

SUBMITTAL TO THE FLOOD CONTROL AND
WATER CONSERVATION DISTRICT
BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
11.7
(ID # 7526)

MEETING DATE:
Tuesday, July 17, 2018

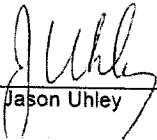
FROM : FLOOD CONTROL DISTRICT:

SUBJECT: FLOOD CONTROL DISTRICT: Approve Joint Community Facilities Agreement (Flood Control Improvements) for Community Facilities District No. 2018-1 (Bedford) Between the Riverside County Flood Control and Water Conservation District, Arantine Hills Holdings LP and the City of Corona, District 2. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Joint Community Facilities Agreement (Agreement) by and between the Riverside County Flood Control and Water Conservation District (District), the City of Corona (City) and Arantine Hills Holdings LP (Developer); and
2. Authorize the Chairman to execute the Agreement on behalf of the District; and
3. Authorize the District to coordinate and work with the Executive Office for its role in implementing the Joint Community Facilities Agreement; and
4. Direct the Clerk of the Board to return three (3) fully executed originals to the District.

ACTION: Policy



Jason Uhley

7/3/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: July 17, 2018
xc: Flood

Kecia Harper-Ihem
Clerk of the Board
By 
Deputy

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD
OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Developer Funded 100%			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Joint Community Facilities Agreement (Agreement) authorizes the Developer to be reimbursed with bond proceeds for the construction of the flood control facility improvements, within the City of Corona, identified in the Agreement.

The proposed flood control drainage improvements are associated with Tract Map Nos. 36294 and 37030. The District finds that the approval of this Agreement will provide needed flood control improvements in the city of Corona. Upon completion of construction and the transfer of necessary rights of way, the District and the City will accept their respective responsibilities for the operation and maintenance of these flood control improvements as identified in the Agreement.

The Developer has made a deposit with the County Executive Office for the processing and administration of the Agreement. The County Executive Office shall disburse such deposit pursuant to the Agreement.

County Counsel has approved the Agreement as to legal form, and the City and Developer have executed the Agreement.

Impact on Residents and Businesses

As noted above, construction of these improvements is a requirement for the development of Tract Nos. 36294 and 37030. The principal beneficiaries are the future residents of the Tract. Ancillary benefits will accrue to citizens who will utilize the Tract's roadways.

Additional Fiscal Information

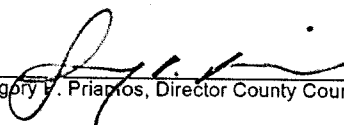
The Developer is funding all construction and construction inspection costs. Future operation and maintenance costs of the facilities will accrue to the District and the City.

ATTACHMENTS:

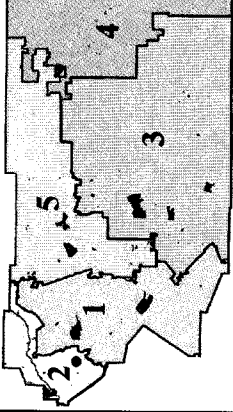
1. Joint Community Facilities Agreement
2. Vicinity Map

SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD
OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

JGA:blm
P8/221628




Gregory V. Priamos, Director County Counsel 7/5/2018



Supervisor Districts

LEGEND:

-  Project Vicinity
-  Supervisorial District

DESCRIPTION:

Bedford Canyon - Hudson House Drive Storm Drain, Stage 1; Bedford Canyon - Bedford Canyon Drive Storm Drain, Stage 1; Bedford Canyon - Arantime Hills Storm Drain, Stage 1; Bedford Canyon - Olvida Drive Storm Drain, Stage 1; Bedford Canyon - Arantime Hills Levee, Stage 1; Bedford Canyon - Bedford Canyon Wash, Stage 1
 Project Nos. 2-0-00376, 2-0-00377, 2-0-00378, 2-0-00379, 2-0-00380 and 2-0-00381
 Tract Nos. 36294 and 37030



JOINT COMMUNITY FACILITIES AGREEMENT

by and among

CITY OF CORONA,

**RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT**

AND

**ARANTINE HILLS HOLDINGS L.P.,
a Delaware limited partnership**

Dated as of July 1, 2018

**Relating to:
Community Facilities District No. 2018-1
(Bedford)
of the City of Corona**

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	3
Section 1.1 Definitions	3
ARTICLE II CONDITIONS PRECEDENT	6
Section 2.1 Formation Proceedings	6
ARTICLE III ACQUISITION OF FACILITIES	7
Section 3.1 Acquisition of Facilities	7
Section 3.2 Determination of Purchase Price; Processing Payment Requests	8
Section 3.3 Accounting	9
Section 3.4 Dedication of Property and Easements to the Flood Control District and the City	10
Section 3.5 Modifications to the Flood Control Facilities and Stated Acquisition Cost	10
Section 3.6 Application of Realized Savings	11
ARTICLE IV CONSTRUCTION OF THE FACILITIES	11
Section 4.1 Preparation and Approval of Plans	11
Section 4.2 Duty of Developer to Construct	11
Section 4.3 Bid and Construction Requirements	12
Section 4.4 Licenses, and Regulatory Permits	13
Section 4.5 NPDES Compliance	14
Section 4.6 Cal/OSHA, Confined Space Entry	15
Section 4.7 Notice of Intent to Commence Construction	15
Section 4.8 Bonding Requirements	16
Section 4.9 Additional Conditions to be Satisfied during Construction	16
Section 4.10 Inspection; Completion of Construction	17
Section 4.11 Maintenance of Facilities; Warranties	17
Section 4.12 Insurance Requirements	17
Section 4.13 Ownership of Facilities	19
ARTICLE V REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNIFICATION	20
Section 5.1 Representations, Warranties and Covenants of the Developer	20
Section 5.2 Representations, Warranties and Covenants of the City	21
Section 5.3 Representations, Warranties and Covenants of the Flood Control District	22
Section 5.4 Indemnification	22
ARTICLE VI MISCELLANEOUS	23
Section 6.1 Developer as Independent Contractor	23
Section 6.2 Other Agreements	23
Section 6.3 Binding on Successors and Assigns	23
Section 6.4 Amendments	24
Section 6.5 Waivers	24
Section 6.6 No Third Party Beneficiaries	24
Section 6.7 Notices	24

TABLE OF CONTENTS
(continued)

	Page
Section 6.8	Jurisdiction and Venue25
Section 6.9	Attorneys' Fees25
Section 6.10	Governing Law25
Section 6.11	Usage of Words25
Section 6.12	Counterparts.....25
Section 6.13	Interpretation26
Section 6.14	Designation of Party's Representative.....26
EXHIBIT A	PROPOSED BOUNDARY MAP OF CFD NO. 2018-1A-1
EXHIBIT B	FACILITIES - DIAGRAM, DESCRIPTION AND ACQUISITION COSTSB-1
EXHIBIT C	PUBLIC WORKS BIDDING REQUIREMENTSC-1
EXHIBIT D	EASEMENTS TO BE CONVEYED TO THE FLOOD CONTROL DISTRICT ...D-1
EXHIBIT E	FORMS OF PAYMENT AND PERFORMANCE BONDSE-1
EXHIBIT F	FORM OF PAYMENT REQUESTF-1

JOINT COMMUNITY FACILITIES AGREEMENT

THIS JOINT COMMUNITY FACILITIES AGREEMENT (this “Joint Community Facilities Agreement”) is made and entered into as of July 1, 2018 by and among the City of Corona, a charter city and municipal corporation organized and existing pursuant to the laws of the State of California (hereinafter, the “City”), the Riverside County Flood Control and Water Conservation District, a public agency organized and existing pursuant to Chapter 48 of the Appendix to the California Water Code (hereinafter, the “Flood Control District”) and Arantine Hills Holdings, L.P., a Delaware limited partnership (hereinafter, the “Developer”).

RECITALS

A. Pursuant to a petition executed by the Developer, which owns approximately 276 acres of land (the “Property”) located within the City of Corona, the City Council of the City (the “City Council”) has initiated proceedings (the “Proceedings”) to form a community facilities district to be identified as “Community Facilities District No. 2018-1 (Bedford) of the City of Corona” (the “Community Facilities District”) under the Mello-Roos Community Facilities Act of 1982 (the “Act”) (commencing with Section 53311 of the California Government Code (the “Code”) and five or more improvement areas therein (individually, an “Improvement Area” and, collectively, the “Improvement Areas”). The proposed boundaries of the Community Facilities District and each improvement area therein are shown on Exhibit A.

B. The Developer requested and proposed that the Community Facilities District and any improvement areas therein, be formed for the purpose of providing the means of financing design, planning, engineering, installation and acquisition or construction of certain public facilities and improvements to be constructed by the Developer and, consisting of, among others: (i) certain segments of the Bedford Channel improvements sufficient to mitigate flood risk for the first 393 homes to be developed on the Property within Improvement Area No. 1 and allow for the issuance of building permits for such homes (the “Phase I Bedford Channel Facilities”); and (ii) certain water drainage improvements, including Segment 1 (Lot A) - Bedford Canyon (Eagle Glen to Basin) (Phase 1); Segment 2 (Lot G) - Bedford Canyon (Basin To Hudson House Drive) (Phase 1); Segment 3 - Hudson House Drive (Bedford to Olvida Dr.) (Phase 1); Segment 4 - Hudson House Drive (Olvida Dr. to Clementine Way) (Phase 1); Segment 6 (Lot P) - Clementine Way (Hudson House Drive to Sta. 15+00) (Phase 1); and Segment 9 - in Tract Backbone (Phase 1) (the “Storm Drain Improvements”).

C. The Phase I Bedford Channel Facilities and the Storm Drain Improvements are herein collectively described as the “Acquisition Facilities.”

D. The Acquisition Facilities and the remainder of the Bedford Channel improvements as described on Exhibit B (“Phase II Bedford Channel”) are herein collectively referred to as the “Flood Control Facilities.”

E. The Flood Control Facilities are to be owned, operated and maintained by the Flood Control District upon the completion of the construction thereof by the Developer and the acceptance thereof by the City and the Flood Control District. The Acquisition Facilities are shown in concept and their estimated acquisition costs are stated in Exhibit B attached hereto. The Phase II Bedford Channel is shown in concept in Exhibit B attached hereto.

F. The Developer is currently working with the Flood Control District on two cooperative agreements (the "Cooperative Agreements") for the applicable Flood Control Facilities. The Cooperative Agreements set forth the terms and conditions by which certain Flood Control Facilities are to be constructed by the Developer and inspected, operated and maintained by the Flood Control District, the City and the Developer. In the event of any inconsistency between the terms of this Joint Community Facilities Agreement and the Cooperative Agreements, the terms of the Cooperative Agreements shall control.

G. Pursuant to a Funding and Acquisition Agreement, by and between the Developer and the City, on behalf of the Community Facilities District (the "Funding and Acquisition Agreement"), the Developer and City have designated the Acquisition Facilities as qualifying public improvements which may be financed by the Community Facilities District; provided, however, the City will require and the Developer has agreed that the purchase of the Phase I Bedford Channel Facilities will not be so financed until the Phase I Bedford Channel Facilities and the Phase II Bedford Channel are completed by the Developer.

H. Section 53313.5 of the Code provides that a community facilities district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body of the community facilities district, before the resolution of formation to establish the community facilities district is adopted pursuant to Section 53325.1 of the Code, except that a community facilities district may finance the purchase of facilities completed after the adoption of a resolution of formation if the facility is constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency that will own or operate in such facility. The Phase I Bedford Channel Facilities will be completed before the adoption of a resolution of formation to establish the Community Facilities District.

I. Alternatively, Section 53314.9 of the Code provides that at any time either before or after the formation of a community facilities district, the legislative body may accept advances of funds or work in-kind from any source, including, but not limited to, private persons or entities, and may provide, by resolution, for the use of those funds or that work in-kind for any authorized purpose, under all of the following conditions: (a) the proposal to repay the funds or the value or cost of the work in-kind, whichever is less, is included in both the resolution of intention to establish the community facilities district adopted pursuant to Section 53321 of the Code and in the resolution to establish the community facilities district pursuant to Section 53325.1 of the Code, (b) any proposed special tax is approved by the qualified electors of the community facilities district pursuant to the Act, and (c) any work in-kind accepted pursuant to Section 53314.9 of the Code shall have been performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority, of the local agency.

