

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

449



**FROM:** Economic Development Agency / Facilities Management and  
Transportation Department

**SUBMITTAL DATE:**  
July 14, 2011

**SUBJECT:** Resolution No. 2011-188, Notice of Intention to Purchase Real Property in the Unincorporated Area of Perris, County of Riverside, California

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt Resolution No. 2011-188, Notice of Intention to Purchase Real Property located in the Unincorporated Area of Perris, County of Riverside, California, further described as County of Riverside Assessor's Parcel Numbers 317-260-007 and 317-260-033;
2. Authorize the Economic Development Agency to negotiate the purchase of the subject property from McCray-CT Development, LLC., a California limited liability company at a price not-to-exceed \$3,376,771.00;

(Continued)

*[Signature]*

*[Signature]*

Juan C. Perez, Director  
Transportation Department

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$3,430,211	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

<b>COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:</b> No	
<b>SOURCE OF FUNDS:</b> Transportation Department Road Funds	Positions To Be Deleted Per A-30 <input type="checkbox"/>
	Requires 4/5 Vote <input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE  
BY: *[Signature]*  
County Executive Office Signature Jennifer J. Sargent

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Buster, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the above matter is approved as recommended and is set for August 16, 2011 at 9:00 a.m.

Ayes: Buster, Stone, Benoit and Ashley  
Nays: None  
Absent: Tavaglione  
Date: July 26, 2011

Kecia Harper-Ihem  
Clerk of the Board  
By: *[Signature]*  
Deputy

Prev. Agn. Ref.: N/A | District: 1 | Agenda Number: 3.41

REVIEWED BY CIP  
*[Signature]*  
Christopher Hans  
Departmental Concurrence  
DATE 7-19-11  
BY: SYNTHIA M. GUNZEL  
FORM APPROVED COUNTY COUNSEL  
BY: *[Signature]*

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

**RECOMMENDED MOTION:** (Continued)

3. Authorize the Economic Development Agency to incur typical due diligence and transaction costs not-to-exceed \$53,440; and
4. Direct the Clerk of the Board to give notice pursuant to Government Code Section 6063.

**BACKGROUND:**

The County of Riverside Transportation Department has a strong interest in purchasing land for the eventual relocation of the main Washington Yard, currently located in the City of Riverside on Washington Street close to SR 91 and the Madison Interchange. This 15 acre site was built in 1955 and is in need of a functional upgrade, with some of the buildings dating back to that time and others added since then on an ad-hoc basis. There are 134 employees that primarily work out of this yard year-round and another 35 part of the time. The Transportation Department maintains over 2400 miles of roads and 500 signals County-wide out of this central facility and 10 satellite maintenance yards. This location is far from central to our current and future operations.

Economic Development Agency ("EDA") has done an extensive property search of potential sites along the I-215 corridor. Being in close proximity to I-215 and SR 60 provides faster access to most of Western Riverside County, with significantly better access to the desert region as well. EDA conducted a Request for Proposal process and received interest from 16 sites. After review of the proposals and doing due diligence, a 19.38 acre site on Harvill also known as Assessor's Parcel Numbers 317-260-007 and 317-260-033, between Placentia and Water, in the Unincorporated Area of Perris, Riverside County, California, more particularly described in Exhibit "A" and depicted in Exhibit "B" attached hereto and made a part hereof, and has been identified as the best combination of location and negotiated value.

This site is close to the Cajalco/Ramona Expressway Corridor, I-215, and SR 60. The Transportation Department has done an analysis of savings on fuel costs and lost productivity time comparing this location to the current Washington Yard. The analysis projects a conservative operational savings in the amount of \$600,000 annually from being in this much more central location, which would increase over time as gas costs continue to increase.

Purchasing the site now provides the County the opportunity to buy industrial property at a low point in the market. It is deemed beneficial to acquire at this time because of its strategic location for Transportation road maintenance operations. Being in this new central location also provides the County with long-term options to consolidate some of our outlying yards should they become unnecessary to keep due to future annexations/incorporations. Since the Washington Yard was purchased using State Gas Tax (Road Funds), proceeds of a future sale or transfer for other County uses need to reimburse the Road Fund.

After the close of the transaction, the Transportation Department will perform an analysis to determine how best to use the property, including what improvements need to be made and if it is beneficial to construct buildings through a financing mechanism or to be done gradually through annual capital outlays. The purchase of this site and the operational flexibility and long-term cost savings that it offers the Transportation Department is a solid strategic investment that is much more

(Continued)

**BACKGROUND:** (Continued)

favorable than renovation and upkeep of the outdated 50+ year site that is no longer central to our operations.

