintain liability insurance for all owned, non-owned or hired vehicles in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit. Policy shall name by endorsement the County, its special districts, their respective directors, officers, Board of Supervisors, elected officials, employees, agents or representatives as Additional Insureds.

(c) *Worker's Compensation Insurance:* Developer shall maintain Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupation Disease with limits not less than \$1,000,000 per person per accident. Policy shall be endorsed to waive subrogation in favor of the County, and if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

General Insurance Provisions - all lines:

(d) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A.M. Best rating of not less than an A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager.

(e) The Developer's insurance carrier(s) must declare its insurance deductibles or self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000 per occurrence such deductibles and/or retentions shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of deductibles or self-insured retentions which are deemed unacceptable to the County, at the election of the County's Risk Manager, the Developer's carriers shall either: (i) reduce or eliminate such deductibles or self-insured retentions as respects this Agreement with the County, or (ii) procure a bond which guarantees payment of losses and related investigations, claims administration, defense costs and expenses.

(f) The Developer shall cause their insurance carrier(s) to furnish the County with (i) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; or (ii) if requested to do so orally or in writing by the County Risk Manager, provide original certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect.

(g) Further, said Certificate(s) and Endorsements to policies of insurance shall contain the covenant of the insurance carrier(s) that it shall provide no less than thirty (30) days written notice be given to the County prior to any material modification or cancellation of such insurance. In the event of a material modification or cancellation of coverage, this Agreement shall terminate forthwith, unless the County receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of Endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverages and the insurance required herein are in full force and effect. Individual(s) authorized by the insurance carrier to do so, on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

(h) *The Developer shall not commence construction of the Improvements until the County has been furnished original Certificate(s) of Insurance and certified original copies of Endorsements or policies of insurance including all endorsements and any and all other attachments as required in this Section.*

(i) It is understood and agreed by the Parties hereto and the Developer's insurance company(s) that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

(j) The Developer and contractors shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement and will require all such subcontractors to name on their insurance policies by endorsement the County, its special districts, their respective directors, officers, Board of Supervisors, elected officials employees, agents or representatives as Additional Insureds. Copies of such certificates and endorsements shall be provided to the County. The minimum limits of liability required of all tiers of subcontractors are \$1,000,000 Combined Single Limit for Commercial General Liability and \$1,000,000 Combined Single Limit for Vehicle Liability Insurance.

Section 12. Ownership of Facilities: Notwithstanding the fact that a portion or all of the Project may be constructed in dedicated street rights-of-way or on property that has been or will be dedicated to the County, the Project shall be and remain the property of the Developer until acceptable title thereto is conveyed to the County as provided herein. Acceptable title means title to land, or an easement therein, delivered free and clear of all liens, taxes assessments, leases, easements, and encumbrances, whether any such item is recorded or unrecorded, except those non-monetary items which are reasonably determined by the County not to interfere with the intended use of the land and the Project. Such ownership by the Developer shall likewise not be affected by any agreement that the Developer may have entered into or may enter into with the County pursuant to

the provisions of the Subdivision Map Act, Section 66410 *et seq.* of the Code and the provisions of this Section shall control.

Section 13. Fee Credit and Reimbursement for Construction Costs: The Developer has previously paid \$120,126 in Traffic Signal Mitigation Fees for 348 single family dwelling units. The Developer acknowledges that the Property is subject to a Developer Impact Fee of \$210 per dwelling unit, resulting in a total traffic signal fee within the Property of \$124,956. The Developer accepts that this Agreement does not serve to estop the County from making adjustments to the Developer Impact Fee, by amending the Ordinance, consistent with State law. The Developer acknowledges that the Board will annually consider adjustments to the Developer Impact Fee, including the traffic signal fee component, which address at minimum, increases in the consumer price index. Additionally, cash reimbursement is subject to availability and programming of funds received by the County.

(a) Upon recordation of a Notice of Completion for the Project and acceptance of the Project by the County Engineer, the Developer shall submit a billing to the County Engineer requesting determination of the actual cost of the Project and the traffic signal fee credit. The dollar amount of the earned fee credit cannot exceed the dollar amount stated in Exhibit C. The Developer shall supply all documentation requested by the County Engineer in determining the actual construction cost of the Project. The County Engineer will use his best efforts to determine the amount of the earned fee credit within thirty (30) calendar days of receipt of the bill submitted by the Developer.

(b) The County Engineer will provide the Developer written notice, in the form of Exhibit E attached hereto (the "Credit Notice"), of the dollar amount of the earned credit. If the dollar amount of the earned fee credit exceeds the dollar amount of the traffic signal component of the Developer Impact Fee that would otherwise be due from the Developer (the "Fee Credit Excess"), the County Engineer will identify in the Notice that the Fee Credit Excess will generate either: (i) a cash reimbursement to the Developer or (ii) an earned fee credit to offset the traffic signal fee component of the Developer Impact Fee required on another approved tract or parcel map to be developed by the Developer. Once completed, the Credit Notice is to be executed and dated by the County Engineer and the Developer. A copy of the Credit Notice will be provided to the County Executive Office which has responsibility for the administration of the Ordinance.

(c) If the dollar amount of the earned fee credit is less than the traffic signal fee component of the Developer Impact Fee that would be due from the Developer, the Credit Notice will so note and the amount of credit to be applied with each Development Impact Fee payment on either a per unit or per acre basis will be identified.

(d) If the Developer is issued one or more certificates of occupancy prior to date the County Engineer accepts the Project and prepares the Notice of Credit, then the Developer will have to pay the full Developer Impact Fee for each certificate issued, and upon acceptance of the Project by the County Engineer, the County Engineer will note on the Notice of Credit the full traffic signal fee component paid to date of acceptance and make the

appropriate adjustment for the application of the earned fee credit consistent with subsection (b) above.