J. Pursuant to the Act, the City Council may adopt a resolution (the "Resolution of Intention") stating that it is the intention of the City to cause the proposed Community Facilities District, and any improvement areas therein, to be established, and if established, the Community Facilities District will use its best efforts to sell and issue special tax bonds the proceeds of which will be used in part to pay the Developer the purchase price of the Acquisition Facilities provided all of the conditions of Sections of 53313.5 and 53314.9 of the Code are satisfied and that the purchase price shall only be paid from the proceeds of special tax bonds, if any are sold and issued by the proposed Community Facilities District and the Improvement Areas therein.

K. The Act provides that the proposed Community Facilities District may finance the Acquisition Facilities only pursuant to a Joint Community Facilities Agreement adopted pursuant to Sections 53316.2, 53316.4 and 53316.6 of the Code.

L. The City, the Flood Control District and the Developer desire to enter into this Joint Community Facilities Agreement, as required by the aforementioned sections of the Code and prior to the adoption by the City Council of the resolution establishing the Community Facilities District. The provisions of this Joint Community Facilities Agreement are intended to apply only to the Flood Control Facilities, unless expressly stated otherwise.

M. The City and the Flood Control District have determined that this Joint Community Facilities Agreement will be beneficial to the respective residents of the City.

NOW, THEREFORE, for and in consideration of the mutual premises and covenants contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Article I shall have the meaning herein specified when used in this Joint Community Facilities Agreement:

“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 City and/or the Flood Control District not to interfere with the intended use of such land or easement and therefore are not required to be cleared from title.

“Acceptance Date” means, with respect to any Flood Control Facility, the date that the Flood Engineer provides written notice, pursuant to Section 4.10, that the Flood Control Facility has been accepted by the Flood Control District into its maintained system.

“Acquisition Account” means the acquisition account, by that or a similar name, established within the “Improvement Fund” or fund or account of similar name to be established by the Indenture to hold Bond proceeds to be applied to pay the Purchase Price for the Acquisition Facilities.

“Acquisition Cost” means, with respect to an Acquisition Facility, the amount specified as the Acquisition Cost for such Acquisition Facility in Exhibit B attached hereto, as the same may be modified by one or more supplements thereto entered into in accordance with Section 3.4 hereof or augmented as a result of cost savings pursuant to Section 3.5 hereof.

“Acquisition Facilities” means, the Phase I Bedford Channel Facilities and the Storm Drain Improvements.

“Act” means the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq.* of the Code, as amended.

“Actual Cost” means, with respect to the Acquisition Facilities, an amount equal to the sum of (a) the Developer’s actual, reasonable cost of constructing such Acquisition Facility, including labor, material and equipment costs and any additional costs incurred by the Developer pursuant to Section 4.3 hereof, (b) the Developer’s actual reasonable cost of designing and preparing the Plans for such Acquisition Facility, including engineering services provided in connection with designing and preparing such Plans, (c) the Developer’s actual, reasonable cost of environmental evaluations required specifically for such Facility, (d) the amount of any fees actually paid by the Developer to governmental agencies in order to obtain permits, licenses or other necessary governmental approvals and reviews for such Acquisition Facility, (e) the Developer’s actual reasonable cost for professional services directly related to the construction of such Facility, including engineering, legal, inspection, construction staking, materials testing and similar professional services, (f) the Developer’s actual, reasonable cost for construction management bid administration services which shall not exceed 5% of construction costs, (g) the Developer’s actual reasonable cost of payment, performance or maintenance bonds, maintenance costs incurred prior to transfer of any Acquisition Facility and insurance (including any title insurance required hereby) for such Flood Control Facility, (h) the Developer’s actual, reasonable cost of any real property or interest therein acquired after the date on which the Community Facilities District is established pursuant to the Act from a party other than the Developer, which real property or interest therein is either necessary for the construction of such Acquisition Facility (e.g., temporary construction easements, haul roads, etc.) or is required to be conveyed with such Facility in order to convey Acceptable Title thereto to the Flood Control District, all as specified in a Payment Request that is to be reviewed and approved by the Flood Engineer; provided, however, that (x) no item of cost relating to a Facility shall be included in more than one category of cost specified in clauses (a) through (h) of this definition, and (y) each item of cost shall include only amounts actually paid by the Developer to third parties and shall not include overhead or other internal expenses of the Developer, except that, if Developer employees perform construction management, bid administration or contract administration services with respect to an Acquisition Facility, the actual reasonable cost of the salaries and benefits paid by the Developer to such employees for performing such services may be included as an item of cost relating to such Acquisition Facility for the category of cost specified in clause (f) of this definition and subject to the 5% limitation specified in clause (f).

“Administrator” means the Director of Planning and Development of the City, or her/his designee.

“Board of Supervisors” means the Board of Supervisors of the Flood Control District.

“Bonds” means the bonds that the Community Facilities District may sell and issue in one or more series if the Proceedings are approved, a portion of the proceeds of which will be used to acquire, among other authorized facilities, the Acquisition Facilities.

“Business Day” means a day which are not a Saturday or Sunday or a day of the year on which the Flood Control District is not required or authorized to be open.

“CEQA” means the California Environmental Quality Act (CEQA), constituting Section 21000 *et seq.* of the California Public Resources Code, as amended.

“City” means the City of Corona, California.

“City Council” means the City Council of the City.

“City Engineer” means an authorized representative from the City’s Public Works Engineering Department.

“Code” means the California Government Code.

“Community Facilities District” means Community Facilities District No. 2018-1 (Bedford) of the City of Corona, a community facilities district to be organized and existing under the laws of the State, including any improvement areas therein.

“Construction Site” means the site on which the Flood Control Facilities are to be constructed, including off site staging areas and material storage areas.

“County” means the County of Riverside, a political subdivision of the State, and its successors.

“Developer” means Arantine Hills Holdings L.P., a Delaware limited partnership, and their successors and assigns, acting as a developer of infrastructure within the Community Facilities District, including but not limited to the Flood Control Facilities.

“Developer’s Representative” means the person or persons designated as such in a certificate signed by the Developer and delivered to the City, the Community Facilities District and the Flood Control District, which certificate shall contain an original or specimen signature of each person so designated.

“Engineer” means either the City Engineer or the Flood Engineer, depending on the Facility to which reference is being made.

“Flood Control District” means the Riverside County Flood Control and Water Conservation District, a public agency organized and existing pursuant to Chapter 48 of the Appendix to the California Water Code.

“Flood Control Facility” or **“Flood Control Facilities”** or **“Facilities”** or **“Facility”** means one or more of those public improvements that are identified and described in Exhibit B attached hereto and are to be owned, operated and maintained by the Flood Control District.

“Flood Engineer” means the General Manager-Chief Engineer of the Flood Control District (or any successor to the responsibilities thereof if such office is no longer in existence), or his/her designee.

“General Prevailing Wage Rates” means those rates as determined by the Director of the Department of Industrial Relations of the State.

“Hazardous Material” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State or the United States Government, including, without limitation, any material or substance which is (a) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.* (33 U.S.C. § 1321), (b) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.* (42 U.S.C. § 6903), (c) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental

Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 *et seq.*, (d) petroleum, or (e) asbestos.

“Indenture” means the indenture, trust agreement, resolution, fiscal agent agreement or similar instrument, regardless of title, pursuant to which bonds, notes or other evidences of indebtedness of the Community Facilities District or any improvement area therein have been issued and are outstanding, as originally executed or as the same may from time to time be supplemented or amended pursuant to the provisions thereof.

“Joint Community Facilities Agreement” means this Joint Community Facilities Agreement, as of the date hereinabove first written, by and among the City, the Flood Control District and the Developer, as originally executed or as the same may be amended from time to time in accordance with its terms.

“Legislative Body” means the City Council of the City, acting *ex officio* as the legislative body of the Community Facilities District.

“Payment Request” means the document to be provided by the Developer to substantiate the Purchase Price of one or more the Acquisition Facilities, which shall be substantially in the form of Exhibit F attached hereto.

“Plans” mean the plans and specifications for the Flood Control Facilities prepared or to be prepared at the direction of the Developer pursuant to Section 4.1 hereof.

“Proceedings” means those proceedings to be undertaken by the City Council to consider the formation of the Community Facilities District and the approval by the City Council and the qualified electors of the Community Facilities District of the authorization to levy special taxes therein pursuant to the Rate and Method and by the Legislative Body to sell and issue the Bonds.

“Property” means the real property located within the Community Facilities District.

“Purchase Price” means, subject to the provisions of Section 3.2 hereof, the lesser of the Actual Cost or the Acquisition Cost of an Acquisition Facility, allowing for the application of the provisions of Section 3.5 which provides for the modification of the Acquisition Cost and the provisions of Section 3.6 which specifies the circumstances in which additional monies may be made available to pay the Purchase Price.

“Rate and Method” means any rate and method of apportionment of special taxes authorized to be levied within the Community Facilities District or any improvement area therein pursuant to the Proceedings.

“State” means the State of California.

ARTICLE II

CONDITIONS PRECEDENT

Section 2.1 Formation Proceedings. The Developer has submitted to the City a petition requesting that the Proceedings be initiated by the City with regard to the formation of the Community Facilities District and one or more improvement areas therein for the purpose of

financing the acquisition or construction of certain public facilities, including the Acquisition Facilities, to authorize the levy of special taxes within the Community Facilities District pursuant to one or more Rate and Methods and incurrence of bonded indebtedness to finance the construction and acquisition of said public facilities and for the Legislative Body to authorize the sale and issuance of the Bonds. The Developer has deposited \$4,000 with the County Executive Office for the processing and administration of this Joint Community Facilities Agreement which amounts shall be eligible for reimbursement from bond or special tax proceeds as part of any reimbursement for formation or issuance costs (to the extent of available funds therefor).

Should the formation of the Community Facilities District be approved, the Legislative Body will use its best efforts to cause to be sold and issued, pursuant to the terms of the Act and Indenture, the Bonds in one or more series and a portion of the proceeds of the Bonds are intended to provide funds that will allow the Community Facilities District to finance the acquisition of the Acquisition Facilities. Should the City Council not form the Community Facilities District and/or the Legislative Body not sell and issue the Bonds within ten (10) years of the date hereof, the City, the Flood Control District and the Developer will not be bound by the terms of this Joint Community Facilities Agreement and it shall be considered null and void by the parties to it. However, the Cooperative Agreements for the Flood Control Facilities by and among the Flood Control District, the City and the Developer shall remain in effect.

The Developer acknowledges that the decision of the City Council to approve the formation of the Community Facilities District and of the Legislative Body to authorize the sale and issuance of the Bonds is an exercise of the legislative discretion of the Legislative Body and that the City may not enter into a contract or obligate the Legislative Body to exercise its legislative discretion in a particular manner. This Joint Community Facilities Agreement does not, therefore, in any way create a contractual, legal or equitable obligation of or commitment by the City Council to approve the formation of the Community Facilities District or the Legislative Body to authorize the sale and issuance of the Bonds.

Should the Developer elect to abandon the Proceedings, the Developer shall provide written notification of such election to the City and the Flood Control District.

The Legislative Body shall have the jurisdiction to and shall be solely responsible for undertaking the Proceedings consistent with the provisions of the Act and the Indenture.

ARTICLE III

ACQUISITION OF FACILITIES

Section 3.1 Acquisition of Facilities. The Developer hereby agrees to transfer the Flood Control Facilities to the Flood Control District and the Purchase Price for the Acquisition Facilities shall be paid solely through proceeds of the Bonds or special taxes collected to the extent available, subject to the terms and conditions hereof. Acceptable Title to any parcels on which any Flood Control Facility is constructed and for which title is not presently held by the Flood Control District and/or the City as well as the Flood Control Facility financed pursuant hereto shall be transferred to the Flood Control District as of the Acceptance Date; provided, however, that notwithstanding such transfer, as provided in Section 4.11 hereof, the Developer shall be solely responsible for the maintenance of said Flood Control Facility until the Acceptance Date of said Facility.

The Purchase Price of the Acquisition Facilities is to be paid solely from the amount special taxes collected to the extent available and the amount of net bond proceeds and earnings thereon held in the Acquisition Account, and the Community Facilities District shall not be obligated to pay the Purchase Price of the Acquisition Facilities except from such amounts in the Acquisition Account. Neither the City, the Community Facilities District nor the Flood Control District make any warranty, either expressed or implied, that the amounts held in the Acquisition Account available for the payment of the Purchase Price of the Acquisition Facilities will be sufficient for such purpose.

Notwithstanding any other provision of this Joint Community Facilities Agreement, the fact that there may not be sufficient funds available in the Acquisition Account to pay the Purchase Price for one or more Acquisition Facilities will not relieve the Developer from its obligation consistent with the conditions of approval for the Property to construct the Flood Control Facilities.