Pursuant to the California Environmental Quality Act (CEQA), the proposed acquisition was reviewed and determined to be categorically exempt from CEQA under Guidelines Section 15061(b)(3); with certainty, there is no possibility that the land acquisition may have a significant effect on the environment. Pursuant to CEQA Guideline Section 15004(b)(2)(A), the County of Riverside is conditioned to perform additional CEQA analysis and compliance, prior to any subsequent development and use of subject property.

The Resolution has been reviewed and approved by County Counsel as to legal form.

**FINANCIAL DATA:**

The following summarizes the funding necessary to acquire Assessor's Parcel Numbers 317-260-007 and 317-260-033:

Acquisition:	\$ 3,376,771
Environmental Services:	\$ 1,800
Estimated Title and Escrow Charges:	\$ 8,000
Preliminary Title Report:	\$ 800
Appraisal:	\$ 3,450
Advertising:	\$ 4,390
Acquisition Administration:	\$ 35,000
Total Estimated Acquisition Costs:	\$ 3,430,211

**FINANCIAL DATA:** (Continued)

While EDA will cover the cost for the due diligence services (Preliminary Title Report and Appraisal) at the time of this property transaction, it is understood that the Transportation Department will reimburse EDA for these costs. The remaining costs will be paid directly by the Transportation Department.

All costs associated with this property acquisition are fully funded in the Transportation Department's budget for FY 2011/2012. Thus, no net county cost will be incurred as a result of this transaction.

**Attachments:**

- Exhibit "A" - Legal Description
- Exhibit "B" - Property Depiction

1 Board of Supervisors

County of Riverside

2 Resolution No. 2011-188

3 Notice of intention to Purchase Real Property

4 In the Unincorporated Area of Perris, County of Riverside, California

5 Assessor's Parcel Numbers: 317-260-007 and 317-260-033

6

7 BE IT RESOLVED, DETERMINED AND ORDERED by the Board of

8 Supervisors of the County of Riverside in regular session assembled on July 26, 2011,

9 and NOTICE IS HEREBY GIVEN, pursuant to Section 25350 of the Government

10 Code, that this Board at its public meeting on August 16, 2011, at 9:00 a.m. in the

11 meeting room of the Board of Supervisors located on the 1<sup>st</sup> floor of the County

12 Administrative Center, 4080 Lemon Street, Riverside, California intends to authorize a

13 transaction in which the County of Riverside will purchase real property in the

14 Unincorporated Area of Perris, County of Riverside, State of California, known as

15 Assessor's Parcel Numbers 317-260-007 and 317-260-033, consisting of 19.38 acres

16 from McCray-Ct Development LLC, a California limited liability company, in the

17 amount of Three Million Three Hundred Seventy Six Thousand Seven Hundred

18 Seventy One Dollars (\$3,376,771.00).

19 BE IT FURTHER RESOLVED AND DETERMINED that the Economic

20 Development Agency is to expend a not-to-exceed amount of Fifty Three Thousand

21 Four Hundred Forty Dollars (\$53,440) to complete due diligence on the property,

22 consisting of a preliminary title report, appraisal costs, a hazardous materials survey,

23 Economic Development Agency staff time, and miscellaneous other studies as may be

24 deemed necessary.

25 BE IT FURTHER RESOLVED AND DETERMINED that the Clerk of the Board of

26 Supervisors is directed to give notice hereof as provided in Section 6063 of the

27 Government Code.

28 ROLL CALL:

Ayes: Buster, Stone, Benoit, and Ashley  
 Nays: None  
 Absent: Tavaglione

The foregoing is certified to be a true copy of a  
 resolution duly adopted by said Board of Super-  
 visors on the date therein set forth.

KECIA HARPER-IHEM Clerk of said Board

By \_\_\_\_\_ Deputy

FORM APPROVED COUNTY COUNSEL  
 BY: *[Signature]* DATE: 7-19-11  
 SYNTHIA M. GUNZEL

# EXHIBIT "A"

## LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Riverside, and described as follows:

Parcel 1:

Lot(s) 2 of Oakes and Sawyers Subdivision, as shown by map on file in Book 1 Page(s) 5, of Maps, Records of Riverside County, California.

Parcel 2:

Lot(s) 7 of Oakes and Sawyers Subdivision, as shown by map on file in Book 1 Page(s) 5, of Maps, Records of Riverside County, California;

Except that portion conveyed to the County of Riverside by deed recorded April 12, 1992 as Instrument No. 117627 of Official Records of Riverside County, California.

