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www.mhcsd.org

Brad Hagemann, General Manager

Mission Hills Community Services District
Board of Directors

SPECIAL MEETING
Wednesday, May 3rd, 2023
4:00PM
1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room

Agenda

URL to sign in for video access.
https://us06web.zoom.us/j/9467006985
Meeting ID: 946 700 6985
Dial in (669) 900-9128

Director James MacKenzie attending via Teleconference.
James Mackenzie-3324 Erica Place Lompoc, CA 93436
Myron Heavin-2700 Lewis Drive, Lompoc, CA 93436

In accordance with Government Code Section 54953(b), this agenda will be posted at the above teleconference locations and those locations will be accessible to the public.

1. **Call to Order and Pledge of Allegiance**
2. **Roll Call**
3. **Public Comment on Closed Session**
4. **Closed Session**

   A. Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(d)(1), Plaintiff is the City of Lompoc, Defendant is Mission Hills CSD

RECONVENE

Report out of Closed Session

5. **Public Comment** – Members of the public may address the Board on any item within the jurisdiction of the Board not included on this agenda for up to 3 minutes (Government Code Section 54954.3). If you are unable to attend, you can submit comments in advance of the meeting to admin@mhcsd.org before 1:00 PM, Tuesday, May 2nd, 2023.

6. **Regular Business**

A. Approval of an Agreement with the City of Lompoc regarding Wastewater Services for the Burton Ranch Development.

B. Approval of a Development Agreement with Burton Ranch Partners, Harris Grade Partners L.P, Lompoc Ranch Joint Venture, Joe A. Signorelli, Jr, Stacey Lee Signorelli, Gus Thomas Signorelli, The Towbes Group and MJ Land, LLC for water and wastewater services and the associated Settlement and Release Agreement.

7. Communications - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may providea reference to staff or other resources for information, direct staff to place a topic or report on afuture committee or regular meeting agenda.

A. General Manager's Comments
B. Directors' Comments
C. Public Comments (up to 3 minutes for topics within the District's jurisdiction)

ADJOURN

Regular Board Meetings are held on the third Wednesday of each month beginning at 4:30 PM Copies of the staff reports, or written materials provided for Mission Hills CSD for Open Session agenda items are posted on the District's website (www.mhcsd.org), may be obtained upon request and are also available at the Customer Service Counter of the District Office for public inspection and reproduction during regular business hours. Closed Session items are not available for public review.

In compliance with the Americans with Disabilities Act

If you need special assistance to participate in this meeting or if you need the agenda or other documents in the agenda packet provided in an alternative format, please contact the Board Secretary at 805.733.4366 at least 48 hours before the meeting to ensure that reasonable arrangements can be made. (Agenda Prepared under Government Code Section 54954.2)

MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager

DATE: May 3, 2023

SUBJECT: Burton Ranch Project Development Agreements – Final Draft

Recommendation / Proposed Motion

- Proposed Motion: Approve the Development Agreement (for water and wastewater services) between the Mission Hills Community Services District (District) and the Burton Ranch Developers; Approve the Wastewater Agreement with the City of Lompoc; and Approve the Settlement and Release Agreement with the City and the Developers.

Policy Reference

- The Board approves development agreements and issues can and will serve letters.

Budget Resource

Connection Fees from the Burton Ranch Development are expected to contribute approximately $3.7 million over the next 5 – 7 years to the water fund, if all of the 476 planned units are constructed. Since the wastewater from the Development will be discharged to the City of Lompoc's treatment plant, and the District will not be required to fund any improvements to the District's wastewater collection or treatment system, no wastewater connection fees will be charged to the Developer. However, the Developer will provide funding to the District that will be passed through to the City to cover the District's fair share payment for utilizing capacity in the City's treatment plant which is based on the City's existing debt on their wastewater treatment plant.

Alternatives Considered and Recommendation

Various settlement alternatives were considered over the last several years before arriving at the terms in the attached Development Agreement and Wastewater Services Agreement. Given the cost, uncertainty and demands on staff and the District of continuing with the litigation compared to the benefit of having an agreement where all of the parties have compromised and tentavily agreed to a detailed path forward for the development, staff recommends that the agreements be approved which will (1) resolve the current litigation, (2) have the District

providing water and wastewater service to the Burton Ranch development, and (3) provice the City and Developer the assurances they need regarding water and wastewater service being provided to the development so that if the market conditions are favorable the project can proceed.

Background

A consortium of developers proposes to develop a portion of the property bordered by Highway 1 on the west and Harris Grade on the east (in the area commonly known as "The Wye"). This proposed development, known as Burton Ranch, will consist of up to 476 residential units (current plans show 437 units), including single-family and multi-family homes. No commercial or industrial development has been approved for this development.

In 2000, Mission Hills Community Services District and the City of Lompoc entered into an Annexation Agreement in which the Burton Ranch property would be annexed into the City and into District's service area for purposes of the District providing water and wastewater services to the Burton Ranch development. In 2006 a development agreement was entered into between the District and the Developer but it expired before the development commenced. While attempting to negotiate a new agreement, in approximately 2019, a dispute arose between the City and the District regarding allegations that the District may not have have the capacity to provide water and wastewater services for the development and also regarding the cost of the District providing these services. In July, 2020, the City filed a civil complaint (Suit) against the District regarding these issues. The City sought to have the court give it the right to provide water and wastewater services to the project. The District disputed the City's allegations and has been defending against the lawsuit. The Suit is in the discovery phase and no trial date has been set.

Discussion

The planning/entitlement process for the Burton Ranch project has been stalled due to the Suit. The District, City and Developers have been negotiating a settlement agreement whereby the District would provide water service directly to the project and provide wastewater treatment and disposal service to the project via a wholesale wastewater treatment agreement with the City. After many months of discussion and negotiation, the three parties have agreed to the financial and operational terms to provide water and wastewater services to the Burton Ranch project.

The settlement involves three separate agreements. They include: a Water and Wastewater Development Agreement (Development Agreement) between the District and the Developers; A Wastewater Agreement between the District and the City. This Agreement is similar to the current agreements between the City and VVCSD and the City and Vandenberg Space Force Base; and a Settlement and Release Agreement between the District, City and Developers that ties together the Development Agreement and the Wastewater Services Agreement and provides the underpinnings for dismissing the Suit.

As noted above, the District, City and Developers have been engaged in extensive negotiations seeking a mutually acceptable settlement agreement and resolution of the Suit. The negotiated resolution provides that the District will supply water service to the project

via the District's existing 14" water main located in Harris Grade Road. The Developer will be responsible for the connection to the District's water main in two locations and installation of the in-tract water distribution system to each household. The in-tract infrastructure once inspected and approved by the District, will be deeded over to District.

The District will own and operate the developer installed in-tract wastewater collection system infrastructure that will transport wastewater from the project to a single connection point, from which the City, through its existing infrastructure, will then transport the project wastewater to the City WWTP. The completed wastewater collection system will also be deeded over to the District.

A summary of the substantial provisions of the Agreements are listed below.

Water and Wastewater Development Agreement

1. Developers will pay connection fees to the District that will total approximately $3.7 million at build out of 476 units; Developers will advance $1.5 million of connection fees to the District when they pull their first grading permit and once the "advance payment" is used up, the developer will pay connection fees to the District.

2. Developers will pay for and build all in-tract water and wastewater infrastructure and connections to the District (water) and City (wastewater) infrastructure.

3. Developers will pay water meter installation fees, water conservation fees, will reimburse the District for staff or contractor plan check and field inspection fees.

4. District will design and build new water well and water storage tank to ensure adequate supply and meet fire flow requirements for the project. District will ensure the water tank and well project will be completed no than completion of the 200th unit in the project. District will commence design and preparation of bid documents for the well and tank upon execution of the Settlement Documents. Developer will provide advance funding for preparation of the design and bid documents.

Wastewater Services Agreement

1. Developer will fund and install all infrastructure needed to connect the Burton Ranch project to the City's wastewater collection system at the "one connection point", including a vault that will house a flow meter and wastewater sampling station.

2. Similar to the VVCSD and the Vandenberg Space Force Base, the District will become a "wholesale" wastewater customer of the City and will pay their fair share of the City's costs for the capacity and treatment and disposal of the wastewater generated by the project. The capacity fair share has been calculated based upon the debt on the facility and the proportional capacity use rights of the parties that use the facility. Fair share for actual

treatment for the homes once they are built will be determined by the measuring actual amount of wastewater flowing to the City's WWTP.

3. The Developer will pay the District, who will then pay the City for the project's fair share for capacity in the plant based on the City's past and future debt service on the City's WWTP. The District's fair share of the past debt is approximately is 2% of the WWTP's capacity, which translate to $1.876 million and also $145,000 towards a reserve account maintained for the facility. Debt service amount will be paid to the City in accordance with the debt schedule prepared by the City over a period of no more than 14 years and no less than 9 years, depending upon when the developer pulls their first building permit from the City.

4. District agrees to enforce its water softener prohibition and will be limited to discharge no more than 100,000 gallons of wastewater from the Burton Ranch Project to the City's collection system. However, the Wastewater Services Agreement allows for additional wastewater flow from the project upon written authorization and amendment to the Agreement.

Conclusion

Staff recommends the Board approve the three Agreements and direct the Board president to sign the Agreements on behalf of the District.

Attachment(s):

1. Water and Wastewater Facility Development Agreement
2. Wastewater Services Agreement
3. Settlement and Release Agreement

WATER AND WASTEWATER FACILITY DEVELOPMENT AGREEMENT

BETWEEN:

MISSION HILLS COMMUNITY SERVICES DISTRICT

AND

HARRIS GRADE PARTNERS, L.P.,

LOMPOC RANCH JOINT VENTURE,

JOE A. SIGNORELLI, JR.,

STACEY LEE SIGNORELLI,

GUS THOMAS SIGNORELLI,

THE TOWBES GROUP, INC.

MJ LAND, LLC,

_____ ____, 2023

Through this WATER AND WASTEWATER FACILITY DEVELOPMENT AGREEMENT ("Agreement") entered into this ___ day of _____, 2023, by and between, MISSION HILLS COMMUNITY SERVICES DISTRICT, a political subdivision of the State of California ("MHCSD") and HARRIS GRADE PARTNERS, L.P., A CALIFORNIA LIMITED PARTNERSHIP; LOMPOC RANCH JOINT VENTURE, A CALIFORNIA PARTNERSHIP; JOE A SIGNORELLI, JR., AS HIS SOLE AND SEPARATE PROPERTY; STACEY LEE SIGNORELLI, AS HER SOLE AND SEPARATE PROPERTY; GUS THOMAS SIGNORELLI, AS HIS SOLE AND SEPARATE PROPERTY; THE TOWBES GROUP, INC.; A CALIFORNIA CORPORATION, MJ LAND, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("Developers") (collectively, "the Parties"), MHCSD agrees to provide water and wastewater utility services to the Project (defined below) proposed by Developers as permitted by the City of Lompoc within the MHCSD boundaries and service area. Said water and wastewater utility services are to be provided as conditioned and agreed by the Parties as set forth below, and subject to MHCSD rules and regulations and the commitments of both Parties as set forth below.

RECITALS

The Parties enter into this Agreement with reference to the following facts:

A. Developers own fee title to that certain real property consisting of approximately 146 acres located within the MHCSD's boundaries described in Exhibit B, attached hereto and incorporated herein by this reference, and currently designated as Assessor Parcel Numbers 097-250-013, 097-250-040, 097-250-050, 097-250-051, 097-250-083, 097-250-084, 097-250-085, 097-250-086, 097-250-070 ("the Property"). The Property is a portion of the area known as “Burton Ranch.” The Property is within the MHCSD's boundaries and subject to MHCSD's jurisdiction so that MHCSD can provide water and sewer to the planned development on the Property.

B. Developers intend to develop the Property with residential development and ancillary passive recreational uses consistent with the Specific Plan ("the Project"). Because of the Property's size -and physical attributes, construction and completion of the Project will take substantial time. The risks and uncertainties associated with the long-term nature of development of the Project could deter Developers from making the financial and planning commitments necessary to accomplish the development of the Project. In recognition of this fact, the Parties hereto desire to enter into this Agreement in order to reduce or eliminate uncertainties regarding water and wastewater services for the ultimate construction of the Project.

C. Pursuant to CEQA, the City of Lompoc has certified environmental documents applicable to the Project and Agreement, consisting of an EIR 02-01 (SCH No. 2002091045) and subsequent Addenda Nos. 1, 2 and 3 dated 2014, 2016 and 2019 respectively.

D. On [_____], MHCSD's governing board - the hearing body for purposes of Development Agreement review - at a duly noticed public meeting, approved this Agreement and MHCSD's provision of water and sewer service to the Project; a wastewater services agreement between MHCSD and the City of Lompoc (“City”) for purposes of MHCSD

subcontracting the treatment of the wastewater generated by the Project ("Wastewater Agreement"); and a settlement agreement between the City and MHCSD related to disputes about provision of water and wastewater services to be provided to the Property including litigation commenced by the City in the County of Santa Barbara Superior Court, case number 20CV02225 ("Settlement Agreement").

E. MHCSD has determined that the Project is a development for which a development agreement is appropriate as it relates to water and wastewater services for the Property. This Agreement will eliminate uncertainty in planning, provide for orderly, phased development and comprehensive water and sewer planning for the Property, provide for installation of necessary improvements and payment of fees, and assist in attaining the most effective utilization of resources within MHCSD at the least cost to its customers.

F. Developers and MHCSD would not have agreed to provide the benefits accruing to MHCSD and Developers hereunder if it were not for the agreement of MHCSD and Developers, memorialized herein and an agreement between City and MHCSD in the Wastewater Agreement, to enter into this Agreement. Under this Agreement, and in consideration of those benefits provided to MHCSD and Developers by the Project, MHCSD has agreed that it shall provide the water, and sewer service (provided the City approves the entitlements referenced in the Wastewater Agreement) and complete certain infrastructure improvements required for development of the Project in accordance with procedures provided by law and in this Agreement. Developers have agreed to perform the obligations set forth in this Agreement. MHCSD has further agreed that, except as otherwise stated herein, the ordinances, rules, regulations, official policies of MHCSD, and Wastewater Agreement applicable to the Project shall be those in existence on the date of MHCSD's approval of this Agreement.

G. The Parties agree that the consideration to be received by MHCSD pursuant to this Agreement and the rights secured to the Developers hereunder pursuant to this Agreement, as well the terms and conditions benefitting and burdening both parties under the Wastewater Agreement, constitute sufficient consideration to support the covenants and agreements of MHCSD and the Developers. By entering into this Agreement, MHCSD desires to vest in Developers, all water and sewer service entitlements necessary in order to complete development of the Project consistent with the Specific Plan, as provided for and subject to all terms and conditions herein.

H. MHCSD, by electing to enter into this Agreement, acknowledges that the obligations of MHCSD shall survive beyond the term or terms of the present MHCSD Board of Directors, that such action will serve to bind MHCSD and future Boards to the obligations thereby undertaken, and that this Agreement shall limit future exercise of certain governmental and proprietary powers of MHCSD. By approving this Agreement, MHCSD has elected to exercise certain governmental powers at the time of entering into this Agreement, rather than deferring its actions to some undetermined future date.

NOW THEREFORE, in consideration of the terms and provisions of this Agreement, the Parties agree as follows:

Section 1. Definitions

1.01 Defined Terms

The terms used in this Agreement, unless the context otherwise requires, shall have the following meanings:

(a) "Agreement" shall mean this Water and Wastewater Facility Development Agreement.