Section 3.2 Determination of Purchase Price; Processing Payment Requests. The determination of the Purchase Price and its payment shall be made consistent with the provisions of this Section 3.2.

In order to receive the Purchase Price for a completed Facility, the Developer shall deliver to the City Engineer:

(a) A complete Payment Request for said Acquisition Facility, together with all attachments and exhibits to be included therewith;

(b) A copy of the documents conveying or which previously conveyed to the Flood Control District Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 3.4 hereof;

(c) A copy of the Notice of Completion for said Acquisition Facility that will be filed in accordance with Section 818 of the California Civil Code, if applicable. Final lien releases must be received by the City Engineer prior to the City Engineer executing the Payment Request which determines the Purchase Price for said Acquisition Facility and authorizes payment;

(d) The Developer's civil engineer of record or construction civil engineer of record duly registered in the State shall provide to the Flood Control District redlined "as-built" plans and profile sheets for the Acquisition Facility. After the Flood Control District's approval of the redlined "as-built" drawings, the Developer's engineer shall schedule with the Flood Control District a time to transfer the redlines onto the Flood Control District's original mylars at the Flood Control District's office, after which, said engineer shall review, stamp and sign the original mylars "Record Drawings."

Notwithstanding anything to the contrary contained herein, no determination of the Purchase Price for any Acquisition Facility shall be made unless the Flood Control District has by written notice to the Community Facilities District stated that the Flood Control District is willing to accept the Acquisition Facility as constructed into its maintained system as of the Acceptance Date, and the Flood Control District will not withhold or delay the issuance of such notice provided that Developer is in compliance with the terms of this Agreement.

Prior to issuance of said notice of acceptance of any Flood Control Facility right-of-way for operation and maintenance by the Flood Control District or the City, as appropriate, each of the following shall be furnished or completed by the Developer to the satisfaction of the Flood Engineer:

(i) Documents by which the Developer conveys or causes to be conveyed to the Flood Control District in fee and/or easement, including ingress and egress, in a form approved by the Flood Control District, for the rights of way shown in concept cross-hatched blue on Exhibit D;

(ii) Acceptance by the City and the Flood Control District of all dedicated rights of way deemed necessary by the City and the Flood Control District for the operation and maintenance of said Acquisition Facility;

(iii) The Acquisition Facility must be in a satisfactorily maintained condition.

Once the City Engineer has been provided with a complete Payment Request Form and all other documents as required by him to determine the Purchase Price, the City Engineer will sign the Payment Request Form, identifying the Purchase Price to be paid and (i) forward said document to the Administrator for payment and (ii) provide written notice to the Community Facilities District and the City. Upon receipt of such a completed Payment Request from the City Engineer, the Administrator shall within 5 days thereof submit it to the fiscal agent or trustee for the Acquisition Account from which the Purchase Price is to be paid and/or to the Community Facilities District to be paid from the special taxes, together with such other information as the fiscal agent or trustee or the Community Facilities District may require to authorize payment of the Purchase Price. If at the time such a Payment Request is received by the Administrator, there are not sufficient funds to pay the Purchase Price for the identified Acquisition Facility, the Administrator shall notify the City Engineer and the Developer of the amount of funds that are to be applied to payment of a portion of the Purchase Price for such Acquisition Facility, and shall authorize the fiscal agent or trustee or the Community Facilities District to pay the available amount to the Developer or its assigns as a partial payment of the Purchase Price for such Acquisition Facility. Nothing in this Joint Community Facilities Agreement shall relieve the Developer from transferring any of the Flood Control Facilities to the Flood Control District in the event the Bond proceeds are insufficient to pay the Purchase Price for the Acquisition Facilities.

The City and Flood Control District will cooperate in good faith with the Developer to provide timely review of all documentation and/or evidence required to be submitted to them pursuant to this Section and shall accept and/or inspect, as required the dedicated rights of way, Acceptable Title and the Facility as soon as such is offered for dedication, provided or completed for review and/or inspection.

Section 3.3 Accounting.

The City or the Community Facilities District agrees to maintain full and accurate records of all amounts, and investment earnings, if any, expended from the Acquisition Account. The City or the Community Facilities District will, upon request, provide the Flood Control District and/or the Developer with access to City's or the Community Facilities District's records related to the Acquisition Account.

Section 3.4 Dedication of Property and Easements to the Flood Control District and the City. For purposes of this Section, the applicability of the references to the Flood Control District or the City is to be determined by the Facility for which Acceptable Title is required. Acceptable Title to all property not presently held by the Flood Control District or the City on, in or over which the Facility will be located shall be deeded over to the Flood Control District or the City by way of grant deed, quitclaim, or dedication of such property, or easement thereon, if such easement is approved by Flood Control District or the City as being a sufficient interest therein to permit Flood Control District or the City to properly own, operate and maintain such Facility located therein, thereon or thereover, and to permit the Developer to perform its obligations as set forth in this Joint Community Facilities Agreement.

The Developer shall furnish to the Flood Control District and/or the City, as applicable, a title report for such property not previously dedicated or otherwise conveyed to the Flood Control District or the City for review and approval not more than thirty (30) calendar days prior to or concurrent with the notice required by Section 4.7 hereof. The Flood Control District and/or the City, as applicable, shall review the title report and determine if it reveals a matter that, in the sole reasonable judgment of the Flood Control District and/or the City, could materially affect the Flood Control District's and/or the City's use and enjoyment of any part of the property or easement covered by the title report. In the event the Flood Control District does not approve such title report, the Flood Control District shall notify the Administrator and the Developer in writing and the Flood Control District shall not be obligated to accept title to said Facility, and the City, acting for and on behalf of the Community Facilities District, shall not be obligated to pay any portion of the Purchase Price for an Acquisition Facility or accept any other portions of the Flood Control Facilities until the Developer has cured such objections to title to the reasonable satisfaction of the Flood Control District.

Consistent with the preceding paragraph, the Developer shall obtain and provide, or cause to be obtained or provided, to the Flood Control District or the City duly executed irrevocable offer(s) of dedication to the public for flood control or drainage purposes, including ingress and egress, for rights of way deemed necessary by the Flood Control District or the City for the construction, inspection, operation and maintenance of the Flood Control Facilities as identified in Exhibit B, and as shown in concept, cross-hatched in blue, on Exhibit D which is attached hereto and by this reference incorporated herein. The irrevocable offer(s) of dedication shall be in a form approved by the Flood Control District or the City and shall be executed by all legal and equitable owners described in the offer.

Section 3.5 Modifications to the Flood Control Facilities and Stated Acquisition Cost. The Administrator, the Flood Control District and the Developer may make modifications in the composition and description of any Flood Control Facility, whenever the Administrator, the Flood Engineer and the Developer deem such modifications to be appropriate; provided, however, that such Facility, as so modified, must be fully functioning and capable of being used for its intended purpose and must be consistent with the description of the Acquisition Facility in the Proceedings. The Administrator, City Engineer and Developer may make the corresponding modification to the Acquisition Cost for said Acquisition Facility. Any such modification shall be approved and implemented by the Administrator, on behalf of the Community Facilities District, the Flood Engineer, on behalf of the Flood Control District, the City Engineer, on behalf of the City, and the Developer by executing a supplement to Exhibit B containing a description of the modified Facility and, if applicable, the adjusted Acquisition Cost. Upon the execution of any such supplement to Exhibit B, the description of the Facility and, if applicable, the adjusted Acquisition

Cost for an Acquisition Facility in Exhibit B shall be deemed to have been modified in accordance therewith. Any modification made pursuant to this Section shall not be deemed to be an amendment of this Joint Community Facilities Agreement for purposes of Section 6.4 hereof. No Facility may be deleted from or added to Exhibit B pursuant to this Section 3.4. The deletion or addition of a Facility from Exhibit B constitutes an amendment to this Joint Community Facilities Agreement and may only be made pursuant to Section 6.4 hereof.

Section 3.6 Application of Realized Savings. If the Purchase Price paid for an Acquisition Facility is less than the Acquisition Cost of said Facility, then the difference is to be identified as "savings" that are available and can be applied to increase the Purchase Price of another Acquisition Facility or other improvements authorized to be financed with the proceeds of the Bonds, provided that said Purchase Price shall not exceed the actual cost of said Acquisition Facilities. The determination as to whether an adjustment to the Acquisition Cost pursuant to this Section 3.6 is to be made by the Administrator and an appropriate supplement to Exhibit B is to be prepared by the initiating party and approved by the Administrator, on behalf of the City, the Flood Engineer on behalf of the Flood Control District and the Developer.

ARTICLE IV

CONSTRUCTION OF THE FACILITIES

Section 4.1 Preparation and Approval of Plans. To the extent that the Developer has not already done so, it shall cause Plans to be prepared for the Flood Control Facilities. To the extent any Plans have not been completed and approved, the Developer shall obtain the written approval of such Plans from the Flood Engineer and/or the City Engineer, as required. The Flood Engineer shall provide review and approval or written disapproval and comments to the Developer. The City Engineer shall provide review and approval or written disapproval and comments to the Developer after submission of such Plans and Specifications to the City Engineer. Should changes need to be made, the Flood Engineer and the City Engineer will review any additional submissions of the Plans and Specifications and provide written approval or disapproval and comments thereon. The Developer shall provide a copy of all such Plans to the Flood Engineer and the City Engineer. Once the Plans have been approved, no changes are to be made thereto without prior written consent of the Flood Control District and/or the City Engineer, as applicable.

Section 4.2 Duty of Developer to Construct. The Developer shall construct or cause to be constructed the Flood Control Facilities in accordance with the Plans approved by the Flood Engineer and/or the City Engineer. The Developer shall perform all of its obligations hereunder and shall conduct all operations with respect to the construction of the Facilities 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 Joint Community Facilities Agreement shall be construed (i) 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 Joint Community Facilities Agreement or (ii) to require the Developer to cause the Plans to be prepared for the Facilities at a specific time or in a manner other than as required by the approved conditions for the development of the Property.

Section 4.3 Bid and Construction Requirements.

(a) In light of the fact that the Phase I Bedford Channel Facilities will be completed prior to the adoption of a resolution of formation and the Phase II Bedford Channel will not be acquired by the Community Facilities District, the Phase I Bedford Channel Facilities and the Phase II Bedford Channel need not be constructed as if under the direction and supervision, or under the authority of, a public agency, so that they may be acquired pursuant to Section 53313.5 of the Code. The provisions of this Section 4.3 and Exhibit C, which is attached hereto and by this reference incorporated herein, shall be applicable for the Storm Drain Improvements.

(b) Prior to awarding a construction contract for any Storm Drain Improvements, the Developer has submitted a bid packet for review to the Flood Engineer and the City Engineer, as appropriate. The contract(s) for construction of the Storm Drain Improvements were/will be publicly solicited consistent with the provisions of Exhibit C. The Flood Control District and/or the City, as appropriate, is to be provided with copies of all bids so that can be determined that Developer has complied with the applicable legal requirements for public works projects applicable to the Storm Drain Improvements.

(c) The Developer shall require, and the Plans, 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 a Storm Drain Improvements to pay not less than 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 Code and the California Public Contract Code relating to General Prevailing Wage Rates as required by the specifications approved by the Engineer. General prevailing Wage Rates are available from the California Department of Industrial Relations (DIR). Refer to Exhibit C for DIR's website and additional DIR requirements.

(d) The Developer shall require each principal contractor to provide proof of insurance coverage satisfying the requirements of Section 4.12 hereof throughout the term of the construction of the Facilities. Rather than requiring its principal contractors to provide such insurance, the Developer may elect to provide the same for the benefit of its principal contractors.

(e) Each principal contractor engaged to perform work on any of the Flood Control Facilities has been 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, the Community Facilities District, the Flood Control District and the City as obligees and issued by a California admitted surety having a current A.M. Best A:VIII (A:8) rating or an admitted surety insurer 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 E. The bonds tendered pursuant to this sub-section are to be accepted and held by the City Engineer. Rather than requiring its principal contractors to provide such bonds, the Developer may elect to provide the same for the benefit of its principal contractors.

(f) The Developer shall comply and shall use diligence to 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 Flood Control Facilities, to comply, with such other requirements relating to the construction of the Flood Control Facilities as the Flood Control District 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.

(g) The Developer shall require, and the Plans and 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 Storm Drain Improvements to submit certified weekly payroll records or other proof of payment of General Prevailing Wage Rates to the Developer for inspection by the Administrator, and to furnish certified payroll records or such other proof of payment of General Prevailing Wage Rates to the City Engineer promptly upon request.