(End of Legal Description)

Exhibit "B"



**Selected parcel(s):**  
317-260-007 317-260-033

**\*IMPORTANT\***

Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

REPORT PRINTED ON...Wed Jul 13 13:18:54 2011

Version 110502

**COUNTY OF RIVERSIDE  
ECONOMIC DEVELOPMENT AGENCY**



**MEMORANDUM**

**DATE:** July 22, 2011

**TO:** Sandy Schlemmer, Senior Board Assistant  
Clerk of the Board

**FROM:** Sue Anna Schatz, Real Property Coordinator  
Economic Development Agency  
Real Estate Division

**RE:** Original Documents for: Mc Cray-Ct Dev LLC  
Item No. 3.41  
Agenda Date July 26, 2011

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For your records are the original documents for the above mentioned Item No. If you have any questions you can notify me by e-mail [sschatz@rc-facilities.org](mailto:sschatz@rc-facilities.org) or (951) 955-4817. Thank you

**SS:**  
Attachment: Recorded Grant Deed  
Title Policy

**cc:** File Copy - 282TR/1006699

2011 JUL 26 10:11 AM

7/26/2011 3.41

2012-5-113248

DOC # 2011-0435325

09/30/2011 05:00P Fee:NC

Page 1 of 4

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



Recorded at request of and return to:  
Economic Development Agency  
Real Estate Division  
3403 10<sup>th</sup> Street, Suite 500  
Riverside, California 92501

**FREE RECORDING**

This instrument is for the benefit of  
the County of Riverside and is  
entitled to be recorded without fee.  
(Govt. Code 6103)

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(Space above this line reserved for Recorder's use)

CAOra/071811/282TR/14.276

~~Exempt = DTT~~  
496437-DA  
TRA:098-050

APNs: 317-260-007  
317-260-033



# GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

**McCray-CT Development, LLC, a California limited liability company**

GRANTS to the COUNTY OF RIVERSIDE, a political subdivision of the State of California,  
the real property in the County of Riverside, State of California, described as:

See Exhibit "A" attached hereto  
And made part hereof



APNs: 317-260-007  
317-260-033

Dated: 7/19/11

**McCray-CT Development, LLC,  
a California limited liability company**

By: [Signature]  
Roger D. Prend, Managing Partner

State of California )  
County of RIVERSIDE )

On July 19, 2011, before me, MARGARET EWING, a Notary Public in and for said County and State, personally appeared ROGER D. PREND, 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 entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature [Signature]

[SEAL]



# EXHIBIT "A"

## LEGAL DESCRIPTION

**The land referred to herein is situated in the State of California, County of Riverside, and described as follows:**

Parcel 1:

Lot(s) 2 of Oakes and Sawyers Subdivision, as shown by map on file in Book 1 Page(s) 5, of Maps, Records of Riverside County, California.

Parcel 2:

Lot(s) 7 of Oakes and Sawyers Subdivision, as shown by map on file in Book 1 Page(s) 5, of Maps, Records of Riverside County, California;

Except that portion conveyed to the County of Riverside by deed recorded April 12, 1992 as Instrument No. 117627 of Official Records of Riverside County, California.

(End of Legal Description)

CERTIFICATE OF ACCEPTANCE  
COUNTY OF RIVERSIDE

This is to certify that the interest in real property conveyed by the deed or grant dated July 19, 2011 from the MCCRAY-CT DEVELOPMENT, LLC, a California limited liability company, to the COUNTY OF RIVERSIDE, a political subdivision of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Board of Supervisors for the County of Riverside pursuant to authority conferred by Resolution No. 99-099 of the Board of Supervisors adopted on April 20, 1999, and the COUNTY OF RIVERSIDE consents to recordation thereof by its duly authorized officer.

Dated this 1<sup>st</sup> day of SEPTEMBER, 2011.

By   
Robert Field  
Assistant County Executive Officer/EDA

FORM APPROVED COUNTY COUNSEL  
BY: Synthia M. Gunzel 7-21-11  
SYNTHIA M. GUNZEL DATE



# OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

*First American Title Insurance Company*

**Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.**

## COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
  - (a) A defect in the Title caused by
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
    - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
    - (vii) a defective judicial or administrative proceeding.
  - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
  - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (a) the occupancy, use, or enjoyment of the Land;
  - (b) the character, dimensions, or location of any improvement erected on the Land;
  - (c) the subdivision of land; or
  - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental

police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
  - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
  - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
    - (i) to be timely, or
    - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this policy, but only to the extent provided in the Conditions.