(b) "Applicable Law of the Project" shall mean all of the ordinances, resolutions, rules, regulations, the Wastewater Agreement, and official policies of the MHCSD ("MHCSD Rules") in effect as of the execution of the Agreement, except: (i) changes or modifications to the MHCSD Rules concerning the MHCSD's administrative operations, provided that in no event shall any change or modification to a MHCSD Rule that causes a material increase (an increase that exceeds Thirty Five Thousand Dollars ($35,000)) in costs to the Developers be applicable to the Developers, unless otherwise set forth in this Agreement, until this Agreement expires or sewer and water service has been initiated to each of the planned residential units within the Project, whichever date comes sooner, and (ii) changes MHCSD is required to make due to legal mandates from other regulatory agencies and/or the City.

(c) "CEQA" shall mean the California Environmental Quality Act, California Public Resources Code section 21000, *et seq.*

(d) "City" shall mean the City of Lompoc.

(e) "Developers" shall collectively mean Harris Grade Partners, L.P., a California Limited Partnership; Lompoc Ranch Joint Venture, a California Partnership; Joe A. Signorelli, Jr., as His Sole and Separate Property; Stacey Lee Signorelli, as Her Sole and Separate Property; Gus Thomas Signorelli, as His Sole and Separate Property; The Towbes Group, Inc.; a California Corporation, MJ Land LLC, a California Limited Liability Company; or their successors in interest pursuant to Section 8.03 of this Agreement.

(f) "EIR" shall mean that certain environmental impact report certified in connection with the adoption of the Burton Ranch Specific Plan (EIR 02-01) and subsequent addenda consistent with the Project.

(g) "Effective Date" shall mean the date that this Agreement and the Wastewater Agreement have been duly approved and executed by the parties thereto.

(h) "Facilities" shall mean the Sewer Collection System and the Water Distribution System.

(i) "MHCSD" shall mean the Mission Hills Community Services District.

(j) "Municipal Well" shall mean a water well designed to produce not less than 520 gallons per minute (gpm).

(k) "One Point of Connection" shall mean the sole point of connection for influent wastewater from the Project to be conveyed from MHCSD wastewater conveyance infrastructure to the City's wastewater conveyance infrastructure for treatment at the City's wastewater treatment plant to be constructed and located at, and include, the Sewage Flow Meter and Vault.

(l) "Project" shall mean the development of the Property pursuant to the Specific Plan as defined in Recital B, above.

(m) "Property" shall mean that certain real property as defined in Recital A, above.

(n) "Specific Plan" shall mean that certain City of Lompoc Burton Ranch Specific Plan approved February 2006 and as further amended and may be amended from time to time so long such amendments do not increase the allowed density above 476 residential units or allow for non-residential uses.

(o) "Sewer Collection System" shall mean all in-tract sewer main mains, service lines, and appurtenances, except for the sewer line located on each residential property in the Project up to the point where it connects to the service line located in the public right of way, that are used for collection and transmission of sewage generated from each parcel within the Property to the One Point of Connection to the City's wastewater treatment plant, including the Sewage Flow Meter and Vault.

(p) "Sewage Flow Meter and Vault" shall mean a device connected to a final distribution point of the Sewer Collection System that is housed in a concrete reinforced pit, and is used to measure the volume of sewage and/or wastewater flowing from the Project. This shall be located on or near to the Property.

(q) "Wastewater Agreement" shall mean that certain Wastewater Services Agreement between MHCSD and the City for purposes of MHCSD subcontracting the treatment of the wastewater generated by the Project, as defined in Recital D, above.

(r) "Water Distribution System" shall mean all in-tract water main mains, service lines, and appurtenances that are used for transmission and distribution of drinking water to each parcel within the Property to the point where such connect with the MHCSD's existing water lines, excluding the water line and meter located on each residential property in the Project.

(s) "Water Tank" shall mean a storage vessel of not less than 390,000 gallon capacity located on MHCSD property wherein water is initially stored.

1.02 Additional Defined Terms

To the extent that any capitalized terms contained in this Agreement are not defined above, such terms shall have the meaning otherwise ascribed to them in this Agreement.

Section 2. Water Distribution System

2.01 Water System Design and Construction and Water Line Located on Each Residential Lot

Developers' proposed preliminary Water Distribution System layout has been approved by MHCSD based on its review of Vested Tentative Tract Maps LOM 570 and 571 and Preliminary Tentative Tract Map 629. Developers shall submit Project plans to MHCSD that have been prepared by a California Registered Professional Engineer and approved by the City of Lompoc for the final water system layout, including mains and laterals, and construction details, which shall comply with American Water Works Association (AWWA) potable water system standards and MHCSD Standards, whichever is more stringent.

2.02 Pressure Study and Water Distribution System Modification

The MHCSD standard is to maintain normal water operating pressures between 40 pounds per square inch (psi) and 120 psi.

2.03 Water Conservation

Developers agree to participate in the MHCSD In-Lieu of Water Conservation Fee in the amounts set forth in Exhibit A to ensure the Project will minimize the impact on groundwater.

2.04 Developers To Construct Water Distribution System

Developers will be responsible for the design and construction of the Water Distribution System as required for each phase of development and the water line for each residential parcel within the Property according to the Specific Plan and development permits from the City. The Water Distribution System shall connect to existing MHCSD water mains located in Harris Grade Road in two or more separate locations. Developers shall be responsible for all construction costs for the Water Distribution System, including without limitation the costs associated with connecting each phase of the development to the MHCSD's now existing water main located in

Harris Grade Road. It is understood that the Developers will develop the Project in phases and the obligations of Developers may be completed in phases. The Water Distribution System shall be constructed and completed under the direction of the Developer responsible for the specific phase of development for which water service is to be provided. The Developers will provide MHCSD and the City with the name and contact information for the primary point of contact for each phase of the Project as well as a list of the specific infrastructure the Developers will be constructing. The Developers will use their best efforts to design and construct the Project to minimize the potential for the installation of self-regenerating water softeners on the residential properties. The Developers are responsible for receiving development permits from the City for development pursuant to the Specific Plan. MHCSD shall have the authority to not install water meters and/or cause certificates of occupancies to not be issued for a particular phase or phases, if such phase or phases or another phase has not complied with the requirements of this Agreement, including without limitation failing to make payments due to MHCSD or failing to build any of Water Distribution System, Sewage Collection System or One Point of Connection in accordance with the terms and conditions of this Agreement.

Section 3. Sewage Collection System and Wastewater Agreement Obligations

3.01 Developers To Construct In-Tract Sewer Collection System

Developers will be responsible for the design and construction of the Sewer Collection System as required for each phase of development and for each parcel within the Property according to the Specific Plan and development permits from the City. The Sewer Collection System shall be located within the public right-of-way of the Property and flow from each parcel to and including the One Point of Connection. It is understood that the Developers will develop the Project in phases and the obligations of Developers may be completed in phases. The Sewage Collection System shall be constructed and completed under the direction of the Developer responsible for the specific phase of development for which sewer service is to be provided. The Developers are responsible for receiving development permits from the City for development pursuant to the Specific Plan. The Developers will provide the City and MHCSD with the name and contact information for the primary point of contact for each phase of the Project as well as a list of the specific infrastructure the Developers will be constructing. MHCSD shall have the authority to cause certificates of occupancies to not be issued for a particular phase or phases, if such phase or phases or another phase has not complied with the requirements of this Agreement, including without limitation failing to make payments due to MHCSD or failing to build any of Water Distribution System, Sewage Collection System or One Point of Connection in accordance with the terms and conditions of this Agreement.

3.02 Wastewater Agreement Obligations

Pursuant to Chapter VII.G of the Wastewater Agreement, MHCSD has the obligation to make periodic debt payments to City (the "Debt Payments") based upon the amortization schedule incorporated into the Wastewater Agreement as Attachment 1 (the "Amortization Schedule" – there are six possible amortization schedules, and the applicable schedule will be based upon the date Developers first pull a residential building permit). Developers shall pay MHCSD for all Debt Payments that MHCSD would be required to make to the City for the entirety of the

applicable Amortization Schedule. Accordingly, Developers and MHCSD understand and agree that MHCSD is acting as a pass-through entity between the Developers and the City regarding the Debt Payments and that the Developers are accepting all responsibility for making these payments to MHCSD so that MHCSD does not have to use its own funds to make these Debt Payments. Developers shall, at their sole cost and expense, make such Debt Payments to MHCSD on a straight-line schedule in accordance with the Amortization Schedule. Further, during periods 1-4 as set forth on the Amortization Schedule, Developers shall accelerate their periodic payments such that MHCSD never has more than One Hundred Fifty Thousand Dollars ($150,000) of potential liability for Debt Payments including any applicable Termination Fee. Commencing with period 5, Developers shall continue to pay all straight line Debt Payments when due.

Pursuant to Chapter VI.B of the Wastewater Agreement, MHCSD has the further obligation to make contributions to the City's Wastewater Capital Reserve Fund (WCRF) which it may do by passing such costs onto MHCSD wastewater treatment customers located in Burton Ranch. During period 1, Developers shall pay MHCSD the total required WCRF Reserve, as set forth on the applicable Amortization Schedule. Developers shall only be responsible for payments of the WCRF requirement and in the event the City requires additional annual capital contributions or replenishment of the WCRF such contributions shall be the responsibility of MHCSD, which it may pay by passing such costs onto MHCSD wastewater treatment customers located in Burton Ranch.

Developers agree to pay such amounts to MHCSD at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owed pursuant to the Wastewater Agreement. MHCSD must use such funds to make the applicable Debt Payment and WCRF payments due the City and may choose to make Debt Payments either on a straight-line basis or pursuant to the five-year ramp up schedule in the applicable Amortization Schedule. Any funds MHCSD retains as a result of MHCSD choosing to make payments based on the five-year ramp up schedule shall be held in a separate interest-bearing account until later remitted to the City. Developer maintains the right, subject to their sole discretion, to prepay all payments to MHCSD prior to the date due.

Payment schedules to be followed by Developers for both the Debt Payments and the WCRF contributions are attached hereto as Exhibit C. By way of example, if the first residential building permit is to be pulled on or about October 1, 2024, Developers would, concurrent with their request for building permits from the City, pay MHCSD a straight line debt payment for period 1 of One Hundred Forty Four Thousand Three Hundred Thirty One and 23/100 Dollars ($144,331.23) plus an accelerated payment of Two Hundred Eighty Two Thousand and Nine Ninety Three and 69/100 Dollar ($282,993.69) for a final total of Four Hundred Twenty Seven Thousand Three Hundred Twenty Four and 92/100 Dollars ($427,324.92). In addition, Developers would pay a total of One Hundred Forty-Five Thousand and 98/100 Dollars ($145,000.00) towards the WCRF requirement. Then, for periods 2 and 3, Developers will have no Debt Payment or WCRF requirement. For payment period 4, Developers shall pay MHCSD a Debt Payment of One Hundred and Fifty Thousand Dollars ($150,000). For period 5 and all subsequent pay periods, Developers would make a Debt Payment of One Hundred Forty-Four Thousand Three Hundred Thirty-One and 23/100 Dollars ($144,331.23).

In addition, Chapter VII.G of the Wastewater Agreement states the MHCSD may cancel any remaining future indebtedness upon the fourth payment period if MHCSD "ceases all future development." MHCSD hereby agrees Developers are in control of the pace and phasing of the Project and decisions of when development of the Project ceases and the risks and obligations associated therewith. Accordingly, MHCSD shall not decide to "cease all future development" and/or pay the early termination fee unless (i) Developers provide written notice to MHCSD that Developers will not be constructing any further improvements on the Property, or (ii) Developers fail to timely make any of the payments due under this Section 3.02 of this Agreement prior to the time that MHCSD would be in default under the Wastewater Agreement for failing to make a Debt Payment or WCRF contribution. In the event Developer decides to cease development of the Project, MHCSD and Developer shall notify City of the decision and Developer shall be responsible for any and all wastewater payments due to MHCSD under this Agreement and not yet paid to MHCSD. All other costs required of MHCSD pursuant to the Wastewater Agreement shall be the sole responsibility of MHCSD.

Section 4. General Conditions

4.01 Acceptance of Plans and Specifications

The completed Facilities, as defined above, must be prepared in conformance with the current published MHCSD Improvement Standards and requirements and must be approved and accepted by MHCSD's General Manager, which approval shall not be unreasonably withheld. Additionally, the Sewage Collection System is subject to the City's regulations as set forth in the Wastewater Agreement between the City and MHCSD.

4.02 Drawings

Developers shall provide MHCSD with one set of 24" x 36" reproducible "as built" digital drawing files in pdf, and one copy of the completed Project plans.

4.03 Revision of Plans

Any minor changes in the accepted Facilities plans shall require written approval of Developers and MHCSD's General Manager. Major changes require written approval of the Developers and the MHCSD Board.

4.04 Rights of Way

Developers will provide to MHCSD, at no cost of MHCSD and in a form acceptable to MHCSD's General Manager and legal counsel, appropriate easements and rights of way for the operation, maintenance, repair, and replacement of all the Facilities not within existing public rights of way, public utility easements, and/or water and /or wastewater system easements.

4.05 Construction

Developers shall, at no cost to MHCSD, construct the Facilities pursuant to the MHCSD

approved plans or any MHCSD approved modifications thereof. Developers shall provide in any contract for construction of the Facilities that any contractor materials supplier guaranty thereunder, including any one (1) year warranty on the completed improvements, shall inure to the benefit of MHCSD after the works constructed thereunder have passed final inspection and have been conveyed to MHCSD as provided below. Developers shall also provide in any contract for construction of the Facilities that MHCSD is a third-party beneficiary of such contract and that the contractor's public liability and property damage insurance shall be extended to cover Developers and MHCSD and their agents, officers and employees as additional insured, with liability and bodily injury limits of not less than as set forth in Section 5.02 below. The Parties do not intend Developers' one year warranty on the completed improvements to be construed as limiting the period within which MHCSD may bring an action against contractors or issuers of surety bonds for latent construction defects.

4.06 Licensed Contractor

The person or entity constructing the Facilities shall be licensed under the provisions of the Business and Professions Code of the State of California to do the type of work called for in the approved plans and specifications.

4.07 Compliance with Applicable Laws

The Applicant(s) shall obtain all necessary local, county and state permits and approvals, including but not limited to encroachment permits, and shall conform to the requirements thereof. Developers shall give all notices and comply with all applicable local, county, state, and federal laws in connection with the construction of the Facilities and this Agreement.

4.08 Inspection of Construction

MHCSD's General Manager, or his/her agent(s), shall inspect the construction of the Facilities. Said inspection shall be funded by an inspection fee paid by Developers as set forth in Exhibit A. Construction of the Facilities shall not commence until said inspection fee is paid. MHCSD's General Manager, or his/her agent(s) shall notify Developers of any deviation or failure to construct the Facilities pursuant to the accepted plans as soon as such deviation or failure is brought to his/her attention, and Developers shall promptly correct such deviation or failure.

4.09 Conveyance

Within ninety (90) days after completion of construction of the Facilities in accordance with the accepted plans therefore and MHCSD's Improvement Standards:

(a) Developers shall convey title of the completed Facilities to MHCSD at no cost to MHCSD, free and clear of all liens and encumbrances, by appropriate conveyance documents, accepted in form and content to MHCSD's General Manager and Legal Counsel.

(b) Developers shall provide MHCSD with one set of 24" x 36" reproducible "as built" drawings on matte mylar (5 mil minimum), electronic drawing files, and

four copies of the completed Project plans.

(c) Developers shall provide an engineer's certification that the Facilities are constructed in substantial conformance with the plans and specifications submitted to MHCSD.