(h) All change orders for an amount over \$25,000 shall be reviewed and approved by the City Engineer for the purpose of ensuring that they comply with Flood Control District or City standards, which review and approval shall not be unreasonably withheld. In order for a change order to be accepted as an eligible element of the Purchase Price of a Facility, the provisions of Sections 3.4 and 3.5 hereof shall first be satisfied.

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

(j) The Developer has deposited with the Flood Control District and/or the City, as appropriate a sufficient dollar amount to cover the anticipated costs, deemed necessary and reasonable, associated with the review and approval of the Plans, the review and approval of right of way and conveyance documents (the "Plan Review and Conveyance Costs"). The Developer, within thirty (30) days after receipt of an additional billing for any Plan Review and Conveyance Costs, will forward the billed amount to the Flood Control District.

(k) The Developer has deposited with Flood Control District (Attention: Business Office – Accounts Receivable) the estimated cost of providing construction inspection for the Facilities (the "Construction Inspection Deposit"), in an amount as determined and approved by Flood Control District in accordance with Ordinance Nos. 671 and 749 of the County, including any amendments thereto, based upon the bonded value of Facilities to be inspected, operated and maintained by Flood Control District.

Section 4.4 Licenses, and Regulatory Permits. Prior to commencement of construction of the Flood Control Facilities, the Developer shall secure all necessary licenses, agreements, permits, rights of entry and temporary construction easements (collectively "Licenses") that may be needed for the construction, inspection, operation and maintenance of the Facilities. The Developer is to secure all permits approvals or agreements, if any, required by the various Federal, State, and local resource and/or regulatory agencies (collectively, the "Regulatory Permits") for the construction, operation and maintenance of the Flood Control Facilities. The Regulatory Permits include, but are not limited to, those permits issued by the U.S. Army Corps of Engineers, the State Water Resources Control Board ("SWRCB"), California State Department of Fish and Wildlife and

the Regional Water Quality Control Board. All Licenses and Regulatory Permits secured by the Developer shall be reviewed by the Engineer prior to execution or acceptance by the Developer to determine whether the conditions they specify are satisfactory to the Flood Control District or the City, as applicable, to allow it to operate and maintain the Facilities.

Section 4.5 NPDES Compliance. The Developer has prepared and implemented or caused to be prepared and implemented, a Stormwater Pollution Prevention Plan (SWPPP) in accordance with the requirements of the latest State's National Pollutant Discharge Elimination System (NPDES) General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities and any amendments thereto (the "General Permit"). The General Permit is issued by Order of and adopted by the State Water Resources Control Board. The General Permit regulates both stormwater and non-stormwater discharges associated with construction activities required for the Flood Control Facilities covered by this Joint Community Facilities Agreement.

The SWPPP shall identify site specific "Best Management Practices" ("BMPs") to be implemented during and after construction to control pollution of Stormwater runoff and receiving waters. The identified BMPs shall include, but not be limited to, "good housekeeping" practices for the Construction Site 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 BMPs.

The Developer shall be solely responsible throughout the duration of constructing the Flood Control Facilities for placing, installing, constructing, inspecting and maintaining all BMPs identified in the SWPPP and amendments thereto and for removing and disposing of temporary BMPs.

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 of the Flood Control Facilities and any area of disturbance outside said Construction Site relating to the Facilities. 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, Santa Ana Regional Water Quality Control Board, or the United States Environmental Protection Agency. The Developer shall, at reasonable times, allow authorized agents of the above sited 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 and determine whether related soil stabilization and sediment control BMPs 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 it 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 its 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 Flood Control District the City, the Community Facilities District or the Developer, including those levied under the Federal Clean Water Act and the State's Porter-Cologne Water Quality Act.

Section 4.6 Cal/OSHA, Confined Space Entry. At all times during the construction of the Flood Control Facilities, the Developer shall require all contractors to comply with all Cal/OSHA safety regulations including regulations concerning confined space and maintenance of a safe working environment for the Flood Control District, the City and their respective employees on the site. This will include the preparation of a confined space procedure specific for all storm drain facilities. The procedure shall comply with requirements contained in Sections 5156, 5157 and 5158 of Title 8 of the California Code of Regulations and the Flood Control District's "Confined Space Procedure, SOM-18." The confined space procedure is to be reviewed and approved by the Engineer before proceeding with construction of the Facilities.

Section 4.7 Notice of Intent to Commence Construction. The Developer has provided the Flood Control District and the City with the following documents:

(a) Copies of all Licenses and Regulatory Permits secured pursuant to Sections 4.4 and 4.5, above, including a copy of the Notice of Intent ("NOI") and waste discharge identification number ("WDID No.") received from the SWRCB pursuant to Section 4.5, above.

(b) City's written confirmation of its approval and acceptance of the bonds required by Section 4.3(e), above.

(c) Construction Inspection Deposit required by Section 4.3(k), above. The Flood Control District's construction inspection staff is limited and, therefore, the issuance of a Notice to Proceed with regard to Flood Control Facilities is subject to staff availability. In the event the Developer wishes to expedite issuance of the Notice to Proceed with regard to Flood Control Facilities, the Developer may elect to furnish an independent qualified construction inspector. The Developer shall furnish appropriate documentation of the individual's credentials and experience to the Flood Control Engineer for review and approval. The Flood Control Engineer shall review the individual's qualifications and experience and, upon approval, said individual shall be "deputized" and authorized to act on the Flood Control District's behalf on all construction inspection and quality control matters. If the Developer's initial construction inspection deposit furnished pursuant to Section 4.3(k) exceeds the amount of \$5,000, the Flood Control District shall refund to the Developer up to eighty percent (80%) of the Developers initial inspection deposit within forty-five (45) days of the Flood Engineer's approval of the "deputized" inspector; however, a minimum balance of \$5,000 shall be retained in the account

(d) Duly executed irrevocable offer(s) of dedication to the public for flood control purposes, including ingress and egress, for the rights of way deemed necessary by the Flood Control District and/or the City for the construction, inspection, operation and maintenance of the Facilities.

(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 Facilities, 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 Facilities.

(g) A construction schedule which shall show the order and dates in which the Developer and the Developer's contractor(s) 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 and profile sheets for the Facilities and assign their ownership to the Flood Control District or the City, as appropriate, prior to the start of construction of each Facility.

(i) Certificates of insurance and endorsements as required by Section 4.12. below.

(j) The confined space entry procedure as required by Section 4.6, above.

Section 4.8 Bonding Requirements. The Developer shall post such subdivision bonds as are required by the City in connection with the recording of all subdivision maps for the Property.

Section 4.9 Additional Conditions to be Satisfied during Construction.

(a) The Developer shall make a good faith effort to complete construction of the Phase I Bedford Channel Improvements prior to September 1, 2018, subject to delays beyond the reasonable control of Developer, financial inability excepted, and with respect to the remainder of the Flood Control Facilities within twenty-four (24) consecutive months after the date of issuance of the Bonds. It is expressly understood that since time is of the essence in this Joint Community Facilities Agreement, failure of the Developer to perform the work within the agreed upon time shall constitute authority for the Flood Control District and/or the City, as appropriate, to cause the remaining work to be performed and the cost thereof to be paid from the Acquisition Account, and should the amounts held in the Acquisition Account prove insufficient to complete the Facilities, the Flood Control District and/or the City, as appropriate, may require the Developer's surety to pay to the Flood Control District the penal sum of any and all bonds.

(b) Construction of the Flood Control Facilities shall be on a five (5) day, forty (40) hour workweek with no work on Saturday, Sundays or days designated by the Flood Control District and the City as legal holidays, unless otherwise approved by the Flood Control District or the City. If the Developer feels it is necessary to work more than normal forty (40) hour workweek or on holidays, the Developer shall make a written request for permission from the Flood Control District or the City to work the additional hours. The request shall be submitted to the Flood Control District at least 72 hours prior to the request date for additional work hours and state the reasons for the overtime and the specific time frames required. The decision granting permission for overtime work shall be made by the Flood Control District immediately, at its sole discretion and shall be final. If permission is granted, the Developer will be charged the cost incurred at the overtime rates for additional

inspection time required in connection with the overtime work in accordance with Ordinances Nos. 671 and 749 of the County, including any amendments thereto.

Section 4.10 Inspection; Completion of Construction. The Flood Engineer shall have primary responsibility for providing inspection of the work of construction of the Flood Control Facilities to ensure that the work of construction is accomplished in accordance with the Plans approved by the Flood Control District and/or the City. The Flood Engineer, or his/her designee, shall have access to the Construction Site at all reasonable times for the purpose of accomplishing such inspection.

Upon completion of construction of a Flood Control Facility, the Developer is to provide the Flood Engineer with written notice that it considers construction of said Flood Control Facility to have been completed consistent with the approved Plans and, upon receipt of said notice, the Flood Engineer, or his/her designee, shall perform a final inspection of said Flood Control Facility. The Flood Engineer shall promptly inspect the Flood Control Facilities upon the delivery of such written notice. Upon finding that construction of said Flood Control Facility is completed substantially in accordance with the City and Flood Control District approved Plans and the provisions of this Joint Community Facilities Agreement the Flood Engineer, or his/her designee, shall promptly provide written confirmation to the Developer that construction of said Flood Control Facility has been satisfactorily completed.

Upon receipt of both written notices, the Flood Engineer will promptly notify both the Developer and the City that the Flood Control Facility has been satisfactorily completed and that the Developer is to proceed with the recording of a Notice of Completion with respect to such construction pursuant to Section 8182 of the California Civil Code. The Developer is to provide a duplicate copy of the recorded Notice of Completion to the Administrator and the Flood Control District or the City, as appropriate.

Section 4.11 Maintenance of Facilities; Warranties. The Developer shall maintain any Flood Control Facility in good and safe condition until the Acceptance Date of said Flood Control Facility. Prior to the Acceptance Date, the Developer shall be solely responsible for maintaining said Flood Control Facility in proper operating condition, and shall perform such maintenance on said Flood Control Facility as the Engineer reasonably determines to be necessary. As of the Acceptance Date, the performance bond provided by the Developer for said Flood Control Facility pursuant to Section 4.3(e) hereof shall be reduced to an amount equal to 10% of the original amount thereof and shall serve as a warranty bond to guarantee that said Flood Control Facility will be free from defects due to faulty workmanship or materials for a period of 12 months from the Acceptance Date, or the Developer may elect to provide a new warranty bond or cash in such an amount, and said warranty bond will be discharged 12 months from the Acceptance Date. At the conclusion of said 12 month period, the Developer shall assign to Flood Control District or the City, as appropriate, all of the Developer's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to said Flood Control Facility.

Section 4.12 Insurance Requirements. Without limiting or diminishing the Developer's obligation to indemnify or hold the Flood Control District, the Community Facilities District and the City harmless pursuant to Section 5.5 hereof, the Developer shall procure and maintain or cause to be procured and maintained, at its sole cost and expense the following insurance coverages, or alternate coverages acceptable to the City's Risk Manager, relating to the construction of the Flood Control Facilities pursuant to this Joint Community Facilities Agreement:

(a) *Commercial General Liability:* Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations, explosion, collapse, use of cranes, and other heavy equipment and underground hazards, personal and advertising injury covering claims which may arise from or out of the Developer's performance of its obligations hereunder. The policy shall name by endorsement the Flood Control District, the Community Facilities District, the City, their respective directors, officers, Board of Supervisors, City Council, Legislative Body, 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 Joint Community Facilities Agreement or be no less than two (2) times the occurrence limit.

(b) *Vehicle Liability:* The 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 Joint Community Facilities Agreement or be no less than two (2) times the occurrence limit. Policy shall name by endorsement the Flood Control District, the Community Facilities District, the City, their respective directors, officers, Board of Supervisors, City Council, Legislative Body, elected officials, employees, agents or representatives as Additional Insureds.

(c) *Worker's Compensation Insurance:* The 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 Flood Control District, the Community Facilities District, the City; and if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

General Insurance Provisions - all lines:

(i) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State 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 City's Risk Manager.

(ii) 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 City's Risk Manager before the commencement of construction of the Flood Control Facilities under this Joint Community Facilities Agreement. Upon notification of deductibles or self-insured retentions which are deemed unacceptable to the Flood District and/or City, at the election of the City's Risk Manager, the Developer's carriers shall either: (i) reduce or eliminate such deductibles or self-insured retentions as respects the Flood Control Facilities or coverage required by this Joint Community Facilities Agreement with the Flood District and the City, as applicable, or (ii) procure a bond which guarantees payment of losses and related investigations, claims administration, defense costs and expenses in relation to the Flood Control Facilities or coverage required by this Joint Community Facilities Agreement.