Section 14. Representations, Warranties and Covenants of the Developer: The Developer makes the following representations, warranties and covenants for the benefit of the County, as of the date hereof and as of the date of the Payment Request is delivered to the County hereunder:

(a) Organization. The Developer represents and warrants that the Developer is a legal business entity duly organized and validly existing under the laws of the State of California, is in good standing under the laws of the State of California, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) Authority. The Developer represents and warrants that the Developer has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Developer.

(c) Binding Obligation. The Developer represents and warrants that this Agreement is a valid and binding obligation of the Developer and is enforceable against the Developer in accordance with its terms, subject to bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) Completion of Project. The Developer covenants that it will use its reasonable and diligent efforts to do all things that may be lawfully required of it in order to cause the Project to be completed in accordance with this Agreement.

(e) Compliance with Laws. The Developer covenants that, while the Project is owned by the Developer or required pursuant to this Agreement to be maintained by the Developer, it will not commit, suffer or permit any of its agents, employees or contractors to commit any act to be done in, upon or to the Project in violation in any material respect of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the Property or the Project.

(f) Financial Records. Until the final acceptance of the Project, the Developer covenants to maintain proper books of record and account for the Project and all costs related thereto. The Developer covenants that such accounting books will be maintained in accordance with generally accepted accounting principles, and will be available for inspection by the County and the County Engineer, at any reasonable time during regular business hours on two business days' prior written notice, subject to mutually acceptable arrangements regarding the confidentiality of proprietary data.

(g) Permits. The Developer covenants that it will obtain all governmental or other permits required to proceed with the construction of the Project and that it will pay all

fees relating thereto. The Developer and the County mutually represent and warrant to each other that to their actual knowledge, as of the date hereof, there is no material legal impediment to the Developer's proceeding with and completing the construction of the Project.

Section 15. Representations, Warranties and Covenants of County: County makes the following representations, warranties and covenants for the benefit of the Developer:

(a) Authority. County represents and warrants that County has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of County.

(b) Binding Obligation. County represents and warrants that this Agreement is a valid and binding obligation of County and is enforceable against County in accordance with its terms, subject to bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(c) Completion of the Improvements. The County covenants that it will use its reasonable and diligent efforts to take expeditiously all actions that may be lawfully required for the Project including issuing permits, processing and approving plans and specifications and inspecting the Project in accordance with this Agreement.

Section 16. Indemnification: The Developer agrees to protect, indemnify, defend and hold the County, and its respective officers, employees and agents, and each of them, harmless from and against any and all claims, losses, expenses, suits, actions, decrees, judgments, awards, attorney's fees, and court costs which the County, or its respective officers, employees and agents, or any combination thereof, may suffer or which may be sought against or recovered or obtained from the County, or its respective officers, employees or agents, or any combination thereof, as a result of or by reason of or arising out of or in consequence of (a) the acquisition, construction, or installation of the Project, (b) the untruth or inaccuracy of any representation or warranty made by the Developer in this Agreement or in any certifications delivered by the Developer hereunder, or (c) any act or omission of the Developer or any of its subcontractors, or their respective officers, employees or agents, in connection with the Project. If the Developer fails to do so, the County shall have the right, but not the obligation, to defend the same and charge all of the direct or incidental costs of such defense, including any attorney's fees or court costs, to and recover the same from the Developer. The Parties acknowledge and agree that the Developer shall be released from the indemnity obligation set forth herein upon the expiration of all applicable statute of limitations periods.

Section 17. Developer as a Private Developer: In performing under this Agreement, it is mutually understood that the Developer is acting as a private developer, and not as an agent of the County. The County shall have no responsibility for payment to any contractor, subcontractor or supplier of the Developer.

Section 18. Other Agreements: Nothing contained herein shall be construed as affecting the County's or the Developer's respective duty to perform its respective obligations under other agreements, land use regulations or subdivision requirements relating to the development of the Property, which obligations are and shall remain independent of the Developer's rights and obligations, and the County's rights and obligations, under this Agreement; provided, however, that the Developer shall use its reasonable and diligent efforts to perform each and every covenant to be performed by it under any lien or encumbrance, instrument, declaration, covenant, condition, restriction, license, order, or other agreement, the nonperformance of which could reasonably be expected to materially and adversely affect the acquisition, construction and installation of the Project.

Section 19. Entire Agreement: This Agreement contains the entire agreement between the Parties with respect to the matters herein provided for.

Section 20. Binding on Successors and Assigns: Neither this Agreement nor the duties and obligations of the Developer hereunder may be assigned to any person or legal entity other than an affiliate of the Developer without the written consent of the County, which consent shall not be unreasonably withheld or delayed. Neither this Agreement nor the duties and obligations of the County hereunder may be assigned to any person or legal entity, without the written consent of the Developer, which consent shall not be unreasonably withheld or delayed. The agreements and covenants included herein shall be binding on and inure to the benefit of any partners, permitted assigns, and successors-in-interest of the Parties hereto.

Section 21. Amendments: This Agreement can only be amended by an instrument in writing executed and delivered by the County and the Developer.