(d) Developers shall provide easements as specified above and the following special conditions:

(i) MHCSD agrees to quitclaim existing easements, if any, held in MHCSD's name encumbering the Property in the form attached hereto as Exhibit D which MHCSD does not need for its operations. Developers agree to convey to MHCSD and record utility easements, in the form attached hereto as Exhibit E, for the Facilities, over and across portions of the Property outside of the proposed streets. Said easements granted by the Developers shall be recorded prior to the conveyance of any portion of the Property to the Project's homeowner's association. Developers shall, at their own cost, provide MHCSD a standard policy of title insurance (CLTA) for all the easements recorded by Developer. MHCSD shall record quitclaim deeds following recordation of Developers' easements.

(ii) Upon satisfaction of all conditions imposed by MHCSD herein, MHCSD shall accept conveyance of title of the completed Facilities, or phases thereof, by resolution and include them as part of its system and shall thereafter operate and maintain said system.

4.10 Accounting

Developers shall furnish an accounting, satisfactory to MHCSD in its reasonable discretion, of the amounts expended for the construction and installation of the Facilities, with values applicable to the various components of the work, together with a list of any other materials and equipment being transferred, and their corresponding values.

4.11 Reimbursement of Plan Review Expenses

Excepting those expenses for which MHCSD is fully responsible as set forth elsewhere in this Agreement, Developer agrees to pay and/or reimburse, as described below, MHCSD for all its staff and consulting costs expended following the Effective Date for any plan review in connection with the Facilities.

Developer shall advance Five Thousand Dollars ($5,000) as a deposit. Developer authorizes MHCSD to withdraw from the deposit to pay for services pursuant to this Agreement as they are incurred by MHCSD.

MHCSD will notify Developer whenever the balance on deposit is reduced below One Thousand Dollars ($1,000). Within 15 days after such notification is mailed, Developers will make an additional deposit in Five Thousand Dollar ($5,000) increments.

Prior to acceptance of the Facilities by MHCSD, MHCSD will furnish to Developers a written accounting of all of MHCSD's plan review costs and expenses incurred in relation to this Agreement. Any funds deposited by the Developers in excess of the actual costs due under this Section·4 or for other payments due MHCSD shall be refunded to the Developers.

4.12 MHCSD Services

MHCSD shall provide water and sewer service sufficient to serve the Project as the Facilities, or phases thereof, are conveyed unless a condition exists as set forth in Section 7.03. MHCSD shall provide any temporary construction water services to the Project as required prior to completion of all phases of the Facilities at the usage rate MHCSD has established for construction usage. Developer shall construct and pay for any equipment or facilities needed to deliver construction water to the point of use. Developers shall not allow any person to use or commence operation of any part of the Facilities prior to MHCSD's acceptance without the express written consent of MHCSD, which shall not be unreasonably withheld. Except for the connection fees and related charges set forth in Exhibit A attached hereto, water and wastewater utility services shall be supplied in accordance with applicable MHCSD rates, ordinances, rules, and regulations as the same may be amended from time-to-time.

4.13 Developers' Responsibilities After Conveyance

After one year following MHCSD's acceptance of the Facilities or phases thereof, Developers shall have no obligation for the operation, maintenance, repair or replacement thereof, and MHCSD shall retain all rights under the construction contracts noted in Section 4.05.

4.14 Application for Water and Sewerage Service

The Project's water and wastewater system shall not be operated, other than for testing purposes, until the systems are functionally complete, fees have been paid (including fees due to the City as set forth on Exhibit A) and proper applications for service have been filed with MHCSD.

4.15 Ownership of Facilities

Upon acceptance of the Facilities by MHCSD, it shall become the sole property of MHCSD and shall be used and operated at MHCSD's sole discretion.

4.16 Rates and Charges for Service

Except for those connection fees and related charges specified in Exhibit A attached hereto and incorporated in full herein by this reference, all other services made available by MHCSD to users within the Project shall be at the established rates and charges as fixed by MHCSD's Board

of Directions from time to time. MHCSD acknowledges and agrees that MHCSD intends to be bound by the connection fees and related MHCSD charges set forth in Exhibit A for a period of seven years following the execution of this Agreement and, notwithstanding any subsequent MHCSD ordinance adopted during that seven-year period establishing different connection fees and related charges for MHCSD users, MHCSD shall impose on Developers only such connection fees and related charges agreed upon herein. Any MHCSD ordinance enacted prior to the expiration of that seven-year period subsequent to the execution of this Agreement which changes MHCSD connection fees and related charges shall include a provision explicitly excluding the Project from such fees and charges until expiration of the seven year period, and shall specifically reference this Agreement. Developers shall have the option, prior to the expiration of the aforementioned seven-year period, to prepay all connection fees at the rates set forth in Exhibit A, in which case any increased connection fee established by a subsequent MHCSD ordinance shall not apply.

4.17 Prevailing Wage

Developers shall comply with state prevailing wage laws, Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720 and Title 8, California Code of Regulations, Chapter 8, Subchapter 3, commencing with Section 16000, as applicable, for any work performed by Developers under this Agreement. Developers shall defend, indemnify and hold MHCSD harmless from any liability, claims, penalties, damages, costs and expenses arising from the failure to comply with state prevailing wage laws related to Developers construction of the Facilities. MHCSD shall be responsible for compliance with prevailing wage laws as required for all work performed by MHCSD under this Agreement.

4.18 Proposition 218 Process

During the term of this Agreement and to the extent required by Proposition 218, MHCSD will prepare a wastewater rate study and adhere to rate increases processes required by law. MHCSD agrees that such rate study will include a separate analysis of rates for the Project because the Project's sewer service is reliant upon and based on the costs of the City's treatment plant rather than MHCSD's existing treatment system.

Section 5. Risk Transfer Requirements

To allocate risks equitably between all Parties and to place responsibility for risks on the entity controlling the risk, the parties agree as follows:

5.01 Hold Harmless

MHCSD is not, by inspection of the construction or installation of the Facilities, representing Developers or providing a substitute for inspection and control of such work by Developers. Any inspections and observations of the Facilities by MHCSD are for the sole purpose of providing notice of the stage and character of such work. Any failure of MHCSD to note variances in the Facilities from the plans does not excuse or exempt Developers from complying with all terms of the plans. The fact that MHCSD inspects the construction of the Facilities and fails to notify Developers of deviations or failures to construct the Facilities pursuant

to the accepted plans shall not be deemed to constitute a guarantee by MHCSD that the Facilities have been built in accordance with the accepted plans. During construction and prior to conveyance thereof to MHCSD and acceptance thereof by MHCSD, Developers shall hold harmless and indemnify MHCSD against all claims, demands and charges by third parties arising out of alleged deviations or failures to construct the Facilities pursuant to the accepted plans. Developers' obligations under this section are comprehensive, except for MHCSD's proven sole or active negligence or willful misconduct.

5.02 Minimum Scope and Limit on Insurance

Developer shall procure and maintain for the duration of this Agreement, insurance against any and all claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by Developers, their agents, representatives, employees, or subcontractors.

(a) Coverage. Coverage shall be at least as broad as:

(i) Commercial General Liability (CGL). Insurance shall be on a primary basis, Services Office (IS0) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits no less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate for products completed operations and Two Million Dollars ($2,000,000) General Aggregate. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(ii) Automobile Liability. Insurance Services Office Form CA 0001 covering Code (one)1 (any auto), with limits no less than One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

(iii) Workers Compensation. As required by the State of California, with Statutory Limits, and Employers' Liability insurance with a limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

(iv) Builder's Risk (Course of Construction). Utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions. Developers may subject evidence of Builder's Risk insurance in the form of Course of Construction coverage. Such coverage shall name MHCSD as a loss payee as their interest may appear. If the Project does not involve new or major reconstruction, at the option of MHCSD, an installation floater may be acceptable. For such projects, a property installation floater shall be obtained that provides for the improvement, remodel, modification, alteration, conversion or adjustment to existing buildings, structures, processes, machinery and equipment. The property installation floater shall provide property damage coverage for any building, structure, machinery or equipment damaged, impaired, broken, or destroyed during the performance of the Developer's construction obligations under this Agreement, including during transit, installation, and testing at MHCSD's site.

(v) Surety Bond. As described elsewhere in this Agreement.

(vi) Professional Liability. Developer's contractor(s) shall maintain professional liability insurance with limits no less than One Million Dollars ($1,000,000) per occurrence or claim, and Three Million Dollars ($3,000,000) policy aggregate.

If Developers maintain broader coverage and/or higher limits than the minimums shown above, MHCSD requires and shall be entitled to the boarder coverage and/or the higher limits maintained by Developers. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to MHCSD. MHCSD has the right to increase the above insurance amounts annually in amount not to exceed the coverage amounts recommended by California Joint Powers Insurance Authority.

(b) Self-Insured Retentions. Self-insured retentions must be declared to and approved by MHCSD. At the option of MHCSD, either (i) Developers shall cause the insurer to reduce or eliminate such self-insured retentions with respect to MHCSD, its officers, officials, employees, and volunteers; or (ii) Developers shall provide a financial guarantee satisfactory to MHCSD ensuring payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or MHCSD.

(c) Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

(i) MHCSD, its offers, officials, agents, employees, and volunteers are to be covered as additional insured on the CGL and auto policies with respect to liability arising out of work or operations performed by or on behalf of the Developer including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of Developers. General liability form of endorsement shall be CG 20 12 12 19 combined with CG 20 10 07 04 and CG 20 37 07 04 or equivalent endorsements reasonably available.

(ii) For any claims related to the Project, Developers' insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 12 12 19, CG 20 10 07 04 and CG 20 37 07 04 with respect to MHCSD, its officers, official, employees and volunteers. Any insurance or self- insurance maintained by MHCSD, its officers, officials, employees, or volunteers shall be in excess of Developers' insurance and shall not contribute with it.

(iii) Each policy of insurance required shall provide that coverage shall not be cancelled, except with thirty (30) days written notice to MHCSD.

5.03 Acceptability of Insurers

Insurance to be placed with insurers authorized to conduct business in the State of California with a current AM Best's rating of no less than A: VIII, unless otherwise acceptable to MHCSD.

5.04 Waiver of Subrogation

Developers hereby agree to waiver rights of subrogation which any insurer of Developers may acquire from Developers by virtue of the payment of any loss. Developers agree to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of MHCSD for all work performed by Developers, its employees, agents and subcontractors.

5.05 Verification of Coverage

Developers shall furnish MHCSD with original Certificates of Insurance, including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause), and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements before work begins. Failure to obtain the required insurance

documents prior to beginning work on the Facilities shall not waive Developers' obligation to provide them. MHCSD reserves the right to require complete, certified copies of all compulsory insurance policies, including endorsements, at any time.

5.06 Subcontractors

Developers shall require and verify that all subcontractors maintain insurance meeting all requirements stated herein for ongoing and completed operations, and Developer shall ensure that MHCSD is an additional insured on insurance required from subcontractors.

5.07 Surety Bonds

Developers shall provide the following Surety Bonds or other form of surety as approved in writing by MHCSD: (a) 100% Performance Bond; (b) 100% Payment Bond; (c) 10% Maintenance Bond. The Payment Bond and the Performance Bond shall be in a sum equal to the contract price of the Facilities. If the Performance Bond provides for a one-year warranty, a separate Maintenance Bond is not necessary. Bonds shall be duly executed by a responsible corporate surety, authorized to issue such bonds in the State of California and secured through an authorized agent with an office in California.

5.08 Special Risks or Circumstances

MHCSD reserves the right to modify these requirements, including limits based on the nature of the risk, prior experience, insurer, coverage, or other circumstances. Such modifications shall not be effective without the prior written agreement of Developers, which shall not be unreasonably withheld.

Section 6. Municipal Well and Water Tank

6.01 MHCSD Shall Construct Municipal Well and Water Tank

MHCSD shall construct a Municipal Well and Water Tank on MHCSD property which will augment the MHCSD's existing wells and storage tanks to ensure a safe and reliable water supply for the MHCSD, including the Project. MHCSD shall ensure the Property is provided with adequate and reliable water supply as needed until the Municipal Well and Water Tank is constructed and fully integrated into the MHCSD's water supply system. The level of water treatment provided by the facilities shall be the level of treatment applicable to the entire MHCSD water system. MHCSD shall ensure the Municipal Well and Water Tank are constructed and operable prior to the issuance of the 200th certificate of occupancy for the Project or sooner if required to provide an adequate and reliable water supply to the Project.

6.02 Construction Plans and Specifications

Following execution of the Agreement and upon the later of (i) issuance of the first grading permit for the Project or (ii) 270 days following the Effective Date, MHCSD shall design, prepare plans and specifications for construction, and obtain all necessary approvals for the Municipal Well and Water Tank. Said plans and specifications will be in accordance with the provisions of

this Agreement as well as with all other local, County and state standards and requirements. MHCSD shall share a final draft of such plan, which shall include a detailed estimated total cost breakdown, with Developers. Developer shall provide MHCSD one hundred and twenty (120) days notice prior to requesting a grading permit from the City. For reference purposes only, a draft of the FINAL Conceptual Water Supply memorandum prepared by Stantec dated April 26, 2022 is attached hereto as Exhibit F which contains preliminary specifications and cost estimates for the Municipal Well and Water Tank proposed by MHCSD. Developers shall deposit Fifty Thousand Dollars ($50,000.00) with the District within ten (10) business days of the Effective Date of this Agreement towards the cost of the preparation of the plans and specifications. MHCSD will notify Developer whenever the balance on deposit is reduced below One Thousand Dollars ($1,000.00). Within thirty (30) days after such notification is mailed, Developers will make an additional deposit in Ten Thousand Dollar ($10,000.00) increments. All such deposits shall be credited against Developer's total advance specified in Section 6.05 below.

6.03 Well Capacity

The Municipal Well shall be designed, based upon consultations with a certified well driller and hydrogeologist, to produce not less than 520 gallons per minute ("gpm"). Neither party shall be in breach of this Agreement if, after installation of the well, the Municipal Well does not produce 520 gpm, so long as the Municipal Well was designed, based upon consultations with a certified well driller and hydrogeologist, to produce not less than 520 gpm and MHCSD can otherwise provide adequate and reliable domestic and fire flow water services required by the Project, and otherwise meet all water storage requirements.

6.04 Water Tank Capacity

The Water Tank shall have a capacity of not less than 390,000 gallons. The Water Tank shall be located on MHCSD property near existing wells and will store the water for all of MHCSD's wells prior to treatment. Notwithstanding the size of the Water Tank, MHCSD shall meet all water storage requirements for the Property and Project.

6.05 Costs for Municipal Well and Water Tank

The Municipal Well and Water Tank are critical planned asset projects identified in and/or replacing projects identified in that certain NBS Capacity Charge Study adopted by MHCSD in February 2019 which established water connection fees (or Capacity Charges) based on a buy-in to existing infrastructure and cost share for future planned assets. Accordingly, all Parties agree that Developers' payment of One Million Five Hundred Thousand Dollars ($1,500,000.00), as an advance against the amount of water capital connection fees, and the payment of water capital connection fees when and if units in excess of the $1.5 million credits is exhausted, satisfy Developers' obligation to contribute to the cost of the Municipal Well and Water Tank and related infrastructure. Otherwise, MHCSD is responsible for its staff and consulting costs for engineering, legal, and administrative services expended in connection with study, investigation construction and testing of the Municipal Well and Water Tank. Developers have agreed to prepay a portion of the water connection fees in order to provide MHCSD additional capital to support timely construction of such projects as further specified in Exhibit A.