(iii) The Developer shall cause its insurance carrier(s) to furnish the Flood Control District and the City with (i) a properly executed original certificate(s) of insurance and certified

original copies of endorsements effecting coverage as required herein; or (ii) evidence of coverage acceptable to the City's Risk Manager that may include original certified copies of policies including all endorsements and all attachments thereto, showing such insurance is in full force and effect.

(iv) 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 Flood Control District and the City prior to any material modification or cancellation of such insurance that contravenes the coverage required in this Section 4.12. In the event of a material modification or cancellation of coverage, this Joint Community Facilities Agreement shall terminate forthwith, unless the Flood Control District and the City receive, 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 is 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.

(v) ***The Developer shall not commence construction of the Flood Control Facilities until the Flood Control District and the City have been furnished either original certificate(s) of insurance and certified original copies of endorsement, policies of insurance including all endorsements and any and all other attachments as required in this Section, or other evidence of coverage acceptable to City's Risk Manager.***

(vi) 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 Flood Control District and the City's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

Section 4.13 Ownership of Facilities.

(a) Notwithstanding the fact that some or all of the Flood Control Facilities may be constructed in dedicated street rights of way or on property which is owned by or has been or will be dedicated to the Flood Control District or the City, the Flood Control Facilities shall be and remain the property of the Developer until Acceptable Title to parcels not owned by the Flood Control District or the City is conveyed to the Flood Control District or the City, as appropriate, as provided herein. Ownership of said parcels by the Developer or other third parties 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.

(b) The City is to own, maintain and operate those catch basins, storm drain pipes, connector pipes and laterals within those City street rights-of-way in which the Flood Control Facilities are located. The City, by execution of this Agreement, grants to the Developer the right to construct the Flood Control Facilities and to the Flood Control District the right to construct, inspect, operate and maintain the Flood Control Facilities located within those City rights-of-way in which the Flood Control Facilities are located.

(c) The Flood Control District is to accept ownership and sole responsibility for the operation and maintenance of the Flood Control Facilities in accordance with the terms of the aforementioned Cooperative Agreements.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNIFICATION

Section 5.1 Representations, Warranties and Covenants of the Developer. The Developer makes the following representations, warranties and covenants for the benefit of the Flood Control District, the City and the Community Facilities District, when formed, as of the date hereof:

(a) Organization. Developer represents and warrants that it is a Delaware limited partnership, is in good standing under the laws of such state, 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 it has the power and authority to enter into this Joint Community Facilities Agreement, and has taken all action necessary to cause this Joint Community Facilities Agreement to be executed and delivered, and this Joint Community Facilities Agreement has been duly and validly executed and delivered on behalf of the Developer.

(c) Binding Obligation. The Developer represents and warrants that this Joint Community Facilities 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) Compliance with Laws. The Developer covenants that, while the Flood Control Facilities are owned by the Developer or required pursuant to this Joint Community Facilities 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 Flood Control Facilities 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 Flood Control Facilities.

(e) Payment Requests. The Developer represents and warrants that (i) it will not request payment from the Community Facilities District under this Joint Community Facilities Agreement for the acquisition of any improvements that are not part of an Acquisition Facility, and (ii) it will diligently follow all procedures set forth in this Joint Community Facilities Agreement.

(f) Financial Records. Until the determination of the Purchase Price of all Acquisition Facilities to be financed by the Community Facilities District, the Developer covenants to maintain proper books of record and account for the Acquisition Facilities 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 Community Facilities District, the Flood Control District and

the City, and their respective agents, at any reasonable time during regular business hours on two (2) Business Days' prior written notice, subject to mutually acceptable arrangements regarding the confidentiality of proprietary data.

(g) Hazardous Materials. The Developer represents and warrants that neither the Developer, nor any subcontractor, agent or employee thereof will use, generate, manufacture, procure, store, release, discharge or dispose of any Hazardous Material on, under or about the Construction Site or the Flood Control Facilities or transport any Hazardous Material to or from the Construction Site or the Flood Control Facilities in violation of any federal, state or local law, ordinance, regulation, rule, decision or policy statement regulating Hazardous Material.

(h) Permits. The Developer covenants that it will pursue in a commercially reasonable manner all governmental or other permits or licenses required to proceed with the construction of the Flood Control Facilities and that it will pay all fees relating thereto. The Developer represents and warrants that to the best of the Developer's knowledge, as of the date hereof, there is no material legal impediment to the Developer's proceeding with and completing the construction of the Facilities or to the development of the Construction Site as contemplated by the Developer, except for government or other permits to be obtained.

(i) Environmental Matters. The Developer represents and warrants that it has complied with, or has caused compliance with, CEQA as required for the construction, operation, and maintenance of the Flood Control Facilities and their conveyance to the Flood Control District.

Section 5.2 Representations, Warranties and Covenants of the City. The City makes the following representations, warranties and covenants for the benefit of the Flood Control District, the Community Facility District, when formed, and the Developer:

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

(b) Binding Obligation. The City represents and warrants that this Joint Community Facilities Agreement is a valid and binding obligation of the City and is enforceable against the City 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) Payment Requests. The City represents and warrants that the City will follow all procedures set forth in this Joint Community Facilities Agreement.

(d) Financial Records. Until the final Acceptance Date, the City covenants to maintain, or cause to be maintained, proper books of record and account for the special taxes and the Bonds. The City covenants that such accounting books will be maintained in accordance with generally accepted accounting principles applicable to governmental

entities, and will be available for inspection by the Developer and its agents at any reasonable time during regular business hours on two Business Days' prior written notice.

(e) CEQA Compliance. The City represents and warrants that it has taken all actions necessary under CEQA to allow for the development of the Property and the construction of the public improvements, including the Flood Control Facilities.

Section 5.3 Representations, Warranties and Covenants of the Flood Control District. The Flood Control District makes the following representations, warranties and covenants for the benefit of the City, the Community Facilities District, when formed, and the Developer:

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

(b) Binding Obligation. The Flood Control District represents and warrants that this Joint Community Facilities Agreement is a valid and binding obligation of the Flood Control District and is enforceable against the Flood Control District 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 Flood Control Facilities. The Flood Control District covenants that it will use its reasonable and diligent efforts to take expeditiously all actions that may be lawfully required of it in issuing permits, processing and approving Plans and inspecting the Flood Control Facilities in accordance with this Joint Community Facilities Agreement.

Section 5.4 Indemnification. The Developer (the "Indemnifier") agrees to protect, indemnify, defend and hold the City, the Community Facilities District, when formed, the Flood Control District and their respective directors, officers, Board of Supervisors, City Council, the Legislative Body, elected officials, employees, and representatives (the "Indemnified Parties" and individually, an "Indemnified Party"), and each of them, harmless from and against any and all claims, liabilities, losses, expenses, suits, actions, decrees, judgments, awards, reasonable attorney's fees, and court costs which an Indemnified Party, or any combination thereof, may suffer or which may be sought against or recovered or obtained from an Indemnified Party, or any combination thereof, as a result of or by reason of or arising out of or in consequence of (a) the approval of this Joint Community Facilities Agreement, (b) the design, acquisition, construction, or installation of any Flood Control Facility, (c) an assertion, pursuant to Article I, Section 7 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seek to impose any other liability or damage whatsoever, from the diversion of the waters from their natural drainage patterns, or from the discharge of drainage from the Flood Control Facilities, (d) the untruth or inaccuracy of any representation or warranty made by the Developer in this Joint Community Facilities Agreement or in any certifications delivered by the Developer hereunder, or (e) any act or omission of the Developer or any of its contractors, subcontractors, or their respective officers, employees or agents, in connection with the design and/or construction of the Flood Control Facilities. If the Developer fails to do so, the Indemnified Parties, or each of them, 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 reasonable attorney's fees or court costs, to and recover the same from the Developer.

Notwithstanding the foregoing, no indemnification is required to be paid by the Developer for any claim, loss or expense (a) arising directly from the willful misconduct or active negligence of the Indemnified Party or (b) arising from the use or operation of a Flood Control Facility after the Acceptance Date of said Flood Control Facility, unless such claim, loss or expense results from the defective or improper design, acquisition, construction or installation of such Flood Control Facility by the Indemnifier or their agents.

The provisions of this Section shall survive the discharge or other termination of this Joint Community Facilities Agreement.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Developer as Independent Contractor. In performing under this Joint Community Facilities Agreement, it is mutually understood that the Developer is acting as an independent contractor, and not as an agent of the Community Facilities District, the Flood Control District or the City. Neither the City nor the Flood Control District shall have any responsibility for payment to any contractor, subcontractor or supplier of the Developer. The City, acting for and on behalf of the Community Facilities District, shall not have any responsibility for payment to any contractor, subcontractor or supplier of the Developer, unless such entity or individual is specifically listed as a payee on the Payment Request submitted by Developer pursuant to this Joint Community Facilities Agreement in which case the City, acting for and on behalf of the Community Facilities District, shall be responsible for making such payment only if such Payment Request is approved pursuant to the provisions of this Joint Community Facilities Agreement and only from funds available in the Acquisition Account.

Section 6.2 Other Agreements. Nothing contained herein shall be construed as affecting the Flood Control District, the City, 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 Flood Control District and the City's rights and obligations, under this Joint Community Facilities 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 Flood Control Facilities.

Section 6.3 Binding on Successors and Assigns. The Developer may assign its duties and obligations pursuant to this Joint Community Facilities Agreement to one or more purchasers of its property, except the purchaser of a single-family residential unit, the owner of a multi-family residential complex or the end user of a non-residential parcel. Such a purchaser and assignee shall enter into an assignment agreement with the Developer, the Flood Control District and the City and the Community Facilities District, once formed, in a form acceptable to such parties, whereby such purchaser agrees, except as may be otherwise specifically provided therein, to assume the duties and obligations of the Developer pursuant to this Joint Community Facilities Agreement and to be bound

thereby. Neither this Joint Community Facilities Agreement nor the duties and obligations of the City, the Flood Control District or the Community Facilities District 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 6.4 Amendments. This Joint Community Facilities Agreement can only be amended by an instrument in writing executed and delivered by the City, the Flood Control District and the Developer. Notwithstanding the foregoing, Exhibit B may be supplemented consistent with Section 3.5 above.

Section 6.5 Waivers. No waiver of, or consent with respect to, any provision of this Joint Community Facilities 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 6.6 No Third Party Beneficiaries. Other than the Community Facilities District, when formed, no person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this Joint Community Facilities Agreement (either expressed or implied) is intended to confer upon any person or entity, other than the City, the Community Facilities District, when formed, the Flood Control District and the Developer (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Joint Community Facilities Agreement.

Section 6.7 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:

Flood Control District:	Riverside County Flood Control and Water Conservation District Attn: Contract Services 1995 Market Street Riverside, California 92501 Telephone: (951) 955-1200 Fax: (951) 955-788-9965
City and Community Facilities District:	City of Corona Attn: Assistant City Manager/Administrative Services Director 400 South Vicentia Avenue Corona, California 92882

Developer:

Arantine Hills Holdings L.P.
c/o John Sherwood
Vice President Community Development
The New Home Company
85 Enterprise, Suite 450
Aliso Viejo, CA 92656
Telephone: (949) 382-7822
Cell: (949) 637-5961
Fax: (949) 382-7801

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 telecopier, upon the sender's receipt of a document confirming satisfactory transmission, (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 6.8 Jurisdiction and Venue. Each of the City, the Community Facilities District, the Flood Control District and the Developer (a) agrees that any suit action or other legal proceeding arising out of or relating to this Joint Community Facilities Agreement shall be brought in state court in the County of Riverside or 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 City, the Community Facilities District, the Flood Control District and the Developer 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 6.9 Attorneys' Fees. If any action is instituted to interpret or enforce any of the provisions of this Joint Community Facilities Agreement, the party prevailing in such action shall be entitled to recover from the other parties 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 6.10 Governing Law. This Joint Community Facilities Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 6.11 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 6.12 Counterparts. This Joint Community Facilities Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 6.13 Interpretation. The parties to this Joint Community Facilities Agreement and their counsel have reviewed and revised this Joint Community Facilities 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 Joint Community Facilities Agreement.

Section 6.14 Designation of Party's Representative. Each party is to prepare a certificate designating the person or persons that are to serve as the liaison between the Flood Control District, the City, the Developer, and the Community Facilities District regarding design, engineering and construction of the Flood Control Facilities. The certificates are to contain an original and specimen signature of each designated person. The certificates are to be provided to the Flood Control District, the City, the Developer, and the Community Facilities District at the time the Bonds are issued.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Joint Community Facilities Agreement as of the day and year first hereinabove written.

**RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT**

RECOMMEND FOR APPROVAL:

By: *J Uhley*
JASON E. UHLEY
General Manager – Chief Engineer

By: *Marion Ashley*
MARION ASHLEY
Chairman, Riverside County Flood Control and
Water Conservation District Board of Supervisors

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
County Counsel

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board


By: *Synthia M. Gunzel*
SYNTHIA M. GUNZEL
Chief Deputy County Counsel

By: *Karubigan*
Deputy

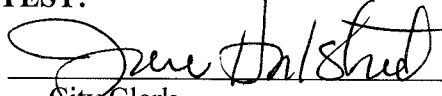
(SEAL)

[Signatures continued on next page.]

CITY OF CORONA

il
11/16 By: 
City Manager

ATTEST:

By: 
for City Clerk

APPROVED AS TO FORM:

By: 
Bond Counsel

DEVELOPER

**ARANTINE HILLS HOLDINGS L.P.,
a Delaware limited partnership**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

CITY OF CORONA

By: _____
City Manager

ATTEST:


By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Bond Counsel

DEVELOPER

**ARANTINE HILLS HOLDINGS L.P.,
a Delaware limited partnership**

By: 
Name: ANDREW J. JARVIS
Title: PRESIDENT

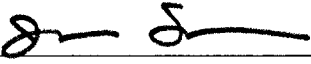
By: 
Name: John Sherwood
Title: Sr. Col VP

EXHIBIT A

**Proposed Boundary Map of
Community Facilities District No. 2018-1
(Bedford)
of the City of Corona**

SHEET 1 OF 1 SHEET

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD), OF THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CORONA AT A REGULAR MEETING THEREOF, HELD ON _____ DAY OF _____, 20____ BY ITS RESOLUTION NO. _____

CITY CLERK
CITY OF CORONA

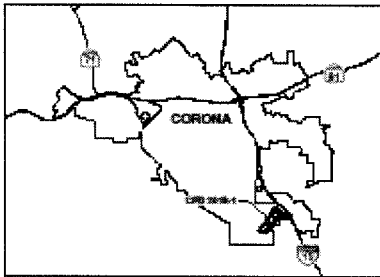
FILED IN THE OFFICE OF THE CITY CLERK, CITY OF CORONA,
THIS _____ DAY OF _____, 20____

CITY CLERK
CITY OF CORONA

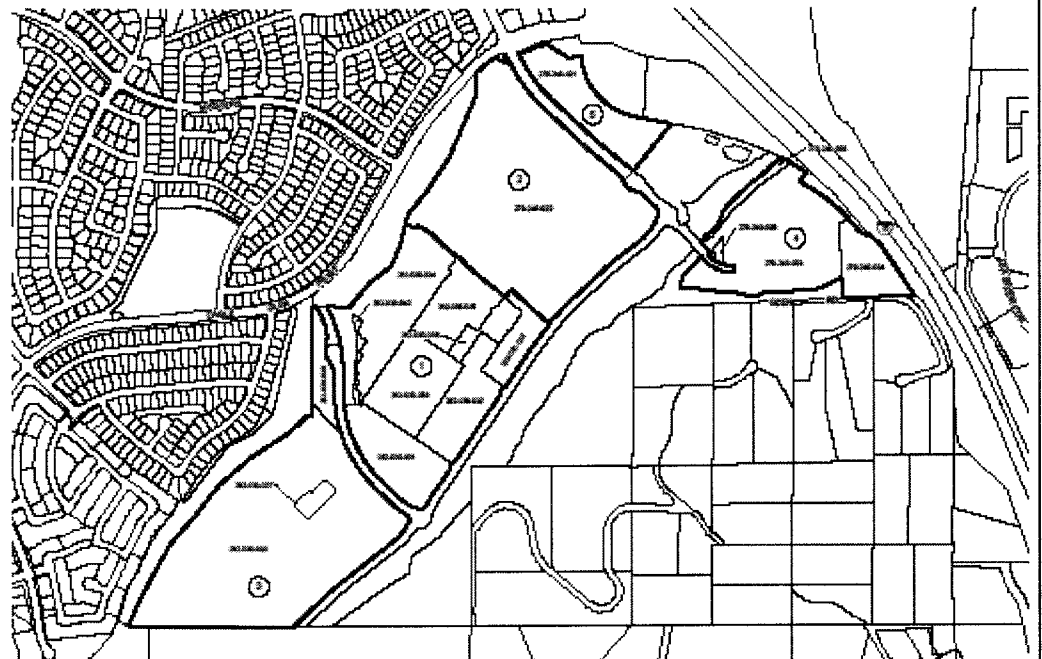
FILED THIS _____ DAY OF _____, 20____ AT
THE HOUR OF _____ O'CLOCK _____ M IN BOOK
OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS AT PAGE _____ IN THE OFFICE OF THE
COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF
CALIFORNIA.

FEE: _____ NO.: _____
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: _____
DEPUTY



**PROPOSED BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



LEGEND

- CITY BOUNDARY
- PARCEL BOUNDARY
- XXXX-XXX-XXX ASSESSOR'S PARCEL NUMBER
- ① IMPROVEMENT AREA



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS, REFER TO THE COUNTY ASSESSOR'S MAPS FOR 2020A, YEAR 2017-18.

0 500 1,000 2,000 Feet



EXHIBIT B

FACILITIES

**Community Facilities District No. 2018-1
(Bedford)
of the City of Corona**

<u>Acquisition Facilities</u>	<u>Total Cost</u>
<u>Storm Drain Improvements</u>	
SEGMENT 1 (LOT A) - BEDFORD CANYON (EAGLE GLEN TO BASIN) (PHASE 1)	\$ 280,170.84
SEGMENT 2 (LOT G) - BEDFORD CANYON (BASIN TO HUDSON HOUSE DRIVE) (PHASE 1)	99,061.17
SEGMENT 3 - HUDSON HOUSE DRIVE (BEDFORD TO OLVIDA DR.) (PHASE 1)	357,430.94
SEGMENT 4 - HUDSON HOUSE DRIVE (OLVIDA DR TO CLEMENTINE WAY) (PHASE 1)	481,431.97
SEGMENT 6 (LOT P) - CLEMENTINE WAY (HUDSON HOUSE DRIVE TO STA. 15+00) (PHASE 1)	184,740.08
SEGMENT 9 - IN TRACT BACKBONE (PHASE 1)	<u>160,325.10</u>
Storm Drain Total	\$1,563,160.10
<u>Phase I Bedford Channel Facilities</u>	
SEGMENT 22 - BEDFORD CHANNEL (PHASE 1)	<u>\$ 11,759,926.91</u>
Flood Control Total	\$ 11,759,926.91
Total	\$ 13,323,087.01

Description of Phase II Bedford Channel

Phase II constitutes the remaining portions of the channel that are required for construction after Phase I functional completion and are not part of Community Facilities District No. 2018-1 (Bedford) of the City of Corona.

EXHIBIT C

Public Works Bidding Requirements

Contract Bidding by Developer

Public funding reimbursement or approval by the City of Corona (City) and the Riverside County Flood Control and Water Conservation District (Flood Control District) requires the following, in addition to any additional requirements of State and federal law:

- 10 consecutive day advertisement in a newspaper of general circulation (This generally requires a minimum bid period of 14 days to achieve. A three week bid period is recommended). Proof of publication should be submitted to the City and Flood Control District for verification of advertisement as required. (Pub. Cont. Code §20125). Failure to advertise the project in a newspaper of general circulation will disqualify the developer from receiving reimbursement from public funds.
- Requirement for contractors and subcontractors to be registered with the State of California Department of Industrial Relations (DIR) in order to be qualified to bid on, be listed in a bid proposal, or to perform public work (Labor Code §1725.5). Online application for registration with DIR can be found at the following website: <http://www.dir.ca.gov/Public-Works/PublicWorksContractorsAndSubcontractors.html>. Failure to comply with this requirement will disqualify the developer from receiving reimbursement from public funds.
- Requirement for payment of general prevailing wages and certified payroll (Labor Code §1770-§1774). General prevailing wage rates are available from the Department of Industrial Relations website at: <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>. Failure to comply with this requirement will disqualify the developer from receiving reimbursement from public funds.
- Bonds
 - Bid Bond 10% (recommended)
 - Performance Bond 100% (mandatory) (Pub. Cont. Code §20129).
 - Payment Bond 100% (mandatory) (Civil Code §9550).
 - Surety to be required to be an admitted surety in the State of California
 - The bonds shall include the Flood Control District as co-beneficiary.
- Required State Contractor's license shall be specified in the notice inviting bids (Pub. Cont. Code §3300). License shall be verified before award. (Pub. Cont. Code §6100).
- Proprietary and brand specific items shall not be specified (Pub. Cont. Code §3400).
- Standard City and Flood Control District bid items and units of measurement should be utilized. Failure to do so will delay reimbursements authorized by City and Flood Control District.
- Sufficient liability insurance, naming the City and Flood Control District as additional insured for both General and Automobile liability policies. Insurance company to be required to be an admitted insurance company in the State of California and to have a Best Guide rating of A with a financial size of VIII or greater. General liability insurance coverage to be at least

\$2 Million Aggregate and \$2 Million per occurrence (or higher if exposure is great).

- Hold Harmless Clause (Specifically naming the City, County of Riverside and Riverside County Flood Control and Water Conservation District).
- The bid items should be only for the public works improvements. On site work should not be included in the scope of work.
- Construction plans and specifications shall be signed and stamped by a duly registered engineer prior to advertisement (Bus. & Prof. Code §6735).
- Construction plans shall be signed as approved by the City and/or the Flood Control District, as appropriate, prior to advertisement.
- NPDES requirements.
- Bid exclusions are not allowed. Bids must be required for all items of work in order for a proper, legal and fair determination of who is the lowest responsive bidder.
- Time and place of bid opening must be made known to the bidders. Sealed bids shall be opened in a public forum and read aloud. (Pub. Cont. Code §20393)
- Working days and liquidated damages should be clearly noted in the Notice Inviting Bids and/or other prominent location in the general conditions. Liquidated damages should be calculated using Caltrans methodology, or other industry standard means.
- Non-collusion affidavit shall be required of each bidder. (Pub. Cont. Code §7106).
- Advertisement in trade Journals (F.W. Dodge, CMD, etc.). A listing of plan rooms is available upon request.
- All sub-contractors shall be listed. (Pub. Cont. Code §4104)
- Bids shall be required to be prepared in ink, signed, with the name, address, phone number and contractor's license number provided.
- Addenda should be reviewed and approved by the City and Flood Control District for all addenda that either modify any bidding requirements or modify any item addressed herein. Addenda shall be signed and stamped by a Civil Engineer duly registered in the State of California.
- Addenda issued within 72 hours of bid closing, and which contain material changes, shall extend the bidding period by at least 72 hours. (Pub. Cont. Code §4104.5).
- A summary of bids is to be prepared, summarizing each bid item, the unit price bid and the total price bid for each bid item, as well as the total sum bid. The bid summary should include the engineer's estimate of unit prices. The bid summary shall include a summary of alternate bid schedules, if applicable.

- Award to the lowest responsive and responsible bidder. (Pub. Cont. Code §20128 and §6100 et seq.) Contract to be kept on file by the Developer, and provided to the City and Flood Control District upon request.

Additional Information and Requirements

- City and Flood Control District review and approval are required prior to advertisement, and, separately, prior to award.
- Submission of an Engineer's Estimate of quantities, unit costs and extended totals should be made with the Developer's first request for review of the bid documents.
- All work shall be coordinated with the Flood Engineer and City's Construction Engineer. The Flood Engineer and the City's Construction Engineer, or their respective designated subordinates, will provide oversight inspection. Approval of the final quantities shall be obtained from the Flood Control District and the City's Construction Engineer prior to final payment. Contract Change Orders shall be reviewed and approved by the Flood Engineer and the City's Construction Engineer prior to execution.
- Bidding and contract records shall be maintained for a period of not less than three years, and shall be made available upon request to the City and the Flood Control District. Documents to be retained shall include:
 1. Bid documents
 2. Addenda issued
 3. Bidders list, including date and time of bid submissions
 4. Each bid received
 5. Summary of bids
 6. Executed contracts
 7. Certified payroll records
 8. Other pertinent documents.