Section 22. Waivers: No waiver of, or consent with respect to, any provision of this Agreement by a Party hereto shall in any event be effective unless the same shall be in writing and signed by such Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 23. No Third Party Beneficiaries: No person or entity, other than the County, shall be deemed to be a third party beneficiary hereof, and nothing in this Agreement (either express or implied) is intended to confer upon any person or entity, other than the County and the Developer (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 24. Notices: Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the Party entitled thereto at its address set forth below, or at such other address as such Party may provide to the other Party in writing from time to time, namely:

COUNTY: Juan C. Perez
Director of Transportation
4080 Lemon Street, 8th Floor
Riverside, CA 92501
Phone: (951) 955-6740
Fax: (951) 955-3198

DEVELOPER: Jim Holas
Community Development Manager
Shea Homes Limited Partnership
1250 Corona Pointe, Suite 600
Corona, CA 92879
Phone: (951) 270-3751
Fax: (951) 739-1758

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the Party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopy, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 25. Jurisdiction and Venue: Each of the Parties (a) agrees that any suit action or other legal proceeding arising out of or relating to this Agreement shall be brought in the Courts of the United States of America in the district in which said County is located, (b) consents to the jurisdiction of each such court in any suit, action or proceeding, and (c) waives any objection that it may have to the laying of venue or any suit, action or proceeding in any of such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Each of the Parties agrees that a final and non-appealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section 26. Attorneys' Fees: If any action is instituted to interpret or enforce any of the provisions of this Agreement, the Party prevailing in such action shall be entitled to recover from the other Party thereto reasonable attorney's fees and costs of such suit (including both prejudgment and post judgment fees and costs) as determined by the court as part of the judgment.

Section 27. Governing Law: This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

Section 28. Usage of Words: As used herein, the singular of any word includes the plural, and terms in the masculine gender shall include the feminine.

Section 29. Interpretation: The Parties to this Agreement and their counsel have reviewed and revised this Agreement, and the normal rule of construction to the effect that any ambiguities in an agreement are to be resolved against the drafting Parties shall not be employed in the interpretation of this Agreement.

Section 30. Counterparts: This Agreement may be executed in counterparts, each of which shall be deemed an original.

[SIGNATURES ON NEXT PAGE]

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

COUNTY OF RIVERSIDE

RECOMMENDED FOR APPROVAL:

By: [Signature] Date: 10/6/10
Juan C. Perez
Director of Transportation

APPROVED AS TO FORM:

By: Synthia M. Gunzel Date: 10-14-10
Deputy
County Counsel
SYNTHIA M. GUNZEL

APPROVAL BY THE COUNTY BOARD OF SUPERVISORS:

By: Marian Ashley Date: NOV 02 2010
Chairman, County Board of Supervisors
MARION ASHLEY

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: [Signature] Date: NOV 02 2010
Deputy

DEVELOPER

Shea Homes Limited Partnership, a California limited partnership

By: [Signature]
Brooke Thomas
Printed Name
Authorized Agent
Title

By: [Signature]
JIM HOLAS
Printed Name
AUTHORIZED AGENT
Title

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

On September 10, 2010, before me, Beth A. Hutchinson, Notary Public, personally appeared Jim Holas and Brooke Thomas, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons 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.



Beth A. Hutchinson

Beth A. Hutchinson
Notary Public
Commission #1850258
Comm. Expires May 21, 2013

California General Purpose Acknowledgment
For all documents executed in the State of California

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

On September 10, 2010, before me, Beth A. Hutchinson, Notary Public, personally appeared Jim Holas and Brooke Thomas, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons 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.

Beth A. Hutchinson

Beth A. Hutchinson
Notary Public
Commission #1850258
Comm. Expires May 21, 2013



California General Purpose Acknowledgment
For all documents executed in the State of California

**CERTIFICATE OF CORPORATE SECRETARY
OF
J.F. SHEA CONSTRUCTION MANAGEMENT, INC.**

**RESOLUTION
OF
SHEA HOMES LIMITED PARTNERSHIP**

May 4, 2010

I, James G. Shontere, do hereby certify that I am the duly elected and acting Secretary of J.F. Shea Construction Management, Inc., a California corporation (the "Corporation") who is the sole General Partner of JFS Management, L.P., a Delaware limited partnership, who is the sole General Partner of J.F. Shea L.P., a Delaware limited partnership, who is the sole General Partner of Shea Homes Limited Partnership, a California limited partnership (the "Limited Partnership"), and that the following resolutions have been duly adopted by the Board of Directors of the Corporation pursuant to the by-laws of the Corporation and are in full force and effect:

RESOLVED, that in accordance with the subsequent paragraph, the following named individuals are appointed as officers with the title appearing after their respective names to serve as authorized agents of the Limited Partnership, having the authority equivalent to that of a corporate officer with the same title under the California Corporations Code, and these officers will serve as agents for the remainder of the year or until their successors are appointed and qualified;

RESOLVED, that any one of the following named officers may act alone as an appointed, authorized agent of this Limited Partnership: John F. Shea, Chairman of the Board; Peter O. Shea, Jr., President; Edmund H. Shea, Jr., Executive Vice President; Peter O. Shea, Executive Vice President; and John C. Morrissey, Executive Vice President; or any other person or person designated in writing to act alone on behalf of the Limited Partnership by any one of the officers named above as individual agents;

RESOLVED, that any two of the individuals named as officers below, acting together, are authorized agents and empowered for and on behalf of this Limited Partnership, to execute any bids, contracts, bid bonds, deeds, maps, plats or any other agreements or documents necessary for the performance of such contracts, agreements and/or documents, to execute any documents required to borrow funds from any lender to be secured by real or personal property owned by this Limited Partnership, to execute agreements to purchase, escrow instructions, and any related documents in connection with the sale and conveyance of real property purchased, developed and sold by this Limited Partnership, or any other real property owned by this Limited Partnership, and to execute notes, deeds, maps, performance and payment bonds, deeds of trust, mortgages, guarantees, receipts, and all other documents necessary and convenient to carry out the business operations of this Limited Partnership;

RESOLVED, that any third party may rely upon this resolution regarding the authority of the named officers as authorized agents without a duty of inquiry;

John F. Shea, Chairman of the Board
Peter O. Shea, Jr., President and Chief Executive Officer
John C. Morrissey, Executive Vice President
Edmund H. Shea, Jr., Executive Vice President
Peter O. Shea, Executive Vice President
Bruce J. Varker, Executive Vice President