6.06 Ownership of the Municipal Well and Water Tank

MHCSD shall at all times retain ownership, custody and control of the Municipal Well and Water Tank. The Municipal Well and Water Tank will be fully integrated into the MHCSD's existing water treatment and supply system, which will supply water services to not only the Property, but also the MHCSD's existing and other future customers. Developers shall not be responsible for any defects in workmanship or materials and all necessary maintenance and upkeep of the Municipal Well and Water Tank shall be the sole responsibility of MHCSD. The MHCSD shall be free to operate, manage, expand, and improve the Municipal Well and Water Tank as it deems appropriate.

Section 7. Implementation of this Agreement

7.01 Effective Date

This Agreement shall be deemed in full force and effect on the Effective Date.

7.02 Term

The term of this Agreement shall commence upon the Effective Date and shall extend until the seventh (7th) anniversary of the Effective Date. However, once the grading permit is issued to a parcel within the Property or MHCSD commences physical construction of Municipal Well and Water Tank, the Agreement will continue to exist until the Project is completely developed but the Applicable Laws shall change to laws in effect at the end of seventh anniversary of the Effective Date. The running of this shall be automatically stayed for the period of time during which the Parties apply to a court of competent jurisdiction for relief from a material breach of this Agreement. Furthermore, the running of this term shall be automatically stayed in the event MHCSD is unable to honor its commitment to provide water or sewer service to the Project consistent with the terms and conditions set forth in this Agreement, including conditions as described in Section 7.03, or that result of health and safety considerations that are uniformly applied to all MHCSD customers or any unanticipated changes in potable water or wastewater regulations that mandate MHCSD limit or suspend service until compliance is achieved.

7.03 No Default Where Performance is Impossible

Nonperformance, except any and all payments required to be made by Developers under this Agreement, by Developers or MHCSD hereunder shall not be deemed to be a default if such nonperformance is attributable to events beyond the reasonable control of Developers or MHCSD, such as acts of God, war, strikes, riots, floods, earthquakes, fire, work stoppages, casualties, pandemics, supply-chain interruptions, acts of public enemy, unanticipated changes in potable water or wastewater regulations which mandate, due to no fault or negligence by MHCSD, that MHCSD limit or suspend service until compliance is achieved, the failure of any non-MHCSD governmental entity of competent jurisdiction to issue permits required for the development of the Project, the commencement of litigation by a third party to set aside approval of the Project or this Agreement, or any component thereof, or the issuance of a court order preventing development of the Project.

If a Party's performance has been delayed by any such cause, such Party shall, as soon as possible following the occurrence or date of commencement of such nonperformance but in no event later than sixty (60) days from the date that the Party knew or should have known about the issue causing it to be unable to perform, notify the other Party of the nature and expected duration of such nonperformance, steps to be taken to remedy the nonperformance, and shall thereafter diligently pursue any reasonable and available remedy and keep the other Party informed until such time as it is able to perform is obligations. If MHCSD has provided Developers proper notice and is diligently pursuing all reasonable remedies but, even despite these efforts, MHCSD's service of adequate and reliable water is delayed for two (2) years or more, then Developers may elect to suspend performance of water related obligations under this Agreement and seek water service from the City so long as the City is not the cause of the delay or if the City is subject to the same issue that is causing MHCSD to be unable to perform. MHCSD shall be estopped from objecting to such efforts notwithstanding any language to the contrary in this or any other agreement. In the event Developers so elect, Developers shall be deemed to have waived any claim of monetary damages resulting from MCHSD's inability to perform.

Notwithstanding the foregoing and in addition to all other remedies available under the law, if MHCSD's service of adequate and reliable water is delayed due to MHCSD's default or unexcused failure to perform and service is delayed for more than a total of two hundred and ten (210) days, then Developers shall have the right to seek water service from the City, suspend performance of water related obligations under this Agreement and MHCSD shall be estopped from objecting to such efforts notwithstanding language to the contrary in this or any other agreement. Times of performance under this Agreement may also be extended in writing by Developers and MHCSD pursuant to mutual agreement.

7.04 Processing of Applications and Issuance of Can and Will Serve Letters

So long as a condition does not exist as set forth in Section 7.03 and Developers are not in default under this Agreement, upon execution of this Agreement and payment of all associated and due application processing fees as provided in this Agreement, the MHCSD shall promptly and diligently complete all steps necessary to issue, and shall issue, all Will Serve letters required for each phase of the development of the Project, but not limited to (a) the holding of all required public hearings or meetings, if applicable, and the provision of notice for such public hearings or meetings, and (b) the granting of the requested service.

7.05 Cooperation in the Event of Legal Challenge

If any legal or equitable action or other proceeding is brought by any third party, governmental entity challenging the validity of any provision of this Agreement, the Parties shall cooperate in the defense against such action or proceeding.

7.06 Joint and Several Liability

Developers shall be jointly and severally liable to the MHCSD for all obligations under this Agreement. This Agreement may be enforced against each Applicant individually or among two or more of the Developers.

Section 8. Miscellaneous Provisions

8.01 Notices

All notices, approvals, acceptances, demands and other communications required or permitted under this Agreement shall be in writing and shall be delivered in person or by U.S. mail (postage prepaid, certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

TO MHCSD:

Mission Hills Community Services District
Attn: MHCSD Manager
1550 Burton Mesa Blvd.
Lompoc, CA93436-2100

With a copy to:
Mark Hensley
Hensley Law Group
2600 W. Olive Avenue, Suite 500
Burbank, California 91505

TO DEVELOPERS:

Harris Grade Limited Partnership c/o The Towbes Group
33 E. Carrillo Street #200, Santa Barbara, CA 93101

Harris Grade Partners, LP
c/o Martin Farrell Homes, Inc.
Attn: Jon Martin, Vice President
330 East Canon Perdido, Suite F Santa Barbara, CA 93101

Lompoc Ranch Joint Venture
John Gherini, Managing Partner
1114 State Street, Suite 230 Santa Barbara, CA 93101

The Towbes Group, Inc.
c/o Robert Skinner, CEO
33 E. Carrillo Street #200, Santa Barbara, CA 93101
Santa Barbara, CA 93101

MJ Land, LLC
c/o Donald M. Jensen
1672 Donlon Street, Ventura, CA 93003

Joe A. Signorelli Jr.
1529 Riverside Drive

Lompoc, CA 93436

Stacey Lee Signorelli
P.O. Box 1258 Lompoc, CA 93438

Gus Thomas Signorelli
1204 Diatta Road
Sai1ta Barbara, CA 93103

With a Copy to:

Olivia K. Marr, Esq.
Fauver, Large, Archbald, Spray LLP
820 State Street, 4th Floor
Santa Barbara, CA 93101

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date; any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date; any delivery in person shall be deemed delivered when delivered to the party *to* whom it is addressed. Either party may change its address by giving the other party written notice of its new address as provided above.

8.02 Covenants Running with the Land

The provisions of this Agreement shall constitute covenants which shall run with the land comprising the Property, and the burdens and benefits hereof shall bind and insure to the benefit of each of the Parties hereto and all successors in interest to the Parties hereto. A Memorandum of this Agreement shall be duly recorded in the Official Records in the County of Santa Barbara.

8.03 Transfer of Property

Developers shall have the right to assign or transfer all or any portion of their interest, rights or obligations under this Agreement or in the Property to third parties acquiring an interest or estate in the Property or any portion thereof. Developers shall be required to provide notice of any proposed or completed assignment or transfer as provided by this Agreement as well as provide the name and contact information for the person that will be the primary point of contact for the Property. If all or any of the portion of the Property is transferred by Developers to any person or entity, the transferee shall succeed to all of Developers' rights under this Agreement as they affect the right to proceed with development of that portion of the Property transferred to the transferee (the "Transferred Property"), and the transferee shall automatically assume all obligations of Developers hereunder which relate to the Transferred Property. A transfer of all or any part of the Property to any other person or entity shall release Developers from their obligations hereunder, so long as they are not in breach of this Agreement or have any outstanding payments due to MHCSD, relating only as such obligations relate to the Transferred Property. All obligations under this Agreement shall be joint and several with regard to the Developers and the Property, except that once a phase is totally completed and all of the obligations of that phase have been satisfied then that phase shall be released from further obligations under this

Agreement.

8.04 Development Timing

Except as otherwise provided herein, Developers shall not be required to initiate or complete development of any particular portion of the Project within any period of time. Developers may develop the Property in accordance with the Developers' own time schedule as such schedule may exist from time to time. Entering into this Agreement shall not obligate Developers to make any improvements or otherwise develop the Property, or to develop it to any stage of completion once having commenced construction.

8.05 MHCSD Powers

Nothing herein contained shall be deemed to limit, restrict, or modify any right, duty, or obligation given, granted, or imposed upon MHCSD by the laws of the State of California or federal laws now in effect, or hereafter adopted, nor to limit or restrict the power or authority of MHCSD, including the application of any rules, regulations, policies, resolutions or ordinances to the Project, to the extent that such changes are specifically required to be applied to developments such as the Project by changes in state or federal laws or regulations. In the event that any part of provisions contained in this Agreement or incorporated herein, are found to be illegal or unconstitutional by a court of competent jurisdiction, such findings shall not affect the remaining parts, portions, or provisions hereof.

8.06 Attorneys’ Fees

In the event any legal or equitable proceeding is brought, including an action for declaratory relief, which is related in any manner to a material breach of this Agreement, the prevailing party shall be entitled to recover actual attorneys' fees and costs, as may be determined by the court in the same action or in a separate action brought for that purpose, The attorney's fees award shall be made as to fully reimburse the prevailing party for all attorney's fees, paralegal fees, costs and expenses actually occurred in good faith, regardless of the size of the judgment, it being the intention of the Parties to fully compensate for all attorneys' fees, paralegal fees, costs and expenses paid or incurred in good faith.

8.07 Modification

This Agreement may not be modified, amended, or terminated, nor may any term of provision hereof be waived or discharged, except in writing signed by the party against whom such amendment, modification, termination, waiver, or discharge is sought to be enforced.

8.08 Waiver

Any waiver at any time by any party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other breach or default, or any other matter. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. No waiver of any

right or remedy with respect to any occurrence or event shall be deemed a waiver of any right or remedy with respect to any other occurrence or event.

8.09 Entire Agreement and Amendment

This Agreement, together with all documents and exhibits referred to herein or attached hereto, contains the entire agreement of the Parties hereto with respect to the matters covered thereby, and no other agreement, statement or promise made by any party hereto or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid. All prior or contemporaneous agreements or writing between or among the Parties are specifically merged into this Agreement.

8.10 Severability

If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, then to the extent that the invalidity or unenforceability does not impair the application of this Agreement as intended by the Parties, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

8.11 Approvals Independent

All approvals that the MHCSD may grant pursuant to this Agreement constitute independent actions and approvals by the MHCSD. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if the MHCSD terminates this Agreement for any reason, then such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any approvals. In such cases, such approvals will remain in effect pursuant to their own terms, provisions, and conditions of approval.

8.12 Remedies Specified Herein Are Not Exclusive

The use by any party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

8.13 Estoppel Certificate

Within twenty-one (21) days following any written request which either party may make from time to time, the other party to this Agreement shall execute and deliver to the requesting party a statement certifying that: (i) this Agreement is unmodified and in full force and effect, or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modification, and (ii) there are no outstanding notices of default under this Agreement or specifying the dates and nature of any such default. The failure to deliver such a statement within such time shall constitute a conclusive presumption against the party which fails to deliver such statement that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no

outstanding notices of default in the performance of the requesting party, except as may be represented by the requesting party.

8.14 No Third-Party Beneficiary

This Agreement is made and entered into for the sole protection and benefit of the Parties hereto. No other party shall have any right of action based upon any provisions of this Agreement.

8.15 Applicable Law

The Laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.16 Further Actions

Each party shall promptly take such further actions and execute and deliver to the others all such other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other parties the full and complete enjoyment of their rights and privileges hereunder.

8.17 Counterparts and Electronic Signatures

This Agreement may be executed by the Parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart. In accordance with Government Code §16.5, the Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement, will be considered signed when the signature of a party is delivered by electronic transmission, including by counterparts. Such electronic signature will be treated in all respects as having the same effect as an original signature.

[*signatures on the following page*]

IN WITNESS WHEREOF, Developers and MHCSD have executed this Agreement as of the date first hereinabove written.

MHCSD:

MISSION HILLS COMMUNITY SERVICES MHCSD

By:_____
Name:_____
Title: Board President

By:_____
Name:_____
Title: Legal Counsel

By:_____
Name:_____
Title: Board Secretary

DEVELOPERS:

HARRIS GRADE PARTNERS, L.P.,
A California limited partnership
[APN 097-250-040 and an undivided 50% interest in 097-250-013]

By: MARTIN FARRELL HOMES, INC.,
A California corporation, General Partner

By:_____
Jon Martin, President

LOMPOC RANCH JOINT VENTURE, A California partnership, as to an undivided 37.5% interest
[APN 097-250-050, -051, -083 and -084]

By: _____
John Gherini, Managing Partner

JOE A. SIGNORELLI, JR., as His Sole and Separate Property, as to an undivided 16.66% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084]

By: _____
Joe A. Signorelli, Jr.

STACY LEE SIGNORELLI, as Her Sole and Separate Property, as to an undivided 16.67% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084

By:_____
Stacey Lee Signorelli

GUS THOMAS SIGNORELLI, as His Sole and Separate Property, as to an undivided 16.67% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084]

By: _____
Gus Signorelli

THE TOWBES GROUP, INC., a California corporation, as to an undivided 12.5% interest [APNs: 097-250-050, 097-20-051, 097-250-083and 097-250-084] and an undivided 50% interest [APN 097-250-013]

By: _____
Robert L. Skinner, CEO

By: _____
Michelle Konoske, President

MJ LAND, LLC, a California Limited Liability Company
[APNs: 097-250-070, 097-250-085 and 097-250-086]

By:_____
Donald M. Jensen, Managing Member

Exhibit A

WATER CONNECTION FEES AND RELATED CHARGES

ASSIGNED FEES:

Current Capacity Charges

- Water Capacity Charge for 1" meter of $9,100.00 each Single-Family Residence (337) which shall be increased every 12 months following the Effective Date by the California Construction Cost Index (CCCI)
- Water Capacity Charge for 1" meter of $6,370.00 per Multi-Family Residence (100) which shall be increased every 12 months following the Effective Date by the CCI
- The Wastewater Agreement contains financial obligations owed to the City of Lompoc for connection to and treatment of wastewater from the Project to the City's treatment plant. Developers shall be responsible for certain financial obligations as specified in Section 3.02 of this Agreement.

Current Published Rates	
	1" Meter
Water	$ 8,667.00
Sewer	$ 7,551.00
Capacity Charge	$ 16,218.00
Assigned Fees for Developers	
Water	
Single family (337)	$ 9,100.00
Multifamily (100)	$ 6,370.00
Sewer	$ 0
Estimated Total Capacity Charge to Developer Based on Above Rates	$ 3,703,700.00

Prepayment for Critical Planned Assets

- Reference the 2019 Approved NBS Study for Capacity Charges
- Reference the Final Conceptual Water Supply Technical Memorandum prepared by Stantec dated April 2022.

Developer shall prepay Capacity Charges in the amount of One Million Five Hundred Thousand Dollars ($1,500,000.00), minus any previously deposited funds provided pursuant to Section 6.02 of this Agreement, upon issuance of the first grading permit for the Project.