*First American Title Insurance Company*

BY  PRESIDENT

ATTEST  SECRETARY



## EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

## CONDITIONS

### 1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
  - (i) The term "Insured" also includes
    - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
    - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
    - (C) successors to an Insured by its conversion to another kind of Entity;
    - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
      - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
      - (2) if the grantee wholly owns the named Insured,
      - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
      - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

- (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

### 2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

### 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

### 4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

### 5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in

Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

#### 6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

#### 7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.  
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
- (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
- (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs,

attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

#### 8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
- (i) the Amount of Insurance; or
- (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
- (i) the Amount of Insurance shall be increased by 10%, and
- (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

#### 9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

#### 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

#### 11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

#### 12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

#### 13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

**14. ARBITRATION**

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

**15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT**

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

**16. SEVERABILITY**

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

**17. CHOICE OF LAW; FORUM**

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located. Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.
- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

**18. NOTICES, WHERE SENT**

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at 1 First American Way, Santa Ana, CA 92707, Attn: Claims Department.

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## ***POLICY OF TITLE INSURANCE***



## SCHEDULE A

### *First American Title Insurance Company*

Name and Address of the issuing Title Insurance Company:

First American Title Insurance Company  
3281 E Guasti Road, Suite 440  
Ontario, CA 91761

File No.: **NCS-496437-ONT1**

Policy No.: **496437**

Address Reference: 19.38 Acres +/- APN 317-260-007, and APN 317-260-033, Unincorporated Area, CA

Amount of Insurance: \$3,376,771.00

Premium: \$4,105.00

Date of Policy: September 30, 2011 at 8:00 A.M.

1. Name of Insured:

County of Riverside, a political subdivision of the State of California

2. The estate or interest in the Land that is insured by this policy is:

Fee Simple

3. Title is vested in:

County of Riverside, a political subdivision of the State of California

4. The Land referred to in this policy is described as follows:

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

PARCEL 1:

LOT(S) 2 OF OAKES AND SAWYERS SUBDIVISION, AS SHOWN BY MAP ON FILE IN BOOK 1  
PAGE(S) 5, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 2:

LOT(S) 7 OF OAKES AND SAWYERS SUBDIVISION, AS SHOWN BY MAP ON FILE IN BOOK 1  
PAGE(S) 5, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPT THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED APRIL  
12, 1992 AS INSTRUMENT NO. 117627 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY,  
CALIFORNIA.

APN: 317-260-007-6 and 317-260-033



## SCHEDULE B

File No. **NCS-496437-ONT1**

Policy No. **496437**

### EXCEPTIONS FROM COVERAGE

This Policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

#### Part One:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

#### Part Two:

1. General and special taxes and assessments for the fiscal year 2011-2012, a lien not yet due or payable.
2. The lien of special tax assessed pursuant to Chapter 2.5 commencing with Section 53311 of the California Government Code for Community Facilities District No. 87-1, as disclosed by Notice of Special Tax Lien recorded November 19, 1990 as Instrument No. 422516 of Official Records.
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. Water rights, claims or title to water, whether or not shown by the public records.
5. A resolution establishing watershed benefit assessment areas which provides for the issuing of bonds and the levying of a special tax to pay the interest and principal payments on such bonds upon the herein described property, recorded June 10, 1991 as Instrument Nos. 193749, 193750 and 193751 of Official Records of Riverside County, California.
6. The effect of a map purporting to show the land and other property, filed in Book 35, Page 86 of Record of Surveys.

7. An offer of dedication for public road, public utility purposes and incidental purposes, recorded October 08, 1952 as Book 1406, Page 243 of Official Records.  
To: Public
8. An offer of dedication for public road purposes, public utility and public services purposes and incidental purposes, recorded March 03, 1972 as Instrument No. 29721 of Official Records.  
To: Public
9. An agency agreement dated March 29, 1979 by and between Kacor Realty and Rancho California Water District wherein it is agreed that said district is designated as exclusive agent for the extraction, diversion, storage, blending and distribution of all local water, recorded May 07, 1979 as Instrument No. 92330 of Official Records of Riverside County, California.
10. The fact that the land lies within the boundaries of the Project 5-1987 Redevelopment Project Area, as disclosed by the document recorded December 24, 1987 as Instrument No. 362718 of Official Records.