Richard C. Andreen, Vice President
Paul L.L. Barnes, Vice President
E. (Ed) J. Kernaghan, Vice President
Ronald L. Lakey, Vice President
Chester T. Latcham, Vice President
Harold Looney, Jr., Vice President
Colm Macken Vice President
Layne C. Marceau, Vice President
David B. Miller, Vice President
Paul E. Mosley, Vice President
Ray Mullen, Vice President
Andrew T. Roundtree, Vice President
Buddy Satterfield, Vice President
Roberto (Bert) F. Selva, Vice President
Joel VanRyckeghen, Vice President
Robert J. Yoder, Vice President
Robert R. O'dell, Vice President & Treasurer
James G. Shontere, Secretary
Scott Adams, Assistant Secretary
Helen Anaya-Rioux, Assistant Secretary
Irene Bacani, Assistant Secretary
Alex Baird, Assistant Secretary
Sarah Beckman, Assistant Secretary
Janet Benavidez, Assistant Secretary
Juan Bernardino, Assistant Secretary
Bryan Binney, Assistant Secretary
Greg Bonderud, Assistant Secretary
Michael A. Brown, Assistant Secretary
Robert M. Burke, Assistant Secretary
John Callaghan, Assistant Secretary
Susan Canada, Assistant Secretary
Steven M. Center, Assistant Secretary
Melissa Chatterton, Assistant Secretary
Michael Ciauri, Assistant Secretary
Robert V. Clafin, Assistant Secretary
R. (Russell) Clark, Assistant Secretary
Peter Culshaw, Assistant Secretary
Barry Cunningham, Assistant Secretary
Scott Custer, Assistant Secretary
John C. Danvers, Assistant Secretary
Jeff Davies, Assistant Secretary
Damien Delaney, Assistant Secretary
Perry Devlin, Assistant Secretary
Jeffrey H. Donelson, Assistant Secretary
Jeb Elmore, Assistant Secretary
Jason L. Enos, Assistant Secretary
Ray Ferrarini, Assistant Secretary
Michael L. Fraley, Jr., Assistant Secretary
David Garcia, Assistant Secretary
Jeffrey S. Gersh, Assistant Secretary
W. Stephen Gilmore, Assistant Secretary
Jack Godard, Assistant Secretary
Julia Guizan, Assistant Secretary
J. Terence Hanna, Assistant Secretary
Carly Harlacher, Assistant Secretary
Oscar Harper, Assistant Secretary

Alexander Hawxhurst, Assistant Secretary
Matthew J. Henry, Assistant Secretary
Steven Hextell, Assistant Secretary
Adam Hieb, Assistant Secretary
Scott Hilk, Assistant Secretary
Jeff Hinkle, Assistant Secretary
Donald A. Hofer, Assistant Secretary
*James Holas, Assistant Secretary
Preston Holdner, Assistant Secretary
Janet Jackson, Assistant Secretary
Jeffrey F. Kappes, Assistant Secretary
T. (Terri) G. Kershismik, Assistant Secretary
John Kilrow, Assistant Secretary
Tony Lanese, Assistant Secretary
Kathy Leary, Assistant Secretary
Vanessa Linn, Assistant Secretary
Carmen Lira, Assistant Secretary
Linda Lockman, Assistant Secretary
Marcela Malek, Assistant Secretary
Rebecca Mandich, Assistant Secretary
Joyce Manigold, Assistant Secretary
Michael McCormack, Assistant Secretary
Ronald McDaniel, Assistant Secretary
Jeffrey McQueen, Assistant Secretary
Craig Merry, Assistant Secretary
David Moore, Assistant Secretary
Lori Moreci, Assistant Secretary
Gilbert L. Neilson, Assistant Secretary
David Newitt, Assistant Secretary
Daniel J. O'Brien, Assistant Secretary
Mike O'Melveny, Assistant Secretary
Richard J. Obernesser, Assistant Secretary
Brad Olsen, Assistant Secretary
Lee Pacheco, Assistant Secretary
David Perreault, Assistant Secretary
Yasmine Petersen, Assistant Secretary
Ken Peterson, Assistant Secretary
Robert Pigg, Assistant Secretary
Greg Ponce, Assistant Secretary
Craig Powell, Assistant Secretary
Steve Ray, Assistant Secretary
Alan Ridd, Assistant Secretary
James Riela, Assistant Secretary
Randall A. Rizzi, Assistant Secretary
Timothy Roberts, Assistant Secretary
Kris Russell, Assistant Secretary
Katherine E. Ruth, Assistant Secretary
Nobelyn Salazar, Assistant Secretary
Ping Shaw, Assistant Secretary
Edmund H. Shea, III, Assistant Secretary
James W. Shea, Assistant Secretary
John F. Shea, Jr., Assistant Secretary
Jeff Seifert, Assistant Secretary
Frank Smith, Assistant Secretary
Ryan Smith, Assistant Secretary
Stephen Stambaugh, Assistant Secretary

Tim Steckbeck, Assistant Secretary
Bjorn Stehr, Assistant Secretary
Ray Sullivan, Assistant Secretary
*Brooke Thomas, Assistant Secretary
Kyle Tibbitts, Assistant Secretary
Jamie Todd, Assistant Secretary
Jasen Torbett, Assistant Secretary
Steven Van Houten, Assistant Secretary
John B. Vance, Assistant Secretary
John Vander Velde, Assistant Secretary
Ric Volner, Assistant Secretary
Laura W. Vuolo, Assistant Secretary
Matthew S. Watson, Assistant Secretary
Sharon Wible, Assistant Secretary
Dennis H. Williams, Assistant Secretary
Robert Williams, Assistant Secretary
Curtis Wright, Assistant Secretary
Ray Wunder, Assistant Secretary
Richard J. Young, Assistant Secretary

IN WITNESS WHEREOF, I have hereunto set my hand and the Corporate seal this 4th day of May, 2010.