Developers shall be credited for such prepayment on a unit-by-unit basis and shall begin additional payment of Capacity Charges upon issuance of building permits for units once the prepayment is completely utilized. The amount of the Capacity Charge in effect at the time each building permit is pulled

is the amount that shall be debited against the One Million Five Hundred Thousand Dollar ($1,500,000.00) prepayment. For example, following the initial prepayment Developer could construct (if no CCCI adjustment has occurred) and have meters installed at approximately 164 single family homes (based on a flat capacity charge rate of $9,100.00 per du) prior to making an additional capacity charge payment. Developers' rights to receive credit towards connection fees are not personal to Developers and shall survive the sale by Developers of all or any portion of Developers' property. Developers' right to receive credit toward connection fees shall be extinguished and transferred upon the sale of the property as subsequent owners of the Developers' property shall be entitled to such credit.

MHCSD In-Lieu of Water Conservation Fee

- The current Ordinance 02-68 has a water conservation fee of Three Hundred and Ten Dollars ($310.00) and shall remain fixed at said rate for seven (7) years, measured from the date of Developers' first payment of a water connection fee pursuant to this Agreement. Said in lieu fees for multi-units shall be Two Hundred Seventeen Dollars ($217.00). All such fees shall be paid to MHCSD incrementally for each residential unit at the time that the water connection fee is paid for each such unit.

Water Meter Install

- MHCSD will set water meter(s) upon request at a rate of Four Hundred and Five Dollar ($405.00) per 1" Meter, after MHCSD has accepted improvements to be dedicated to MHCSD, if applicable. This amount may be increased by MHCSD based upon the actual cost of labor and materials.

Inspection Fee

- MHCSD will hire a Professional Engineer to inspect underground infrastructure at a cost of Two Hundred and Five Dollars ($205.00) per Single Family Residence to be paid by Developers. This amount may be increased by MHCSD based upon the actual cost of labor and materials.

- **Other Fees** This amount may be increased by MHCSD based upon the actual cost of labor and materials.

Water Conservation	$310	337 Single Family	$ 104,470.00
Water Conservation	$217	100 Multi Family	$ 21,700.00
Water Meters Single Family	$405	337 Single Family	$ 136,485.00
Water Meters Multi Family	Actual and reasonable cost charge by MHCSD at the time the permit is pulled.	100 Multi Family	
2" Water Meter - Irrigation	$36,246		
Inspections	$205	437	$ 89,585.00
TOTALS			$

GENERAL CONDITIONS:

- Remaining Water Capacity Charges paid following full utilization of prepayment funds and upon meter installation for each unit.

Exhibit B

Property Legal Descriptions

097-250-013

THAT PORTION OF LOT 19 OF THE PARTITION OF RANCHO LA PURISIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOT IS SHOWN ON MAP FILED WITH REPORT OF THE REFEREE IN ACTION NO. 642 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFF VS. RAMONA PALO DE JONES, ET AL., DEFENDANTNS", AND DESCRIBED IN THE FINAL DECREE OR PARTITION ENTERED THEREON ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 1 DESCRIBED IN THE DEED TO EDWARD E. NEIMAN, ET UX., RECORDED JUNE 4, 1951 AS INSTRUMENT NO. 8499 IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING A POINT IN THE NORTHWESTERLY LINE OF A ROAD KNOWN AS AND CALLED HARRISTON ROAD; THENSE ALONG THE WESTERLY LINE OF SAID PARCEL 1 ABOVE REFERRED TO, NORTH 0˚13' WEST 401.23 FEET TO A POINT; THENCE SOUTHEASTERLY TO A POINT IN THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, WHICH BEARS NORTHEASTERLY MEASURED ALONG SAID ROAD LINE 313.6 FEET FROM THE POINT OF BEGINNING; THENSE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD 313.6 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFORM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

097-250-040

PARCEL ONE:

PARCEL ONE OF PARCEL MAP 10,542 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 2, AT PAGE 6 OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND, AS RESERVED IN THE DEED EXECUTED BY UNION OIL COMPANY OF CALIFORNIA, ET AL., RECORDED DECEMBER 1, 1910 IN BOOK 129, PAGE 134 OF DEEDS, WITHOUT, HOWEVER, THE RIGHT TO ENTER UPON THE SURFACE AND TO USE ANY PART THEREOF ABOVE A DEPTH OF 500 FEET BELOW THE NATURAL SURFACE THEREOF, AS RELINQUISHED BY UNION OIL COMPANY OF CALIFORNIA BY DEED RECORDED APRIL 14, 1959 AS INSTRUMENT NO. 11573 IN BOOK 1615, PAGE 183 OF OFFICIAL RECORDS.

PARCEL TWO:

AN EASEMENT FOR AN UNDERGROUND WATER PIPE LINE IN AND UNDER THAT PORTION OF LOT 19 OF THE PARTITION OF THE RANCHO MISSION DE LA PURISMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF FILLED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLE JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS, AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF THE 33.408 ACRE TRACT OF LAND AND THE NORTHWESTERLY LINE OF STATE HIGHWAY ROUTE 1 AS SHOWN ON MAP OF PROPERTY OF ELDON F. HOWERTON FILED IN BOOK 42, PAGE 86 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DISTANT THEREON NORTH 29° 36' 00" EAST (SAID COURSE BEING SHOWN ON SAID MAP AS NORTH 29° 07' 35" EAST) 225.05 FEET FROM THE NORTHEASTERLY TERMINUS OF THE TANGENT CURVE IN SAID LINE HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 109° 23' 46" (SAID CURVE BEING SHOWN ON SAID MAP AS HAVING A RADIUS OF 24.95 FEET AND A CENTRAL ANGLE OF 109° 26' 40"), SAID TERMINUS POINT BEING MARKED BY A 6" X 6" CONCRETE HIGHWAY MONUMENT AS SHOWN ON SAID MAP; THENCE NORTH 60° 24' 00" WEST 189.65 FEET; THENCE SOUTH 54° 26' 56" WEST 163.89 FEET TO A POINT IN THE ARC OF A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1560.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 58° 03' 17" WEST (SAID CURVE BEING SHOWN ON SAID MAP FILED IN BOOK 42, PAGE 86 OF RECORD OF SURVEYS AS HAVING A RADIUS OF 1567.94 FEET AND BEING A PORTION OF THE NORTHEASTERLY BOUNDARY LINE OF LOMPOC-CASMALIA ROAD, SHOWN AS LOMPOC-GUADALUPE ROAD); THENCE NORTH 54° 26' 56" EAST 3.01 FEET TO A POINT IN A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1557.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 58° 03' 42" WEST, SAID CURVE BEING CONCENTRIC WITH THE CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 1560.00 FEET, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 32' 43" AN ARC DISTANCE OF 259.89 FEET TO A POINT IN A LINE THAT IS PARALLEL WITH AND DISTANT NORTHWESTERLY 60.00 FEET FROM THE CENTERLINE OF STATE HIGHWAY ROUTE NO. 1, AS SHOWN ON SAID MAP FILED IN BOOK 42, PAGE 86 OF RECORD OF SURVEYS; THENCE NORTH 29° 36' 00" EAST PARALLEL WITH SAID CENTERLINE 20.47 FEET; THENCE SOUTH 82° 39' 30" WEST 11.25 FEET TO A POINT IN A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1547.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 48° 59'46" WEST, SAID CURVE BEING CONCENTRIC WITH SAID CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 1557.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 05' 20" AN ARC DISTANCE OF 245.27 FEET TO A POINT IN A LINE THAT BEARS NORTH 54° 26' 56" EAST FROM THE TRUE POINT OF BEGINNING; THENCE SOUTH 54° 26' 56" WEST 10.02 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHWESTERLY OF THE ARC OF SAID CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 25.00 FEET.

097-250-050, 097-250-51

THOSE PORTIONS OF LOTS 19 AND 20 OF THE PARTITION OF THE RANCHO LA PURISSIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOTS ARE SHOWN ON

THE MAP FILED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS" AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT A POINT ON THE LINE BETWEEN LOTS 11 AND 20 OF THE RANCH MISSION DE LA PURISSIMA WHICH BEARS NORTH 89°58' EAST, 96.3 FEET FROM THE COMMON CORNER OF LOTS 11, 12, 19 AND 20 OF SAID RANCH, SAID POINT BEING ON THE WESTERLY LINE OF HTE ROAD KNOWN AS AND CALLED HARRISTON ROAD;

THENCE SOUTHWESTERLY AND ALONG THE WESTERLY LINE OF SAID ROAD TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE LAND DESCRIBED IN PARCEL TWO HEREIN, PROLONGED SOUTHERLY;

THENCE NORTH 0°13' WEST, 2,412.1 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF LOT 19;

THENCE NORTH 89°58' EAST, 1,313.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL ONE DESCRIBED IN THE DEED TO EDWARD E. NEIMAN, ET UX., RECORDED JUNE 4, 1051 AS INSTRUMENT NO. 8499 IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING A POINT IN THE NORTHWESTERLY LINE OF A ROAD KNOWN AS AND CALLED HARRISTON ROAD;

THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL ONE ABOVE REFERRED TO, NORTH 0°13' WEST, 401.23 FEET TO A POINT;

THENCE SOUTHEASTERLY TO A POINT IN THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, WHICH BEARS NORTHEASTERLY MEASURED ALONG SAID ROAD LINE, 313.6 FEET FROM THE POINT OF BEGINNING;

THENCE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, 313.6 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL

TO THE PRODUCTION OF FISSIONABLE MATERIAL, RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED APRIL 7, 1948 AS INSTRUMENT NO. 4857 IN BOOK 773, PAGE 380 OF OFFICIAL RECORDS.

PARCEL TWO:

BEGINNING AT THE NORTHWEST CORNER OF A TRACT OF LAND IN SAID RANCHO CONVEYED BY ROBERT W. SMITH AND WIFE, AND LAWRENCE W. SMITH AND WIFE, TO ANTONE SCOLARI, BY DEED DATED NOVEMBER 26, 1910 AND RECORDED IN BOOK 129, PAGE 145 OF DEEDS, RECORDS OF SAID COUNTY:

THENCE SOUTH 0°13' EAST, 2,050.87 FEET;

THENCE SOUTH 89°58' WEST, 1,000 FEET TO THE SOUTHEASTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO WALTER V. LEPSZYD, DATED APRIL 28, 1948 AND RECORDED MAY 13, 1948 IN BOOK 704, PAGE 286 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY:

THENCE NORTHEASTERLY IN A DIRECT LINE ALONG THE EASTERLY LINE OF LEPSZYD TRACT TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL, RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED APRIL 7, 1948 AS INSTRUMENT NO. 4857 IN BOOK 773, PAGE 380 OF OFFICIAL RECORDS.

PARCEL THREE:

THOSE PORTIONS OF LOTS 18 AND 19 OF THE PARTITION OF THE RANCHO LA PURISSIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOTS ARE SHOWN ON THE MAP FILED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS" AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH SURVEY PIPE SET ON THE NORTHWEST CORNER OF A TRACT OF LAND IN SAID RANCHO CONVEYED BY ROBERT W. SMITH AND WIFE, AND LAWRENCE W. SMITH AND WIFE, TO ANTONE SCOLARI, BY DEED DATED NOVEMBER 26, 1910 AND RECORDED IN BOOK 129, PAGE 145 OF DEEDS, RECORDS OF SAID COUNTY, BEING ALSO THE NORTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO LAURA D. HENDERSON, DATED

DECEMBER 4, 1951 AND RECORDED DECEMBER 31, 1981 AS INSTRUMENT NO. 20285 IN BOOK 1041, PAGE 44 OF OFFICIAL RECORDS;

THENCE SOUTH 89°58' WEST, ALONG THE NORTHERLY LINE OF SAID HENDERSON TRACT, 228.55 FEET TO A MONUMENT (FEE MR. W.);

THENCE SOUTH 89°51'25" WEST, CONTINUING ALONG SAID NORTHERLY LINE, 1,329.59 FEET TO A POINT WHICH BEARS EASTERLY 75.00 FEET FROM THE CENTER LINE OF THE LOMPOC-GUADALUPE ROAD, MEASURED AT RIGHT ANGLES THEREFROM;

THENCE SOUTH 7°17'15" WEST, PARALLEL WITH AND 75 FEET EASTERLY OF THE CENTER LINE OF SAID LOMPOC-GUADALUPE ROAD, MEASURED AT RIGHT ANGLES THEREFROM, 1,408.76 FEET TO A 1/2 INCH SURVEY PIPE FROM WHICH A 6-INCH BY 6-INCH CONCRETE HIGHWAY MONUMENT BEARS NORTH 82°42'45" WEST, 45.00 FEET;

THENCE NORTH 89°51'25" EAST, 1,060.87 FEET TO A 1/2 INCH SURVEY PIPE SET IN THE FIFTH COURSE OF TEH HENDERSON TRACT OF LAND ABOVE MENTIONED;

THENCE NORTH 25°48'08" EAST, ALONG SAID FIFTH COURSE, 1,555.30 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWESTERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED TO PIER GHERINI AND JOSEPH J. ROSIO RECORDED MARCH 27, 1958 AS INSTRUMENT NO. 6891 IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE AONG THE WESTERLY BOUNDARY OF SAID PARCEL OF LAND SOUTH 7°45'30" WEST, 200.55 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID WESTERLY BOUNDARY SOUTH 7°45'33" WEST, 1,208.21 FEET TO THE NORTHWESTERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED TO ROBERT THOMPSON AND RONALD BOLAY RECORDED JULY 5, 1960 AS INSTRUMENT NO. 21117 IN BOOK 1755, PAGE 289 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LAST MENTIONED PARCEL OF LAND SOUTH 89°40'20" EAST, 7.06 FEET;

THENCE LEAVING SAID NORTHERLY BOUNDARY, NORTH 7°45’30” EAST, 354.95 FEET;

THENCE NORTH 14°36’04” EAST, 151.00 FEET;

THENCE NORTH 36°34’09” EAST, 114.13 FEET;

THENCE NORTH 3°56’39” EAST, 451.00 FEET;

THENCE NORTH 00°34’46” WEST, 103.44 FEET;

THENCE NORTH 27°14’01” WEST, 61.03 FEET TO THE TRUE POINT OF BEGINNING, AS GRANTED TO THE COUNTY OF SANTA BARBARA BY DEED RECORDED OCTOBER 9, 1975 AS INSTRUMENT NO. 35779 IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS.

097-250-83

BEING A PORTION OF PARCEL 2 DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS,

THENCE, ALONG THE EASTERLY LINE OF SAID LAND, BEING ALSO THE WESTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.60 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID EASTERLY LINE;

THENCE, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT ON THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE, S 63° 17’ 18” E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTRLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, LEAVING SAID WESTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 27.44 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET, THE RADIAL CENTER OF WHICH BEARS S 50° 42’ 48” E;

THENCE 2ND, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52’ 41”, AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 3RD, WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18’ 11”, AN ARC DISTANCE OF 15.41 FEET;

THENCE 4TH, N 63° 17’ 18” W. A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 5TH, ALONG SAID EASTERLY LINE, S 27° 40’ 37” W, A DISTANCE OF 50.01 FEET;

THENCE 6TH, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAGE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 7TH, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44’ 14”, AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE 8TH, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF S 11° 40’ 12”, AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 9TH, CONTINUING SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 9° 48’ 19”, AN ARC DISTANCE OF 136.74 FEET;

THENCE 10TH, S 01° 58’ 25” W, A DISTANCE OF 33.93 FEET TO THE BEGINNING OF TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 15.00 FEET;

THENCE 11TH, SOUTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 89° 51’ 42”, AN ARC DISTANCE OF 23.53 FEET;

THENCE 12TH, S 02° 03’ 37” W, A DISTANCE OF 49.00 FEET TO A POINT ON THE SOUTHERLIY LINE OF SAID PARCEL 2;

THENCE 13TH, ALONG THE SOUTHERLY LINE OF SAID PARCEL 2, S 88° 09’ 53” E, A DISTANCE OF 871.42 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 2;

THENCE 14TH, ALONG THE EAST LINE OF SAID PARCEL 2, N 01° 31’ 33” E, A DISTANCE OF 2049.61 TO THE MOST NORTHERLY CORNER OF SAID PARCEL 2, BEING ALSO THE NORTHEAST CORNER OF SAID LAND DESCRIBED IN SAID BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 15TH, ALONG THE WESTERLY LINE OF SAID PARCEL 2, BEING ALSO THE EASTERLY LINE OF SAID LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, S 27° 40’ 37” W, A DISTANCE OF 1618.02 FEET TO THE TRUE POINT OF BEGINNNING.