The following items shall be provided to the City and the Flood Control District after bid opening:

1. Proof of Publication - Advertisement in the Press Enterprise.
2. Developer's written certification of Public Bid Opening.
3. Log of bids received including date/time of receipt.
4. Tabulated Bid Summary.
5. Copy of low-bidder's proposal.

The following items shall be provided to the City and the Flood Control District after award:

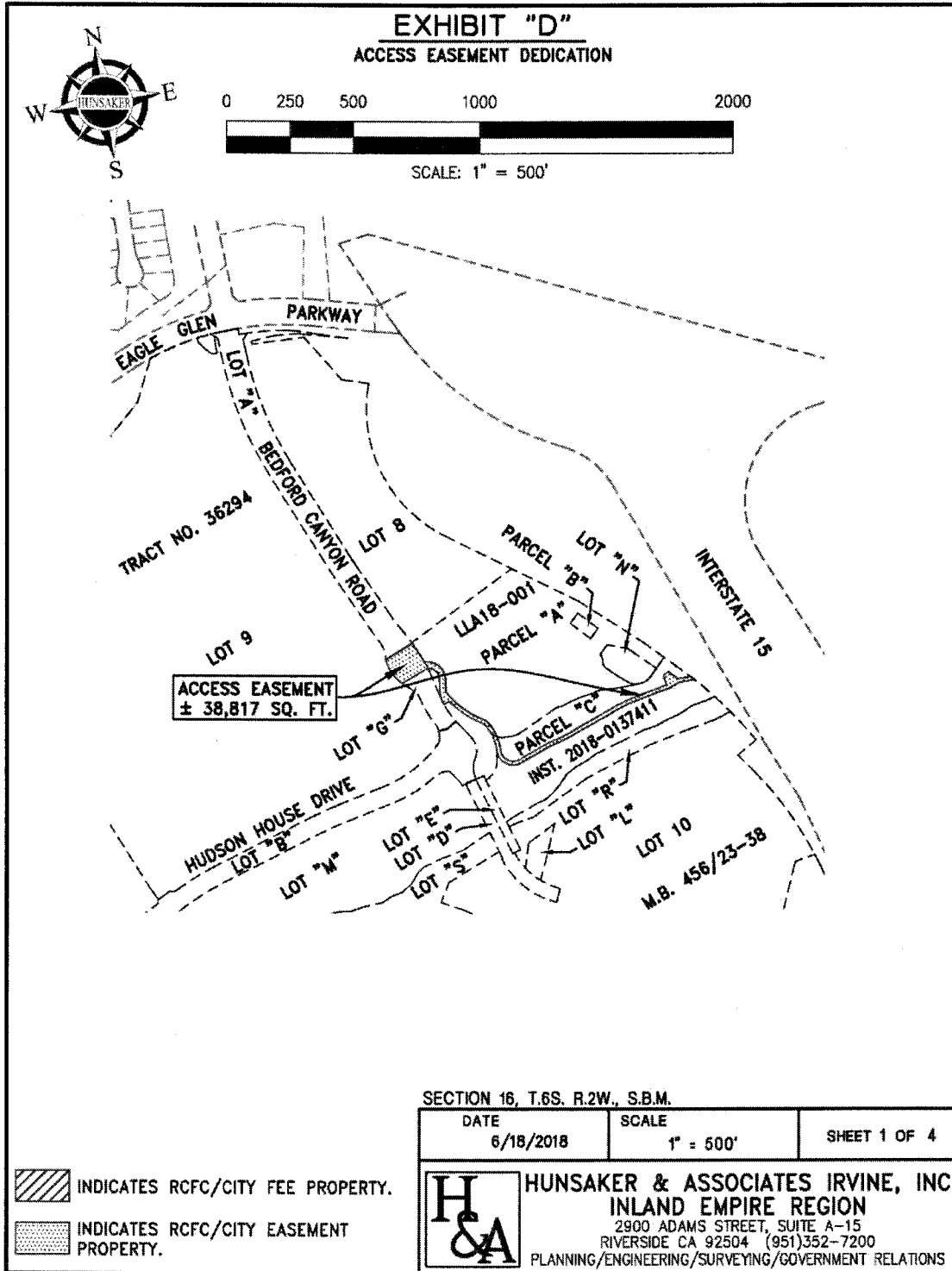
1. Copy of Insurance Certificate, meeting the above requirements, and naming the City, the County of Riverside, the Riverside County Flood Control and Water Conservation District, et al., as additional insured.
2. Copy of contract, performance bond and payment bond.

Questions or requests for additional information may be directed to:

City of Corona

EXHIBIT D

EASEMENTS TO BE CONVEYED TO THE FLOOD CONTROL DISTRICT



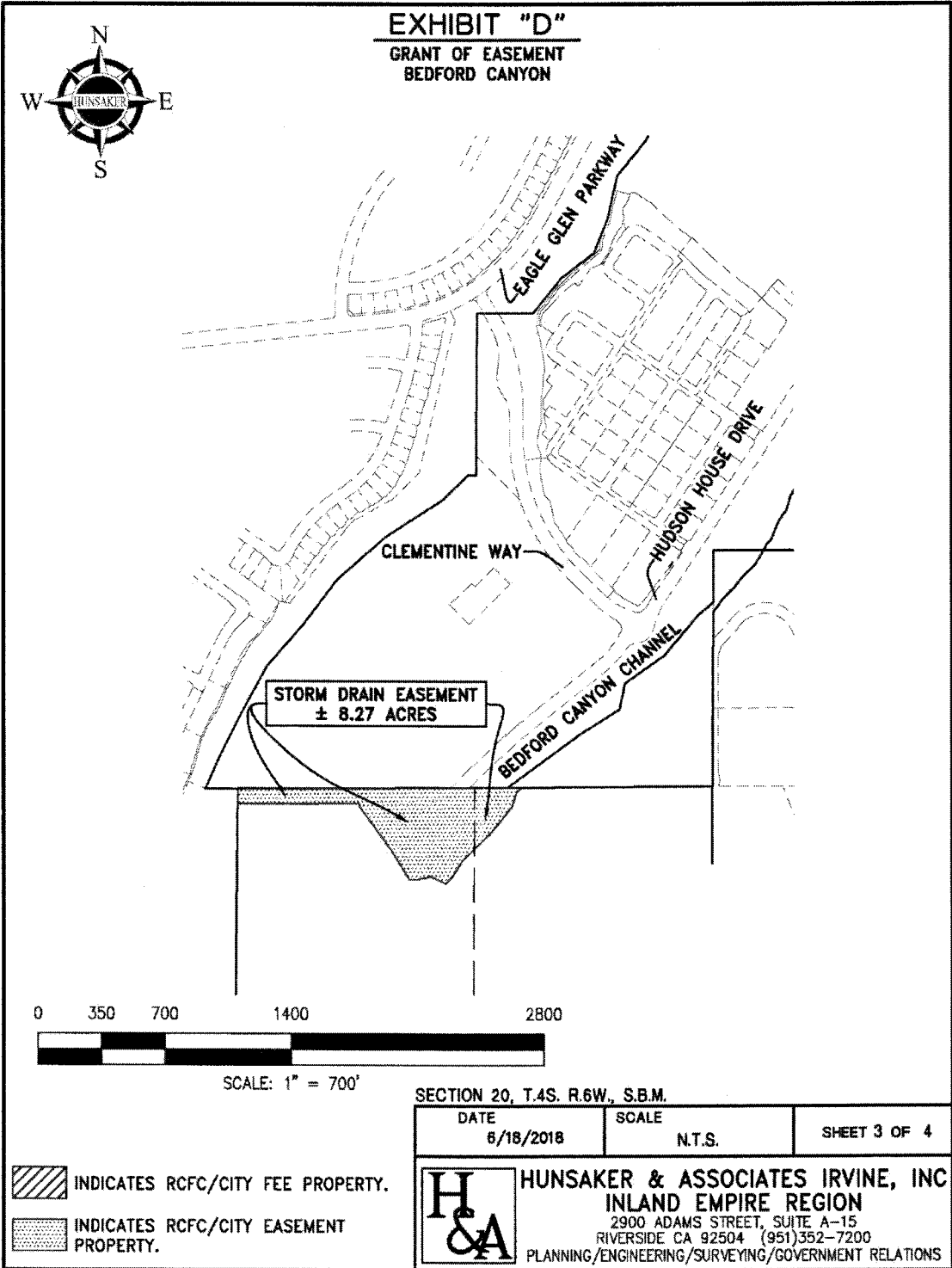
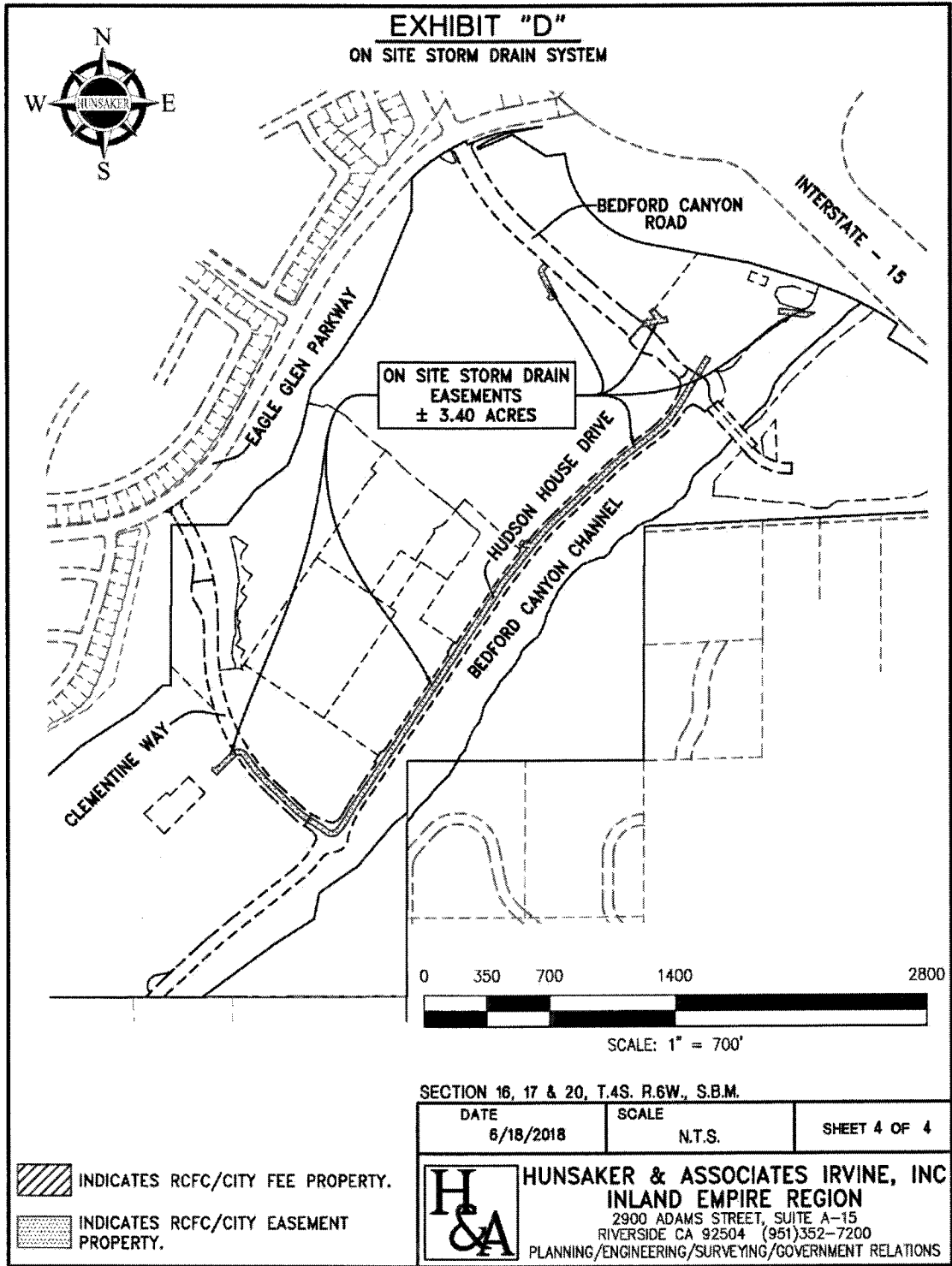