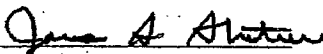

James C. Shontere, Secretary



EXHIBIT A

DESCRIPTION OF PROPERTY

BEING PORTIONS OF THE SOUTH HALF OF THE NORTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER, AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, ALL OF SECTION 4, TOWNSHIP 7 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF:

EXCEPTING THEREFROM THAT PORTION OF BEELER ROAD (CURRENTLY NAMED POURROY ROAD) DECLARED A PUBLIC HIGHWAY BY THE BOARD OF SUPERVISORS MINUTES RECORDED APRIL 9, 1891 IN BOOK 12, PAGE 367, OFFICIAL RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THOSE PORTIONS CONVEYED TO THE COUNTY OF RIVERSIDE, BY DEEDS RECORDED APRIL 24, 1929 IN BOOK 722, PAGE 369 OF DEEDS AND BOOK 722, PAGE 372 OF DEEDS, BOTH OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

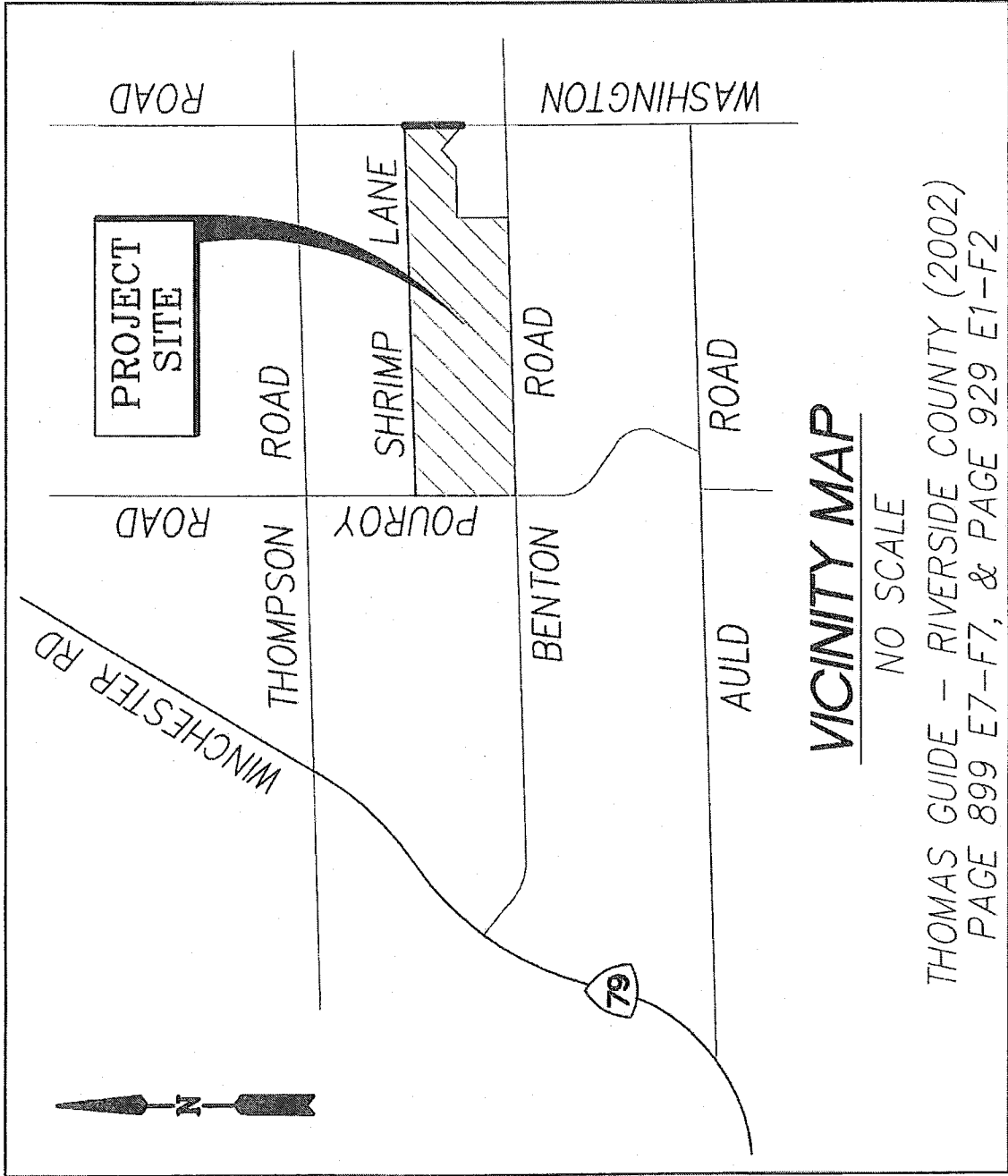
MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 2 OF PARCEL MAP NO. 6643, FILED MAY 19, 1976 IN BOOK 24, PAGE 59, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID RIVERSIDE COUNTY; THENCE ALONG THE SOUTHERLY LINE THEREOF

1. SOUTH 89°46'37" EAST (SOUTH 89°43'33" EAST PER SAID PARCEL MAP 6643) 2607.33 FEET TO THE SOUTHWEST CORNER OF TRACT NO. 8400-1 FILED NOVEMBER 5, 1979 IN BOOK 108, PAGES 58 AND 59 INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID RIVERSIDE COUNTY; THENCE ALONG THE SOUTHERLY LINE THEREOF
2. SOUTH 89°47'35" EAST 2613.98 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY OF WASHINGTON STREET GRANTED PER SAID DEED RECORDED APRIL 24, 1929 IN BOOK 722, PAGE 369; THENCE ALONG SAID RIGHT-OF-WAY
3. SOUTH 00°41'45" WEST 802.87 FEET; THENCE LEAVING SAID RIGHT-OF-WAY
4. NORTH 48°33'06" WEST 445.51 FEET; THENCE
5. SOUTH 49°07'52" WEST 315.60 FEET; THENCE
6. NORTH 89°49'53" WEST 717.42 FEET TO A POINT OF THE WESTERLY LINE OF SAID SOUTHEAST QUARTER; THENCE ALONG SAID WESTERLY LINE
7. SOUTH 00°37'17" WEST 582.35 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY OF BENTON AVENUE GRANTED PER SAID DEED RECORDED APRIL 24, 1929 IN BOOK 722, PAGE 369; THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY
8. NORTH 89°34'38" WEST 1320.33 FEET TO A POINT ON THE EASTERLY LINE OF SAID SOUTH HALF, SAID POINT ALSO BEING A POINT ON THE NORTHERLY RIGHT-OF-WAY OF BENTON AVENUE GRANTED PER SAID DEED RECORDED APRIL 24, 1929 IN BOOK 722, PAGE 372; THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY

9. NORTH 89°34'14" WEST 2624.68 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY OF SAID BEELER ROAD (CURRENTLY NAMED POURROY ROAD) DECLARED A PUBLIC HIGHWAY BY THE BOARD OF SUPERVISORS MINUTES RECORDED APRIL 9, 1891 IN BOOK 12, PAGE 367, OFFICIAL RECORDS OF SAN DIEGO COUNTY, CALIFORNIA; THENCE ALONG SAID EASTERLY RIGHT-OF-WAY
10. NORTH 00°42'00" EAST 1284.95 FEET TO THE SOUTHERLY LINE OF SAID PARCEL MAP NO. 6643; THENCE ALONG SAID SOUTHERLY LINE
11. SOUTH 89°46'37" EAST 14.00 FEET TO THE **POINT OF BEGINNING.**

CONTAINS 137.21 ACRES MORE OR LESS



VICINITY MAP

NO SCALE

THOMAS GUIDE - RIVERSIDE COUNTY (2002)
 PAGE 899 E7-F7, & PAGE 929 E1-F2

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS

- Traffic Signal at the intersection of Benton Road and Pourroy Road
- Traffic Signal, Lighting, Signing and Striping Plans, Installation of AC Berm and Installation of Access Ramp
- TR 29214
- IP 040059

SIGNALIZATION LOCATION MAP

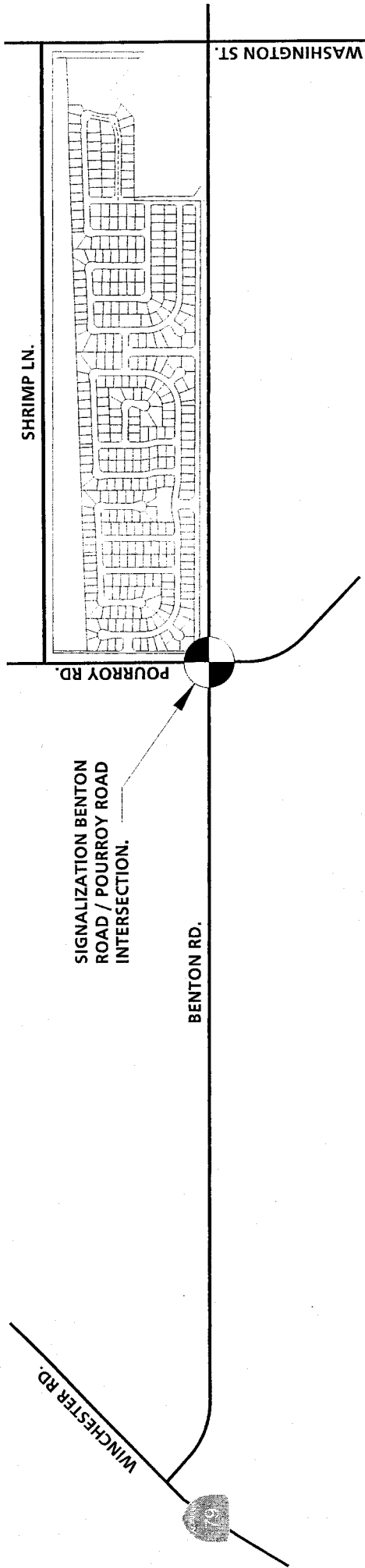


EXHIBIT C

TRAFFIC SIGNAL FEE OBLIGATION

TRACT 29214 (IP040059)

Number of Single Family Residential Units			371
Developer Signal Fee Obligation Amount		\$	124,956
<u>Fee Breakdown</u>			
Paid Lots:			
Single Family Residential Units	(\$354/du)	299	\$ 120,126
Single Family Residential Units	(\$420/du)	19	
Single Family Residential Units	(\$210/du)	30	
Unpaid Lots:			
Single Family Residential Units	(\$210/du)	23	\$ 4,830
Traffic Signal Cost Estimate		\$	189,323
<u>Estimate Breakdown</u>			
Signalization/Signing/Striping/Berm/Access Ramp (Low Bid)		\$	178,073
Design		\$	10,000
Performance, Labor and Payment Bonds (Low Bid)		\$	1,250
			<hr/>
		Traffic Signal Cost Estimate Total	\$ 189,323

County will reimburse actual eligible cost up to a maximum of \$189,323 once the project is complete and actual costs are verified.