SAID LEGAL IS SHOWN AS LOT D OF LOT LINE ADJUSTMENT NO. LOM 569, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-0088012 OF OFFICIAL RECORDS OF SAID COUNTY.

097-250-84

BEING A PORTION OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DECRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LAND DESCRIBED IN SAID BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 1ST, ALONG THE NORTH LINE OF SAID LAND, N 88° 07’ 48” W, A DISTANCE OF 1558.11 FEET TO THE NORTHWEST CORNER OF SAID LAND, BEING ALSO A POINT ON THE EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD (STATE HIGHWAY 1) AS DESCRIBED IN THE EASEMENT GRANT TO THE COUNTY OF SANTA BARBARA, RECORDED IN BOOK 1960, PAGE 823 OF OFFICIAL RECORDS;

THENCE 2ND, ALONG SAID EASTERLY RIGHT OF WAY OF LOMPOC CASMALIA ROAD, S 9° 10’

41” W, A DISTANCE OF 200.53 FEET TO THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE 3RD, ALONG THE EASTERLY LINE OF LAST SAID LAND, BEING ALSO THE EASTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE 4TH, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE 5TH, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE 6TH, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE 7TH, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE 8TH, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE;

THENCE 9TH, LEAVING SAID EASTERLY LINE, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 325.00 FEET;

THENCE 10TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE 11TH, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 325.00 FEET;

THENCE 12TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT ON THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 13TH, ALONG SAID NORTHERLY LINE, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 475.00 FEET;

THENCE 14TH, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE 15TH, S 63° 17’ 18” E, A DISTANCE OF 34.51 FEET TO THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO THE SOUTHERLY PROLONGATION OF THE EASTRLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 16TH, ALONG SAID SOUTHERLY PROLONGATION AND SAID EASTERLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, N 27° 40’ 37” E, A DISTANCE OF 1618.02 FEET TO THE POINT OF BEGINNING.

SAID LEGAL IS SHOWN AS LOT A OF LOT LINE ADJUSTMENT NO. LOM 569, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-0088012 OF OFFICIAL RECORDS OF SAID COUNTY.

097-250-085

LOT “B” OF LOT LINE ADJUSTMENT NO. LOM 569, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER CERTIFICATE OF CONFORMITY RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-88012, OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LAND DESRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALL AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA, IN THE DEED RECORED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE, ALONG THE EASTERLY LINE OF LAST SAID LAND, BEING ALSO THE WESTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE, BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE 2ND, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE 3RD, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE 4TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE 5TH, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE 6TH, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE 7TH, S 63° 17’ 18” E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 8TH, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 27.44 TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET, THE RADIAL CENTER OF WHICH BEARS S 50° 42’ 48” E;

THENCE 9TH, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52’ 41”, AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 10TH, SOUTHEWESTERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18’ 11”, AN ARC DISTANCE OF 15.41 FEET;

THENCE 11TH, N 63° 17’ 18” W, A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 12TH, ALONG SAID EASTERLY LINE, S 27° 40’ 37” W, A DISTANCE OF 50.01 FEET;

THENCE 13TH, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 14TH, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44’ 14”, AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE 15TH, SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°

40’ 12”, AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 16TH, ALONG SAID SOUTH LINE AND ITS EASTERLY PROLONGATION, N 88° 12’ 29” W, A DISTANCE OF 897.76 FEET TO SOUTHWEST CORNER OF LAST SAID LAND, BEING ALSO A POINT ON THE EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD (STATE HIGHWAY 1) AS DESCRIBED IN THE EASEMENT GRANT TO THE COUNTY OF SANTA BARBARA RECORDED IN BOOK 1960, PAGE 823 OF OFFICIAL RECORDS, BEING THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 1424.88 FEET, THE RADIAL CENTER OF WHICH BEARS N 82° 21’ 34” E;

THENCE 17TH, ALONG SAID CURVE AND SAID EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD, THROUGH A CENTRAL ANGLE OF 16° 49’ 07”, AN ARC DISTANCE OF 418.26 FEET TO THE NORTHWEST CORNER OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 18TH, ALONG THE NORTH LINE OF LAST SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 7.06 FEET TO THE SOUTHEAST CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE 19TH, ALONG THE EASTERLY LINE OF SAID COUNTY LAND, N 09° 07’ 18” E, A DISTANCE OF 98.87 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPTHA, ASPHATUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA, IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946, (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL.

097-250-086

PARCEL 3A:

LOT “C” OF LOT LINE ADJUSTMENT NO. LOM 569, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER CERTIFICATE OF CONFORMITY, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-88012, OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEING ALL OF PARCEL 1 OF PARCEL MAP NO. 13,719, AS SHOWN ON THE MAP FILED IN BOOK 46, PAGE 65 OF PARCEL MAPS, AND A PORTION OF PARCEL 2 DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALL AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE ALONG THE EASTERLY LINE OF SAID LAND, BEING ALSO THE EASTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE;

THENCE, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE, S 63° 17’ 18” E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE

283 OF OFFICIAL RECORDS;

THENCE, LEAVING SAID WESTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 27.44 TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, THE RADIAL CENTER OF WHICH BEARS S 50° 42’ 48” E A DISTANCE OF 799.00 FEET;

THENCE, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52’ 41”, AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE, WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18’ 11”, AN ARC DISTANCE OF 15.41 FEET;

THENCE, N 63° 17’ 18” W, A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE, ALONG SAID EASTERLY LINE, S 27° 40’ 37” W, A DISTANCE OF 50.01 FEET;

THENCE, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44’ 14”, AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11° 40’ 12”, AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTERLY PROLONGATION OF THE NORTH LINE OF SAID PARCEL 1, AND BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, CONTINUING SOUTHERLY ALONG LAST SAID CURVE, THROUGH A CENTRAL ANGLE OF 9° 48’19”, AN ARC DISTANCE OF 136.74 FEET;

THENCE 2ND, S 01° 58’25” W, A DISTANCE OF 33.93 FEET, TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 15.00 FEET;

THENCE 3RD, SOUTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF S 89° 51’ 42”, AN ARC DISTANCE OF 23.53 FEET;

THENCE 4TH, S 02° 03’ 37” W, A DISTANCE OF 49.00 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID PARCEL 1;

THENCE 5TH, ALONG SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION THEREOF, N 88° 09’ 53” W, A DISTANCE OF 790.21 FEET TO THE MOST SOUTHWESTERLY CORNER OF SAID PARCEL 1, BEING THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING

A RADIUS OF 1175.90 FEET, THE RADIAL CENTER OF WHICH BEARS N 73° 47’ 52” E;

THENCE 6TH, NORTHERLY ALONG SAID CURVE AND THE WESTERLY LINE OF SAID PARCEL 1, THROUGH A CENTRAL ANGLE OF 01° 01’ 13”, AN ARC DISTANCE OF 20.94 FEET TO AN ANGLE POINT IN SAID WESTERLY LINE;

THENCE 7TH, CONTINUING ALONG SAID WESTERLY LINE, S 88° 11’ 03” E, A DISTANCE OF 280.45 FEET TO AN ANGLE POINT IN SAID WESTERLY LINE;

THENCE 8TH, N 01° 50’ 47” E, A DISTANCE OF 213.46 FEET TO THE MOST NORTHWESTERLY CORNER OF SAID PARCEL 1;

THENCE 9TH, ALONG THE NORTHERLY LINE OF SAID PARCEL 1, AND THE EASTERLY PROLONGATION THEREOF, S 88° 12’ 29” E, A DISTANCE OF 543.30 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL URANIUM, THORIUM AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5(B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT., 761) TO BE PARTICULARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, CONTAINED IN WHATEVER CONCETRATION IN DEPOSITS IN LANDS ABOVE DESCRIBED, AS RESERVED IN DEED FROM UNITED STATES OF AMERICA, RECORDED IN BOOK 721, PAGE 97 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND.

BY AN INSTRUMENT RECORDED DECEMBER 2, 1985, AS INSTRUMENT NO. 64353, ALL RIGHT TITLE AND INTEREST IN AND TO SAID LAND TO A DEPTH OF 100’ WAS QUITCLAIMED BY UNION OIL COMPANY OF CALIFORNIA, A CALIFORNIA CORPORATION.

PARCEL 3B:

A NON-EXCLUSIVE EASEMENT FOR WATER WELL, WATERLINE AND WATER TANK OVER THOSE PORTIONS OF PARCEL 2 OF PARCEL MAP NO. 13,719 SHOWN ON SAID MAP AS “10’ EASEMENT FOR WATER WELL, WATERLINE AND WATER TANK IN FAVOR OF PARCEL 1 PER THIS MAP”. SAID EASEMENT IS APPURTENANT AND FOR THE BENEFIT OF PARCEL 1 OF PARCEL MAP NO. 13,719.

097-250-070

PARCEL 1A:

PARCEL 2 OF PARCEL MAP NO. 13,719 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 46, PAGES 64 AND 65 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL URANIUM, THORIUM AND ALL OTHER MATERIALS

DETERMINED PURSUANT TO SECTIN 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT., 761) TO BE PARTICULARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, CONTAINED IN WHATEVER CONCETRATION IN DEPOSITS IN LANDS ABOVE DESCRIBED, AS RESERVED IN DEED FROM UNITED STATES OF AMERICA, RECORDED IN BOOK 791, PAGE 97 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND.

BY AN INSTRUMENT RECORDED DECEMBER 2, 1985, AS INSTRUMENT NO. 64353, ALL RIGHT TITLE & INTEREST IN & TO SAID LAND TO A DEPTH OF 100' WAS QUITCLAIMED BY UNION OIL COMPANY OF CALIFORNIA, A CALIFORNIA CORPORATION.

PARCEL 1B:

A NONEXCLUSIVE EASEMENT FOR WATER WELL, WATERLINE, AND WATER TANK OVER THOSE PORTIONS OF PARCEL 1 OF PARCEL MAP NO. 13,719, SHOWN ON SAID MAP AS "10' EASEMENT FOR WATER WEL, WATERLINE & WATER TANK IN FAVOR OF PARCEL 2 PER THIS MAP."

PARCEL 1C:

A NONEXCLUSIVE EASEMENT FOR WATERLINE OVER THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 13719, BEING 20' IN WIDTH AND LYING 10' ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE: THE SOUTHERLY PROLONGATION OF THE COMMON NORTH-SOUTH BOUNDARY LINE BETWEEN PARCEL 1 AND PARCEL 2, WHICH BOUNDARY LINE IS REFERREDTO ON SAID MAP AS "N° 04' 13" W, 213.54", THE SAID SOUTHERLY PROLONGATION OF THE COMMON NORTH-SOUTH BOUNDARY LINE EXTENDING TO THE SOUTH BOUNDARY LINE OF PARCEL 1.

THE EASEMENT DESCRIBED IN PARCEL 1B AND 1C ARE APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 2 OF SAID PARCEL MAP NO. 13,719.

Exhibit C

Payment Schedule

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or before 9/1/2024. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2024	1	$134,021.85	$252,065.55	$145,000.00	Debt – $386,087.40 Reserve –$145,000.00
2	9/1/2025	35	$0	$0	$0	$0
3	9/1/2026	69	$0	$0	$0	$0
4	9/1/2027	103	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2028	137	$134,021.85	$0	$0	Debt - $134,021.85
6	9/1/2029	171	$134,021.85	$0	$0	Debt - $134,021.85
7	9/1/2030	205	$134,021.85	$0	$0	Debt - $134,021.85
8	9/1/2031	239	$134,021.85	$0	$0	Debt - $134,021.85
9	9/1/2032	273	$134,021.85	$0	$0	Debt - $134,021.85
10	9/1/2033	307	$134,021.85	$0	$0	Debt - $134,021.85
11	9/1/2034	341	$134,021.85	$0	$0	Debt - $134,021.85
12	9/1/2035	375	$134,021.85	$0	$0	Debt - $134,021.85
13	9/1/2036	409	$134,021.85	$0	$0	Debt - $134,021.85
14	9/1/2037	443	$134,021.90	$0	$0	Debt - $134,021.85
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2024 and 9/1/2025. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2025	1	$144,331.23	$282,993.69	$145,000.00	Debt – $427,324.92 Reserve –$145,000.00
2	9/1/2026	38	$0	$0	$0	$0
3	9/1/2027	75	$0	$0	$0	$0
4	9/1/2028	112	$150,000.00	$0	$0	Debt – $150,000.00
5	9/1/2029	149	$144,331.23	$0	$0	Debt – $144,331.23
6	9/1/2030	186	$144,331.23	$0	$0	Debt – $144,331.23
7	9/1/2031	223	$144,331.23	$0	$0	Debt – $144,331.23
8	9/1/2032	260	$144,331.23	$0	$0	Debt – $144,331.23
9	9/1/2033	297	$144,331.23	$0	$0	Debt - $144,331.23
10	9/1/2034	334	$144,331.23	$0	$0	Debt - $144,331.23
11	9/1/2035	371	$144,331.23	$0	$0	Debt - $144,331.23
12	9/1/2036	408	$144,331.23	$0	$0	Debt - $144,331.23
13	9/1/2037	445	$144,331.19*	$0	$0	Debt - $144,331.19
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $144,331.23 but should state $144,331.19 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2025 and 9/1/2026. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2026	1	$156,358.83	$319,076.49	$145,000.00	Debt - $475,435.32 Reserve-$145,000.00
2	9/1/2027	41	$0	$0	$0	$0
3	9/1/2028	81	$0	$0	$0	$0
4	9/1/2029	121	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2030	161	$156,358.83	$0	$0	Debt - $156,358.83
6	9/1/2031	201	$156,358.83	$0	$0	Debt - $156,358.83
7	9/1/2032	241	$156,358.83	$0	$0	Debt - $156,358.83
8	9/1/2033	281	$156,358.83	$0	$0	Debt - $156,358.83
9	9/1/2034	321	$156,358.83	$0	$0	Debt - $156,358.83
10	9/1/2035	361	$156,358.83	$0	$0	Debt - $156,358.83
11	9/1/2036	401	$156,358.83	$0	$0	Debt - $156,358.83
12	9/1/2037	441	$156,358.82*	$0	$0	Debt - $156,358.82
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $156,358.83 but should state $156,358.82 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2026 and 9/1/2027. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND	TOTAL
1	9/1/2027	1	$170,573.27	$361,719.81	$145,000.00	Debt - $532,293.08 Reserve - $145,000.00
2	9/1/2028	44	$0	$0	$0	$0
3	9/1/2029	87	$0	$0	$0	$0
4	9/1/2030	130	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2031	173	$170,573.27	$0	$0	Debt - $170,573.27
6	9/1/2032	216	$170,573.27	$0	$0	Debt - $170,573.27
7	9/1/2033	259	$170,573.27	$0	$0	Debt - $170,573.27
8	9/1/2034	302	$170,573.27	$0	$0	Debt - $170,573.27
9	9/1/2035	345	$170,573.27	$0	$0	Debt - $170,573.27
10	9/1/2036	388	$170,573.27	$0	$0	Debt - $170,573.27
11	9/1/2037	431	$170,573.25*	$0	$0	Debt - $170,573.25
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $170,573.27 but should state $170,573.25 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2027 and 9/1/2028. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2028	1	$187,630.59	$412,891.77	$145,000.00	Debt – $600,522.36 Reserve - $145,000.00
2	9/1/2029	49	$0	$0	$0	$0
3	9/1/2030	97	$0	$0	$0	$0
4	9/1/2031	145	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2032	193	$187,630.59	$0	$0	Debt - $187,630.59
6	9/1/2033	241	$187,630.59	$0	$0	Debt - $187,630.59
7	9/1/2034	289	$187,630.59	$0	$0	Debt - $187,630.59
8	9/1/2035	337	$187,630.59	$0	$0	Debt - $187,630.59
9	9/1/2036	385	$187,630.59	$0	$0	Debt - $187,630.59
10	9/1/2037	433	$187,630.64*	$0	$0	Debt - $187,630.59
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $187,630.59 but should state $187,630.64 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled after 9/1/2028. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2029	1	$208,478.44	$475,435.32	$145,000.00	Debt - $683,913.76 Reserve - $145,000.00
2	9/1/2030	54	$0	$0	$0	$0
3	9/1/2031	107	$0	$0	$0	$0
4	9/1/2032	160	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2033	213	$208,478.44	$0	$0	Debt - $208,478.44
6	9/1/2034	266	$208,478.44	$0	$0	Debt - $208,478.44
7	9/1/2035	319	$208,478.44	$0	$0	Debt - $208,478.44
8	9/1/2036	372	$208,478.44	$0	$0	Debt - $208,478.44
9	9/1/2037	425	$208,478.43*	$0	$0	Debt - $208,478.44
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $208,478.44 but should state $208,478.43 to reach total of $1,876,305.95. Corrected here.