EXHIBIT "D"
ON SITE STORM DRAIN SYSTEM



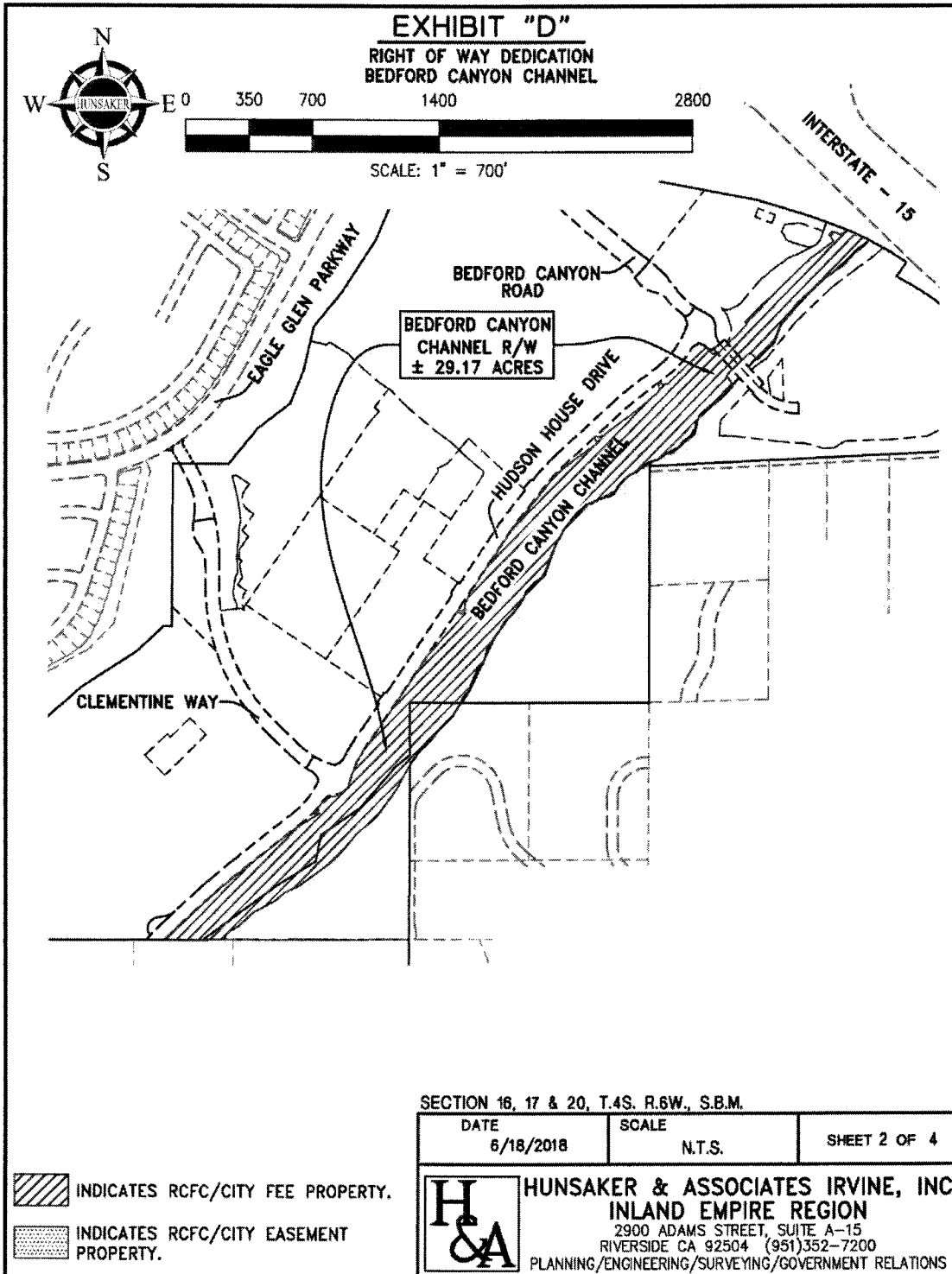


EXHIBIT E

PAYMENT BOND

(Public Work - Civil Code Section 9550 et seq.)

The makers of this Bond are _____ as Principal and Original Contractor and _____, a corporation, authorized to issue Surety Bonds in California, as Surety, and this Bond is issued in conjunction with that certain public works contract dated as of _____, between Principal, _____, as owner, for _____ dollars (\$ _____) the total amount payable. **THE AMOUNT OF THIS BOND IS 100% OF SAID SUM.** Said contract is for public work of those certain _____ as defined and described in said agreement entitled: "Joint Community Facilities Agreement by and among the City of Corona, Riverside County Flood Control And Water Conservation District, and Arantine Hills Holdings L.P., a Delaware limited partnership" dated as of _____, 2018.

The beneficiaries of this Bond are as is stated in 9554 of the Civil Code and the requirements and conditions of this Bond are as is set forth in Sections 9554, 9558, 9560 and 9664 of said Code. Without notice, Surety consents to extension of time for performance, change in requirements, amount of compensation, or prepayment under said Contract.

Signed and Sealed this _____ Day of _____ 201_____

(Firm Name - Principal)

(Business Address)

Affix Seal
if
Corporation

By: _____
(Signature - Attach Notary's Acknowledgment)

(Title)

(Corporation Name - Surety)

(Business Address)

Affix
Corporate
Seal

By: _____
(Signature - Attached Notary's Acknowledgment)

ATTORNEY-IN-FACT
(Title-Attach Power of Attorney)

PERFORMANCE BOND

The makers of this Bond, _____ as Principal, and _____ as Surety, are held and firmly bound unto _____, hereinafter called the Owner, in the sum of _____ Dollars (\$ _____) for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

The condition of this obligation is such, that whereas the Principal entered into a certain contract, hereto attached, with the Owner, dated as of _____, 20__ for those certain _____ as defined and described in said agreement entitled: "Joint Community Facilities Agreement by and among the City of Corona, Riverside County Flood Control and Water Conservation District, and Arantine Hills Holdings L.P., a Delaware limited partnership" dated as of _____, 2018.

Now therefore, if the Principal shall well and truly perform and fulfill all the undertakings covenants, terms, conditions and agreements of said Contract during the original term of said Contract and any extension thereof that may be granted by the Owner, with or without notice to the Surety, and during the file of any guarantee required under the Contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said Contract that may thereafter be made, then this obligation to be void, otherwise to remain in full force and virtue. Without notice, Surety consents to extension of time for performance, change in requirements, change in compensation or prepayment under said Contract.

Signed and Sealed this _____ Day of _____, 20__

(Firm Name - Principal)

(Business Address)

By: _____

(Signature - Attach Notary's Acknowledgment)

(Title)

Affix Seal
if Corporation

(Corporation Name - Surety)

(Business Address)

By: _____

(Signature - Attach Notary's Acknowledgment)

ATTORNEY-IN-FACT
(Title-Attach Power of Attorney)

Affix
Corporate
Seal

EXHIBIT F

FORM OF PAYMENT REQUEST

**Community Facilities District No. 2018-1
(Bedford)
of the City of Corona**

_____ hereby requests payment of the Purchase Price for the Facility described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Joint Communities Facilities Agreement, dated as of _____, 2018 (the "Joint Community Facilities Agreement"), by and among the City of Corona (the "City), Riverside County Flood Control and Water Conservation District (the "Flood Control District") and Arantine Hills Holdings L.P., a Delaware limited partnership (the "Developer"). In connection with this Payment Request, the undersigned hereby represents and warrants to the Contract Administrator as follows:

1. The undersigned has been authorized by the Developer and is qualified to execute this request for payment on behalf of the Developer and is knowledgeable as to the matters set forth herein.

2. The Developer has submitted or submits herewith to the Contract Administrator, and the Engineer as-built drawings or similar Plans and specifications for the Facility for which payment is requested, and such drawings or plans and specifications, as applicable, are true, correct and complete.

3. The Facility has been constructed in accordance with the Plans therefor, and in accordance with all applicable Flood Control District standards and the requirements of the Joint Community Facilities Agreement, and the as-built drawings or similar Plans and specifications referenced in paragraph 2 above.

4. The true and correct Actual Cost of the Facility is set forth in Attachment A.

5. Attached hereto are invoices, receipts, worksheets, certified payroll, and other evidence of costs, which are in sufficient detail to allow the Engineer to verify in the Actual Cost of each Facility for which payment is requested.

6. There has not been filed with or served upon the Developer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein which has not been released or will not be released simultaneously with the payment of such obligation, other than material men's or mechanics' liens accruing by operation of law. Copies of lien releases for all work for which payment is requested hereunder are attached hereto.

7. The representations and warranties of the Developer set forth in Section 5.1 of the Joint Community Facilities Agreement are true and correct on and as of the date hereof with the same force and effect as if made on and as of the date hereof.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

Date: _____

[COMPANY NAME]

By: _____

Name: _____

Title: _____

ATTACHMENT A PAYMENT REQUEST - ACTUAL COSTS

Developer is to complete Columns 1 through 7

CFD / Tract Number: _____

Facility Description: _____

1 Bid Item No.	2 Bid Item Description	3 Unit of Measure	4 Unit Price	5 Original Contract Quantity	6 Quantity Invoiced	7 Amount Invoiced	8 Quantity Calculated By Flood District	9 Amount Calculated By Flood District	10 Difference	11 Actual Cost
1			0.00	0	0	0.00	0	0.00	0.00	
2			0.00	0	0	0.00	0	0.00	0.00	
3			0.00	0	0	0.00	0	0.00	0.00	
4			0.00	0	0	0.00	0	0.00	0.00	
5			0.00	0	0	0.00	0	0.00	0.00	
6			0.00	0	0	0.00	0	0.00	0.00	
7			0.00	0	0	0.00	0	0.00	0.00	
8			0.00	0	0	0.00	0	0.00	0.00	
9			0.00	0	0	0.00	0	0.00	0.00	
10			0.00	0	0	0.00	0	0.00	0.00	
11			0.00	0	0	0.00	0	0.00	0.00	
12			0.00	0	0	0.00	0	0.00	0.00	
13			0.00	0	0	0.00	0	0.00	0.00	
14			0.00	0	0	0.00	0	0.00	0.00	
15			0.00	0	0	0.00	0	0.00	0.00	
16			0.00	0	0	0.00	0	0.00	0.00	
17			0.00	0	0	0.00	0	0.00	0.00	
18			0.00	0	0	0.00	0	0.00	0.00	
19			0.00	0	0	0.00	0	0.00	0.00	
20			0.00	0	0	0.00	0	0.00	0.00	
Total:						0.00		0.00	0.00	
Amount Requested:										

APPROVAL BY THE ENGINEER

The Engineer confirms that the Facility described in Attachment A-1 has been constructed in accordance with the Plans therefor. The Actual Cost of the Facility as described in Attachment A-1 has been reviewed, verified and approved by the Engineer. The Purchase Price for said Facility is established at \$_____. Payment of the Purchase Price of the Facility is hereby approved.

Date: _____

ENGINEER

By: _____

Name: _____

Title: _____

ATTACHMENT A-1
PAYMENT REQUEST - ACTUAL COSTS
 Flood Control District to complete Columns 8 through 11
 CFD / Tract Number: _____
 Facility Description: _____

1 Bid Item No.	2 Bid Item Description	3 Unit of Measure	4 Unit Price	5 Original Contract Quantity	6 Quantity Invoiced	7 Amount Invoiced	8 Quantity Calculated By Flood District	9 Amount Calculated By Flood District	10 Difference	11 Actual Cost
1			0.00	0	0	0.00	0	0.00	0.00	
2			0.00	0	0	0.00	0	0.00	0.00	
3			0.00	0	0	0.00	0	0.00	0.00	
4			0.00	0	0	0.00	0	0.00	0.00	
5			0.00	0	0	0.00	0	0.00	0.00	
6			0.00	0	0	0.00	0	0.00	0.00	
7			0.00	0	0	0.00	0	0.00	0.00	
8			0.00	0	0	0.00	0	0.00	0.00	
9			0.00	0	0	0.00	0	0.00	0.00	
10			0.00	0	0	0.00	0	0.00	0.00	
11			0.00	0	0	0.00	0	0.00	0.00	
12			0.00	0	0	0.00	0	0.00	0.00	
13			0.00	0	0	0.00	0	0.00	0.00	
14			0.00	0	0	0.00	0	0.00	0.00	
15			0.00	0	0	0.00	0	0.00	0.00	
16			0.00	0	0	0.00	0	0.00	0.00	
17			0.00	0	0	0.00	0	0.00	0.00	
18			0.00	0	0	0.00	0	0.00	0.00	
19			0.00	0	0	0.00	0	0.00	0.00	
20			0.00	0	0	0.00	0	0.00	0.00	

Total: 0.00 0.00 0.00

Amount Requested: _____