EXHIBIT D
FORMS FOR SECURITY

[ATTACHED BEHIND THIS PAGE]

FAITHFUL PERFORMANCE BOND
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
(Government Code Section 66499.1)

FOR: Streets and Drainage	\$ <u>10,861,000.00</u>	Tract No.	<u>29214</u>
Water System	\$ <u>N/A</u>	Parcel Map No.	<u>N/A</u>
Sewer System	\$ <u>N/A</u>	Bond No.	<u>SU5012798</u>
		Premium	<u>\$86,888.00</u>

Surety <u>Arch Insurance Company</u>	Principal <u>Shea Homes Limited Partnership</u>
Address <u>135 N. Los Robles, #825</u>	Address <u>2280 Wardlow Circle, #260</u>
City/State <u>Pasadena, CA</u>	City/State <u>Corona, CA</u>
Zip <u>91101</u>	Zip <u>92880</u>
Phone <u>(626)639-5255</u>	Phone <u>(951)739-9700</u>

WHEREAS, the County of Riverside, State of California, and _____
Shea Homes Limited Partnership

(hereinafter designated as "principal") have entered into, or are about to enter into, the attached agreement(s) whereby principal agrees to install and complete the above designated public improvements relating to (Tract/Parcel) 29214, which agreement(s) is/are hereby referred to and made a part hereof; and,

WHEREAS, said principal is required under the terms of said agreement(s) to furnish bond(s) for the faithful performance of said agreement(s);

NOW, THEREFORE, we the principal and Arch Insurance Company, as surety, are held and firmly bound unto the County of Riverside in the penal sum of Ten Million Eight Hundred Sixty One Thousand & 00/100 Dollars (\$ 10,861,000.00) lawful money of the United States, for the payment of which sum will and truly be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bonded principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the County of Riverside, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the County in successfully enforcing such obligation, all to be taxed as costs and included in any judgement rendered.


FAITHFUL PERFORMANCE BOND

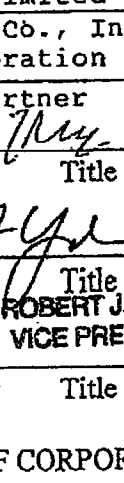
The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of this agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code and commencement of construction are not conditions precedent to surety's obligations hereunder and are hereby waived by surety.

When the work covered by the agreement is complete, the County of Riverside will accept the work and thereupon, the amount of the obligation of this bond is reduced by 90% with the remaining 10% held as security for the one-year maintenance period provided for in the agreements(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on February 2, 2005.

NAME OF PRINCIPAL: Shea Homes Limited Partnership
a California limited partnership
By: J.F. Shea Co., Inc.
a Nevada corporation

AUTHORIZED SIGNATURE(S): By:  MICHAEL O'MELVENY
Title ASSISTANT SECRETARY


Title ROBERT J. YODER
VICE PRESIDENT

Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: Arch Insurance Company

AUTHORIZED SIGNATURE:  Victoria Stockton
Its Attorney-in-Fact Title

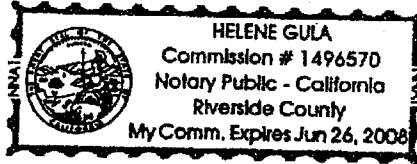
(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.

State of California)
) S.S.
County of Riverside)

On February 8, 2005 before me, Helene Gula, Notary Public, personally appeared Michael O'Melveny and Robert J. Yoder, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



STATE OF California

COUNTY OF Orange

} SS.

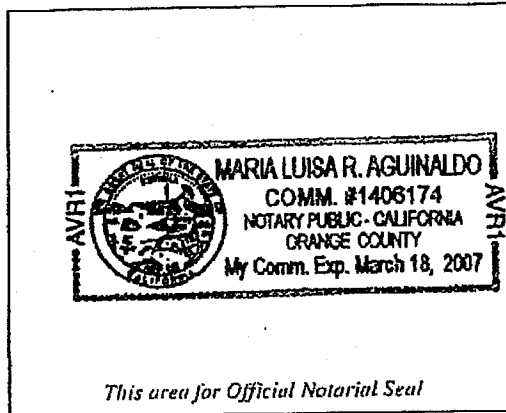
On February 2, 2005 before me, Maria Luisa R. Aguinaldo, Notary Public

PERSONALLY APPEARED: Victoria Stockton

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

WITNESS my hand and official seal.

Signature *Maria Luisa R. Aguinaldo*



OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

- TITLE(S) _____
- PARTNER(S) LIMITED
 - GENERAL
 - ATTORNEY-IN-FACT
 - TRUSTEE(S)
 - GUARDIAN/CONSERVATOR
 - OTHER: _____

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)
Arch Insurance Company

DESCRIPTION OF ATTACHED DOCUMENT

Faithful Performance Bond
TITLE OF TYPE OF DOCUMENT

2
NUMBER OF PAGES

February 2, 2005
DATE OF DOCUMENT

Shea Homes Limited Partnership
SIGNER(S) OTHER THAN NAMED ABOVE

MATERIAL AND LABOR BOND
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
(Government Code Section 66499.1)

FOR: Streets and Drainage \$ 6,478,000.00 Tract No. 29214
Water System \$ N/A Parcel Map No. N/A
Sewer System \$ N/A Bond No. SU5012798
Premium Included in charge for
Performance Bond

Surety Arch Insurance Company Principal Shea Homes Limited Partnership
Address 135 N. Los Robles Ave., #825 Address 2280 Wardlow Circle, #260
City/State Pasadena, CA City/State Corona, CA
Zip 91101 Zip 92880
Phone (626)639-5255 Phone (951)739-9700

WHEREAS, the County of Riverside, State of California, and _____
Shea Homes Limited Partnership

(hereinafter designated as "principal") have entered into, or are about to enter into, the attached agreement(s) whereby principal agrees to install and complete the above designated public improvements relating to (Tract/Parcel) 29214, which agreement(s) is/are hereby referred to and made a part hereof; and,

WHEREAS, under the terms of said agreement, principal is required, before entering upon the performance of the work, to file a good and sufficient payment bond with the County of Riverside to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California;

NOW, THEREFORE, said principal and the undersigned, as corporate surety, are held firmly unto the County of Riverside and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of said Civil Code in the sum of Six Million Four Hundred Seventy Eight Thousand & * Dollars (\$ 6,478,000.00) for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the County in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed upon that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to full claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

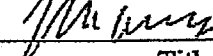
Should the condition of this bond be fully performed, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

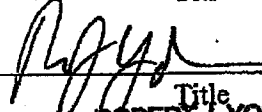
MATERIAL AND LABOR BOND

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of this agreement or to the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to surety's obligations hereunder and are hereby waived by surety.