Exhibit D

FORM OF QUITCLAIM DEED

RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:
Mission Hills Community Services District
General Manager
1550 Burton Mesa Boulevard
Lompoc, CA, 93436

(This Space for Recorder's Use Only)

APN: *Fee Exempt per GC Sections 6103 and 27383*

EASEMENT QUITCLAIM DEED

The undersigned grantor(s) declare(s):
Documentary Transfer Tax is $ 0 **R&T 11911**

(__) Computed on full value of property conveyed, or
(__) Computed on full value less value of liens and Encumbrances remaining at time of sale.

FOR A VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged,

MISSION HILLS COMMUNITY SERVICES DISTRICT, a special district organized under the laws of the State of California, ("**Transferor**"),

does hereby remise, release and forever quitclaim to

[_____], a California [_____] ("**Transferee**"),

all right, title, and interest Transferor has in the following described Real Property:

The land described herein is situated in the State of California, County of Santa Barbara, City of Lompoc, and legally described as follows:

SEE EXHIBIT "A," ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

THE PURPOSE OF THIS QUITCLAIM DEED IS TO RELINQUISH ANY AND ALL RIGHT FOR [EASEMENT PURPOSE] OF THAT CERTAIN EASEMENT CREATED BY [INSTRUMENT AND RECORDING DATE/DOC NUMBER].

[SIGNATURES ON FOLLOWING PAGE]

Exhibit D

Executed on _____, 202_
at Lompoc, California

MISSION HILLS COMMUNITY SERVICES DISTRICT,
a California special district

By:

_____
_____, Board President

ATTEST:

_____
_____, District Clerk

EXHIBIT A

Legal Description

Exhibit E

FORM OF EASEMENT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Mission Hills Community Services District
General Manager
1551 Burton Mesa Boulevard
Lompoc, CA 93436

APN:
APN:

SPACE ABOVE FOR RECORDER'S USE

PUBLIC UTILITY EASEMENT DEED

The Undersigned Grantor Declares: DOCUMENTARY TRANSFER TAX $0* No Consideration [Exempt Gov. Code Sections 6103 and 27383].

- Computed on full value of property conveyed, or
- Computed on full value of items or encumbrances remaining at time of sale,
- Unincorporated area X City of Lompoc

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, [_____], a California [_____] ("Grantor"), owner of property in the City of Lompoc, County of Santa Barbara, State of California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference,

hereby GRANTS to the Mission Hills Community Services District, a special district organized under the laws of the State of California ("Grantee"), the following described interest in Grantor's property: a perpetual easement and right of way for access over that portion of the Grantor's property described and depicted in Exhibit B2, respectively, attached hereto and incorporated herein by reference for public utility purposes, including the right to construct, maintain, operate, repair, and replace utility improvements.

[_____], a California
[_____]

_____
By:_____
Its:_____

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

State of CALIFORNIA

County of

On _____, 202_, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

Legal Description

Exhibit F

Stantec Study

AGREEMENT

WASTEWATER SERVICE
LOMPOC REGIONAL WASTEWATER RECLAMATION PLANT (LRWRP)

This AGREEMENT, by and between Mission Hills Community Services District, a California special district government agency hereinafter referred to as DISTRICT and the City of Lompoc, a California municipal corporation, hereinafter referred to as CITY.

RECITALS:

WHEREAS, on or about May 18, 2000, CITY and DISTRICT entered into an Annexation Agreement wherein, among other things, CITY would pursue annexation into its geographical boundaries a defined area now commonly known as Burton Ranch Development, depicted herein as Exhibit "A", and DISTRICT would have the exclusive right to provide water and wastewater services to Burton Ranch Development upon annexation to CITY; and

WHEREAS, on or about May 4, 2006, the Santa Barbara County Local Agency Formation Commission, hereinafter LAFCO, affirmed the Annexation Agreement and approved the requested annexation of Burton Ranch Development to be included within CITY'S boundaries, and into DISTRICT'S service area.

WHEREAS, developers of the approved Burton Ranch Development residential development, hereinafter DEVELOPERS, seek to construct no more than 476 residential units, hereinafter referred to as Burton Ranch Development; provided, that number of residential units may be increased if, pursuant to state law, CITY must approve one or more additional dwelling units (ADU Increases) within the Burton Ranch Development, then that number of permitted residential units will be increased to accommodate the ADU Increases, but only in accordance with this Agreement; and

WHEREAS, after all necessary approvals of/amendments to the required land use entitlements (subdivision map amendments, development plan and amendments and development agreement amendments) are received from CITY, DEVELOPERS anticipate beginning construction of the first of five phases of Burton Ranch Development on or about September 30, 2024, with subsequent phases staggered thereafter; and

WHEREAS, since execution of the Annexation Agreement in 2000, the parties desire to alter the treatment component of wastewater services to Burton Ranch Development; and

WHEREAS, CITY owns, operates and maintains a Regional Wastewater Reclamation Plant, hereinafter LRWRP, in order to provide services to CITY, and if available capacity exists, then to others by agreement; and

WHEREAS, CITY has the capacity with its LRWRP to treat wastewater delivered by DISTRICT to the City's wastewater infrastructure from anticipated full development of Burton Ranch Development; and

WHEREAS, DISTRICT draws drinking water from an aquifer that has sufficient capacity to provide drinking water to the anticipated development of Burton Ranch Development; and

WHEREAS, CITY and DISTRICT desire to have CITY provide wastewater treatment services for DISTRICT for wastewater generated by Burton Ranch Development occupants through one point of connection to the LRWRP infrastructure; and

NOW, THEREFORE, for good and valuable consideration, CITY and DISTRICT mutually agree, as follows:

CHAPTER I. DEFINITIONS

Unless otherwise expressly stated herein or the context requires otherwise, the glossary of "Water and Wastewater Control Engineering" published by the Joint Editorial Board Representing the American Public Health Association, American Society of Civil Engineers, American Water Works Association and Water Environmental Federation, as amended, shall be used in general for definitions of terminology.

A. ADWF - Average Dry Weather Flow. The average flow of wastewater to the LRWRP during a dry season, with inflow and infiltration minimized, expressed in capacity units of millions of gallons per day (MGD).

B. ANNUAL REPORT - The City's Annual Treatment Costs and Reconciliation Report used to communicate major financial and operational information to DISTRICT.

C. APPLICABLE REGULATIONS, STANDARDS AND LIMITATIONS - All local, state and federal regulations, standards, and limitations to which a discharge or related activity is subject under the Clean Water Act (CWA), effluent limitations, water quality standards, standards of performance, toxic effluent standards or prohibitions, best management practices, and pretreatment standards under, including, but not limited to, Sections 30 I, 304, 306-308, 403, and 405 of the CWA, as amended.

D. BIOCHEMICAL OXYGEN DEMAND (BOD) - The concentration of oxygen, expressed in units of milligrams per liter (mg/L), utilized in the biochemical oxidation of organic matter under standard laboratory conditions for five days at a temperature of twenty degrees Celsius (20°C). The laboratory determination shall be made in accordance with procedures established by the EPA and specified in 40 CFR Part 136, as amended.

E. CAPACITY - Capacity represents the ability to treat, move or reuse water in the LRWRP. The National Pollutant Discharge Elimination System (NPDES) permit (ORDER NO. R3-2022-0004, NPDES NO. CA0048127) regulates hydraulic capacity of the LRWRP at 5.0 MGD of the monthly average dry weather effluent flow and treatment capacity with Effluent Limitations in Table 2 and 3 of the NPDES permit.

F. CFR- Code of Federal Regulations

G. CITY - City of Lompoc, a municipal corporation, incorporated in 1888, which owns, operates and maintains existing wastewater disposal facilities, which facilities presently serve CITY, Vandenberg Village Community Services District and Vandenberg Space Force Base.

H. CITY CODE - Lompoc Municipal Code

I. DISTRICT - Mission Hills Community Services District (DISTRICT) - established in 1979 as a local government agency under California Government Code Section 61000, *et seq.*, for purposes, including providing water and wastewater services to the community of Mission Hills, an unincorporated area of Santa Barbara County.

J. EPA - U.S. Environmental Protection Agency.

K. FOG - Fats, Oils and Grease.

L. H.15 INTEREST RATE - The Federal Reserve System's Federal Reserve Statistical Release division publishes several financial statistics and indices. The H.15 release contains daily interest rates for selected U.S. Treasury and private money market and capital market instruments. CITY uses the index for 6-month secondary market CDs published monthly as a proxy for the interest earnings on funds held in the WCRF subaccounts for the PARTIES.

M. LOMPOC REGIONAL WASTEWATER RECLAMATION PLANT (LRWRP) - CITY wastewater treatment plant, and any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial sewage.

N. MGD - Million Gallons per Day

O. NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) - National program under Section 402 of the Clean Water Act for regulation of discharges of pollutants from point sources to waters of the United States. Discharges are illegal unless authorized by an NPDES permit issued by the EPA or State.

P. ONE CONNECTION POINT – The sole point of connection for influent wastewater from Burton Ranch Development to be conveyed from DISTRICT wastewater conveyance infrastructure to the LRWRP wastewater conveyance infrastructure for treatment at the LRWRP

Q. PARTY - Either agency (CITY or DISTRICT) which is a signatory to this Agreement, and referred to jointly as PARTIES.

R. POC - Pollutant of Concern. A pollutant, defined by City Code, for which a LRWRP discharge limitation may be imposed by CITY or one or more of the REGULATORY AGENCIES that may be introduced to the LRWRP in whole or in part, or in quantity of concentration such that it may interfere with the typical performance of a LRWRP process or collection system, or may otherwise be a nuisance or pose a threat to safety or environment.

S. PRETREATMENT - The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to or in lieu of discharging or otherwise introducing such pollutants into the Wastewater System.

T. PWWF- Peak Wet Weather Flow. The maximum flow of wastewater to the LRWRP during rain and snowmelt events, with inflow and infiltration minimized, expressed in MGD.

U. RECEIPT COLLECTIONS - Those funds received by CITY from DISTRICT for various costs incurred by the LRWRP. Operations and Maintenance, WCRF and Bond indebtedness are examples of possible uses of funds to be received by CITY.

V. REVENUE PROGRAM GUIDELINES - California Environmental Protection Agency, State Water Resource Control Board, Revenue Program Guidelines, latest edition.

W. RWQCB - California Regional Water Quality Control Board

X. REGULATORY AGENCIES - Those agencies having jurisdiction to regulate the operation of, and having appropriate jurisdiction over CITY and DISTRICT Wastewater Systems and/or Industrial users and satellite systems, including but not limited to the EPA, the SWRCB, and the RWQCB.

Y. SRF - State Revolving Fund. A program administered by the State Water Resources Control Board that provides low-cost financing to public agencies.

Z. SWRCB - State Water Resources Control Board

AA. TOTAL SUSPENDED SOLIDS (TSS) - The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid. Total suspended solids are separable by laboratory filtering and dried under specific conditions. The laboratory determination shall be made in accordance with procedures established by the EPA and specified in 40 CFR Part 136, as amended.

BB. WCRF - Wastewater Capital Reserve Fund.

CHAPTER II. FACILITIES

A. OWNERSHIP OF FACILITIES - At all times herein mentioned, CITY shall be the sole and exclusive owner of the LRWRP described in this Agreement, including, but not limited to, all land, improvements, facilities, infrastructure, and equipment from, but not including the One Connection Point to the LRWRP. The equipment monitoring the Burton Ranch Development wastewater flow and the conveyance infrastructure needed to transport influent within and from Burton Ranch Development to the LRWRP shall be the sole and exclusive property of DISTRICT, except the residential owner shall own the conveyance system from their properties to the point where it connects to the District's system located in the public right of way. DISTRICT hereby agrees and acknowledges it shall have no ownership interest, either jointly or severally, in the LRWRP; provided, however, that DISTRICT shall have the capacity rights in the LRWRP provided by this Agreement, together with any and all other rights provided herein for DISTRICT. The location and design of the One Connection Point shall be as determined by City's Utility Director based upon sound and reasonable engineering considerations and after reasonable consultation with DISTRICT'S General Manager.

B. RESPONSIBILITIES OF CITY - CITY shall have the responsibility to cause the LRWRP to treat effluent to satisfy the discharge requirements contained in the applicable RWQCB Central Coast Region Order, which may be updated from time-to-time. It is the sole responsibility of CITY to comply fully with all applicable local, state and federal law(s) for any and all spills or other reportable actions resulting from the influent conveyance infrastructure under the ownership or control of CITY; provided, that, as permitted by law, CITY may include the costs of that compliance in calculating the rates charged its customers and DISTRICT.

C. RESPONSIBILITIES OF DISTRICT – DISTRICT shall be the sole and exclusive owner of the influent conveyance infrastructure needed to transport wastewater within and from Burton Ranch Development to and including the One Connection Point and have the responsibility to cause that Burton Ranch Development conveyance infrastructure to meet applicable regulations, standards, and limitations. It is the sole responsibility of DISTRICT to comply fully with all applicable local, state and federal law(s) for any and all spills or other reportable actions resulting from the influent conveyance infrastructure under the ownership or control of DISTRICT; provided, that, as permitted by law, DISTRICT may include the costs of that compliance in calculating the rates charged its customers.