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on February 2, 2005.

NAME OF PRINCIPAL: Shea Homes Limited Partnership
a California limited partnership
By: J.F. Shea Co., Inc.,
a Nevada corporation
Its General Partner

AUTHORIZED SIGNATURE(S): By:  **MICHAEL O'MELVENY**
Title ASSISTANT SECRETARY


Title **ROBERT J. YODER**
VICE PRESIDENT

-Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: Arch Insurance Company

AUTHORIZED SIGNATURE:  **Victoria Stockton**
Its Attorney-in-Fact Title

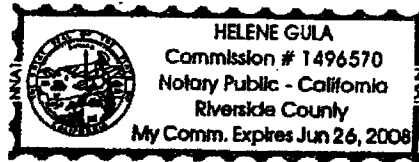
(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.

State of California)
) S.S.
County of Riverside)

On February 8, 2005 before me, Helene Gula, Notary Public, personally appeared Michael O'Melveny and Robert J. Yoder, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



STATE OF California

COUNTY OF Orange

} SS.

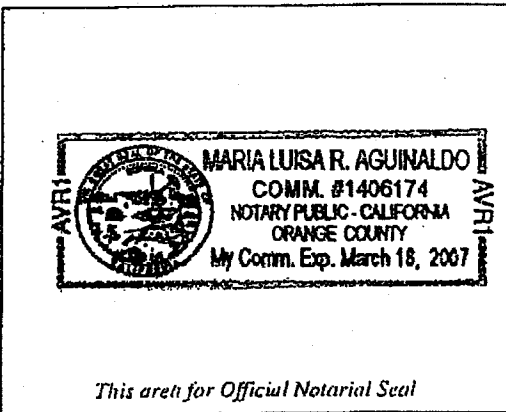
On February 2, 2005, before me, Maria Luisa R. Aguinaldo, Notary Public

PERSONALLY APPEARED Victoria Stockton

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

WITNESS my hand and official seal.

Signature Maria Luisa R. Aguinaldo



OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Material and Labor Bond

TITLE OF TYPE OF DOCUMENT

2

NUMBER OF PAGES

February 2, 2005

DATE OF DOCUMENT

Shea Homes Limited Partnership

SIGNER(S) OTHER THAN NAMED ABOVE

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)
Arch Insurance Company

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint

Victoria Stockton and Scott Salandi of Santa Ana, CA (EACH)

its true and lawful Attorney(s)-in-Fact, to make, execute, seal, and deliver from the date of issuance of this power for and on its behalf as surety, and as its act and deed:

Any and all bonds and undertakings

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver bonds or undertakings that guarantee the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

The Company may revoke this appointment at any time.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office in Kansas City, Missouri.

This Power of Attorney is executed by authority of resolutions adopted by unanimous consent of the Board of Directors of the Company on March 3, 2003, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the unanimous consent of the Board of Directors of the Company on March 3, 2003:

"VOTED, That the signature of the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to the resolution adopted by the Board of Directors on March 3, 2003, and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company."

authorized officers, this 26th day of March, 2004

Arch Insurance Company

Attested and Certified



[Signature of Joseph S. Labell]

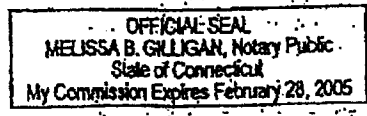
Joseph S. Labell, Corporate Secretary

[Signature of Thomas P. Luckstone]

Thomas P. Luckstone, Vice President

STATE OF CONNECTICUT SS
COUNTY OF FAIRFIELD SS

I Melissa B. Gilligan, a Notary Public, do hereby certify that Thomas P. Luckstone and Joseph S. Labell personally known to me to be the same persons whose names are respectively as Vice President and Corporate Secretary of the Arch Insurance Company, a Corporation organized and existing under the laws of the State of Missouri, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary acts for the uses and purposes therein set forth.



[Signature of Melissa B. Gilligan]

Melissa B. Gilligan, Notary Public
My commission expires 2-28-05

CERTIFICATION

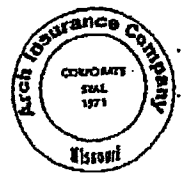
I, Joseph S. Labell, Corporate Secretary of the Arch Insurance Company, do hereby certify that the attached Power of Attorney dated March 26, 2004 on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said Thomas P. Luckstone, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this 2nd day of February, 2005.

[Signature of Joseph S. Labell]

Joseph S. Labell, Corporate Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.



Home Office: Kansas City, MO

EXHIBIT E
NOTICE OF CREDIT

Tract 29214

Date: _____, 20__

Units that have not paid Development Impact Fees as of the date of this Notice:

23 Units

Earned Fee Credit Amount:

\$ 189,323

Subtract Amount of Development Impact Fee traffic fee component still due as of the date of this Notice:

\$210 / unit x 23 units = \$ 4,830

Fee Credit - Excess/(Deficiency)

\$184,493

A fee credit of **\$210/ unit*** will apply to TractNo.29214

Application of Fee Credit Excess:

Amount of Fee Credit Excess:

\$ 184,493

Amount to be Applied to Tract 29214 on a per unit basis of **\$210/ unit***:

\$ 4,830

Amount to be Applied to Tract/Parcel Map _____ on a per unit/acre basis of \$ ____ / **unit/acre***:

\$ 0

Amount to be Reimbursed

\$ 184,493

Terms on which Reimbursement is to be made:

County will reimburse actual eligible cost up to a maximum of \$189,323 once the project is complete and actual costs are verified. Additionally, cash reimbursement is subject to availability and programming of funds received by County.

- * The traffic signal component of the Development Impact Fees collected for the above specified Tract shall be reduced by the rates shown in bold face type at the time of payment.