CHAPTER III. CAPACITY RIGHTS OF DISTRICT

A. CITY agrees to permit DISTRICT to deliver wastewater to the One Connection Point for conveyance, treatment and disposal by CITY up to and including the ADWF flow rate of 0.10 MGD for the purpose of serving the Burton Ranch Development. The ADWF from DISTRICT shall not average more than

the above in any consecutive 7-day period; provided, that if CITY approves one or more ADU Increases, then the Parties will work in good faith to amend this Agreement to reflect the required increase in permitted ADWF flow rate needed to accommodate the ADU Increases. DISTRICT has no right to assign, sell, lease, convey or transfer the capacity granted by this Agreement to any individual, person, corporation, partnership, limited liability company or partnership, association, entity or governmental agency

B. EXCEEDING PERMITTED FLOWS - Except as otherwise provided in this Agreement, the allocated capacity rights of DISTRICT shall not be exceeded except by separate written amendment to this Agreement approved by CITY and DISTRICT. CITY, at its option, in its sole discretion, may accept PWWF wastewater emanating from DISTRICT in an amount in excess of the above defined permitted ADWF flow, and only if CITY determines, in its sole discretion, capacity is available in the LRWRP. The acceptance by CITY of such excess shall in no way constitute an allotment of additional capacity to DISTRICT in excess of that provided in Paragraph A, immediately above, unless this Agreement is amended. If this Agreement is not amended or until it is amended to allow for additional wastewater, if at all, then DISTRICT shall pay for all the additional CITY-costs resulting from the influent that exceeds DISTRICT'S allocation rights provided by this Agreement, plus a 20% administrative surcharge, including those costs for the investigation, determination and noticing, etc., as well as monitoring the "fix" MHCSD would be required to undertake to meet the capacity allocation and immediately take steps to reduce DISTRICT'S discharge to meet the allocation provided by this Agreement.

C. DISTRICT shall, by virtue of this Agreement and full payment of all amounts due hereunder, have continuing right to have influent from wastewater created by Burton Ranch Development occupants conveyed to the LRWRP conveyance infrastructure at the One Connection Point for that wastewater to be treated and disposed of by CITY at the LRWRP, as herein provided. Nothing herein, and no use resulting to DISTRICT by reason of such treatment and disposal, shall be deemed to give any ownership, easement, property, or other right in any of the existing, new or proposed LRWRP facilities or in the lands or easements on which such facilities are located, or to water discharged from the LRWRP; and DISTRICT shall have no right to claim it has a right to enter on and pass through any LRWRP system other than the rights herein provided.

CHAPTER IV. WASTEWATER QUALITY

A. REQUIREMENTS - All wastewater emanating from DISTRICT will be treated sufficiently by CITY to meet effluent and receiving water requirements established by one or more of the REGULATORY AGENCIES, or applicable standards, regulations, and limitations established fora future beneficial use.

B. DISTRICT INFLUENT WASTEWATER QUALITY RESTRICTIONS - DISTRICT shall not exceed any of CITY'S local limits or other treatment requirements, including, but not limited to, CITY'S NPDES permit, in any influent transported by DISTRICT to CITY'S infrastructure by means of the One Connection Point. If it does, then DISTRICT shall take all actions necessary to correct the issue and be responsible and liable (monetary or otherwise) for the penalties and costs of the violations(s), any damages, including all costs incurred by CITY, that result, and corrective actions that must be undertaken to resume compliance to remedy any of the above-described violations or exceedances. In addition, City may assess fines, charges and fee in accordance with Chapter 13.16 of the Lompoc Municipal Code, as amended.

C. INFLUENT WASTEWATER SAMPLING AND ANALYSIS - DISTRICT will (i) conduct weekly sampling for BOD, TDS and TSS and monthly for Chloride and Sodium at the One Connection Point and (ii) provide CITY'S Wastewater Superintendent the results of those samplings within five days of receiving the sample results from the certified lab. Those results shall be reported in the format

described on Subdivision F., below. DISTRICT may make requests for CITY to modify the frequency of the sampling and CITY will reasonably determine whether to approve, conditionally approve or deny those requests. CITY may conduct additional sampling for baseline monitoring to ensure water quality standards are met and no POC (or other constituents reasonably deemed harmful by the City) are present in concentrations exceeding any regulatory or LRWRP operational limits. If a POC is present, then DISTRICT may be required to reduce POC to an acceptable concentration. CITY may request DISTRICT to provide the results of sampling and analysis of DISTRICT'S treated drinking water and request DISTRICT to conduct additional sampling and analysis, if reasonably necessary, at DISTRICT'S expense and provide reports to City as needed. Sampling shall be conducted in accordance with 40 CFR 136, as amended, and be conducted by a certified lab.

D. PROGRAM ADOPTION – For Commercial and Industrial dischargers within the Burton Ranch Development, which would require an amendment to this Agreement and the Burton Ranch Specific Plan to allow for such uses, DISTRICT would, prior to such uses being provided wastewater services, adopt the minimum, if not more stringent, applicable requirements specified in CITY Pretreatment Program, FOG Program, and all other programs reasonably deemed necessary by REGULATORY AGENCIES and CITY'S Sewer Use Ordinance, as amended, to protect water quality, including an Enforcement Response Plan, which shall, within thirty days after the installation of the One Connection Point be submitted to CITY'S Wastewater Superintendent for review and reasonable approval. DISTRICT currently has an Ordinance in place that prohibits the installation or use of any self-regenerating water softeners within the DISTRICT'S Service Area, including the Burton Ranch Development, which shall not be changed without approval of CITY and shall be enforced by DISTRICT.

E. INSPECTIONS – For Commercial and Industrial dischargers within the Burton Ranch Development, which would require an amendment to this Agreement and the Burton Ranch Specific Plan to allow for such uses, DISTRICT would, when such uses are provided wastewater services, conduct, at least quarterly, inspections and random sampling events of users and dischargers at various locations of DISTRICT'S waste conveyance infrastructure that services the Burton Ranch Development occupants, as mutually agreed to by CITY'S Utility Director and DISTRICT'S General Manager, to ensure discharge requirements are met.

F. REPORTING REQUIREMENTS OF DISTRICT – For Commercial and Industrial dischargers within the Burton Ranch Development, which would require an amendment to this Agreement and the Burton Ranch Specific Plan to allow for such uses, DISTRICT would, when such uses are provided wastewater services, send CITY, at least quarterly, reports of the inspections described in Paragraph E., above. At a minimum each report shall include:

1. Location description of where the sampling and inspections were done;
2. Date inspected and person conducting inspection;
3. Inspection findings, follow-up required;
4. Date sampled;
5. Sampling event results;
6. Chain of custody for sampling event;
7. Quality control data for sampling event;
8. Change in discharge, quality or quantity;
9. Violations from the location of where the sampling and inspections were done and corrective action plan and implementation schedule; and
10. Additional info as deemed reasonably necessary by CITY.

Reports filed by DISTRICT shall be signed by an authorized representative of DISTRICT and that signature shall be made on a signature line below the following written certification which shall be

made part of each report:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

G. SAMPLING - DISTRICT may be required to test its raw and treated water supply if CITY encounters wastestream issues that need to be troubleshot and studied.

H. REPORTING REQUIREMENTS OF CITY - CITY will prepare an Annual Treatment Costs and Reconciliation Report for DISTRICT, which incorporates a report of wastewater quality for the PARTIES. Upon request of DISTRICT, CITY will provide additional reports of wastewater quality if such data are available. The additional reports shall be compiled and completed at DISTRICT'S expense.

CHAPTER V. MAINTENANCE, OPERATION, AND REPLACEMENT

A. RESPONSIBILITIES

1. CITY shall maintain, operate, and control the LRWRP in a manner that will comply with the requirements of REGULATORY AGENCIES, including, but not limited to, the RWQCB Central Coast Region or subsequently effective orders. CITY shall use due diligence to provide regular and uninterrupted service for the influent from Burton Ranch Development through the One Connection Point, but shall not be liable for damages, breach of contract or otherwise to DISTRICT for failure, suspension, diminution or other variations of service occasioned by or as a consequence arising from this Agreement, except to the extent it is directly the result of CITY'S negligence or willful misconduct.

2. DISTRICT shall maintain, operate, and control the Burton Ranch wastewater collection system and appurtenances in compliance with all applicable DISTRICT, Local, State and Federal regulations and requirements.

3. In addition to the reporting required by Chapter IV., Paragraph F., DISTRICT shall give reasonable notice to CITY whenever any material changes in quality or quantity of influent to be conveyed through the One Connection Point occurs.

4. METERING – The type and manufacturer of the flow and conductivity meters and SCADA system shall be approved by CITY, and shall be paid for and installed by DISTRICT or on behalf of DISTRICT at the One Connection Point for the purpose of measuring the quantity and quality of influent from Burton Ranch Development. The initial and ongoing costs of the design, purchase, installation, calibration, maintenance, repair, and replacement of those meters shall be at DISTRICT'S expense.

   CITY shall keep and maintain the records and readings of the metering devices for at least three years and said devices and records shall be at all times open to inspection upon reasonable notice to CITY by DISTRICT.

5. Issuance of Building Permits to Burton Ranch Development. If CITY grants entitlements for the Burton Ranch Development, then CITY will require proof DISTRICT has made payments due pursuant to the applicable amortization schedule and for the WCRF before each residential building permit may be issued for the Burton Ranch Development. Since DEVELOPERS are not a party to this

Agreement, if an amendment is approved for the Development Agreement between CITY and DEVELOPERS, then such amendment would include the foregoing prerequisite for issuance of each residential building permit for the Burton Ranch Development.

B. FUTURE FACILITY REQUIREMENTS

If it is necessary for CITY to improve wastewater treatment or the effluent thereof, due to laws, regulations or requirements by higher authorities, including the State and Federal Governments or one or more of the REGULATORY AGENCIES, or if it shall be necessary to install additional facilities or to improve any part of the LRWRP or other related facilities used to serve CITY and the influent from Burton Ranch Development ("Required Additional Facilities"), then the cost thereof shall be apportioned among and paid by the PARTIES hereto in the ratio the Required Additional Facilities are attributable to the requirements of the PARTIES hereto and the other users of the LRWRP; provided, that the Parties understand, DISTRICT may seek recovery from Burton Ranch Development owner/occupants of their share of those costs consistent with Government Code Section 66000 *et seq*. and/or Propositions 26 and 218 and other applicable laws. Also, the Required Additional Facilities shall be subject to such other terms and conditions as are agreed upon by the PARTIES hereto at the time they are required. A final official order by any one or more of the REGULATORY AGENCIES or the authorities listed above shall be considered conclusive by the PARTIES hereto as to the necessity of an expenditure of funds for such improved treatment or for such additional facilities.

C. MAINTENANCE, OPERATION AND REPLACEMENT COSTS

1. DEFINITION - Maintenance, operation and replacement costs shall include the direct and indirect cost of labor (including retirement and employee benefits), materials, chemicals, utilities, supplies, equipment, engineering, and other expenses of operation and maintenance of the LRWRP, including CITY administration and debt service obligations thereof per the then current rate schedule for respective items. Replacement costs shall include an annual amount attributed to depreciation of buildings, fixtures, and equipment in accordance with generally accepted accounting principles and requirements of the SWRCB.

2. DETERMINATION - DISTRICT shall pay to CITY DISTRICT'S proportionate share of the maintenance, replacement, and operation costs on an equitable basis considering the average wastewater quantity (as determined in Chapter V. Subparagraph A.3.) and the average wastewater quality (as determined in Chapter IV., Paragraph C.), relative to the other users of the LRWRP, consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements.

3. EXTRAORDINARY COSTS - In addition to ordinary maintenance, operation and replacement costs, DISTRICT shall pay any reasonable and necessary extraordinary costs incurred or to be incurred in assuring effective operations of the system, in the ratio of its respective average actual use of the LRWRP total usage during the prior fiscal year (July 1 to June 30), relative to the other users of the LRWRP, consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements, and if such extraordinary costs are more properly attributable to conveyance or treatment of a specific PARTY influent wastewater, then such costs shall be paid by that PARTY.

4. COSTS – Consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements, DISTRICT shall be responsible for any costs of upgrades, improvements or other modification to the LRWRP in the ratio of its respective average actual use of the LRWRP total usage during the prior fiscal year (July 1 to June 30) relative to other users of the LRWRP, associated with its compliance with any action by REGULATORY AGENCIES that was initiated on or after February 17, 2022. However, to the extent these costs fall under Subdivision V. B., above, they shall be apportioned, as set forth in that Subdivision.

5. BUDGETING - Maintenance, operation, replacement, and anticipated extraordinary costs shall

be estimated and budgeted by CITY and shall be part of CITY budget, which at the time of adoption of this Agreement, is a biennial budget. As an example, the budget previously adopted by CITY as of the effective date of this Agreement, is for the years July 1, 2021, through June 30, 2023. Additional payment terms are identified in Chapter VIII below.

6. RECORD INSPECTION - All maintenance, operation, replacement, and extraordinary cost records shall be available for inspection by DISTRICT at any time during normal business hours, with reasonable notice and if available.

CHAPTER VI. WASTEWATER CAPITAL RESERVE FUND (WCRF)

A. In accordance with the Revenue Program Guidelines, a WCRF is required to help pay for future expansion, improvements, replacements, and rehabilitation.

B. DISTRICT shall deposit sufficient funds to establish and maintain the WCRF. The WCRF balance will be set to equal $145,000.

C. Interest shall accrue to funds held in DISTRICT'S WCRF and remain there. The H.15 INTEREST RATE shall be used to determine the interest amount to be credited on available balances.

D. June 30th of each year will be the measuring point in determining what amounts DISTRICT will have to contribute to the WCRF. That information shall be delivered to DISTRICT as soon as the annual financial statements are published. That will normally be in the December through January time frame. DISTRICT will then have 60 days after receipt of the financial statement to forward any required funds, to bring the WCRF back up to the minimum level of funding. By mutual consent, DISTRICT may forward the required funds to CITY in monthly installments. Full payment must be made by June of the then current fiscal year. Interest will be charged in the same manner as interest is earned on the WCRF.

E. If the WCRF shows an amount above the minimum amount at June 30th, then excess funds shall be returned to DISTRICT within 60 days. DISTRICT may choose to apply any or all of the excess funds to operating costs or known current WCRF obligations in lieu of repayment by CITY to DISTRICT.

F. In the event a large capital project should reduce the WCRF below zero, DISTRICT is required to pay CITY interest in the same manner as the WCRF accrues interest using the H.15 INTEREST RATE until the fund has been brought back into a positive amount.

G. The PARTIES acknowledge because of unanticipated needs, emergencies, or due to the requirements of one or more of the REGULATORY AGENCIES, from time-to-time capital improvement projects may be required that were not previously budgeted, and may impact DISTRICT WCRF sub-account. CITY will attempt to notify DISTRICT of such project, as soon as reasonably possible after CITY becomes aware of the need for each such project, but no later than 30 days after CITY approval of each such project. Such notification will advise of the nature and total estimated cost of the project.

CHAPTER VII. INDEBTEDNESS

A. AUTHORITY - CITY has the authority to issue debt per Article 4 of Chapter 5, Division 7, Title I of the Government Code of the State of California, commencing with Section 6584.

B. USE - CITY has issued debt from time to time for major capital projects including the construction of the upgrade of the LRWRP. That debt has been issued to finance capital projects in lieu of paying for capital projects from currently available resources.

C. EXISTING - CITY has existing and refunded debt that was issued to provide resources for the construction of the LRWRP. The amounts financed and maturities of the related debt are as follows:

2005 Revenue Bonds	$ 15,475,996	Refunded to 2018 Revenue Bonds
2007 Revenue Bonds	26,434,106	Refunded to 2018 Revenue Bonds
2018 Revenue Bonds	$21,282,133	3/01/2037
2007 Revenue Bonds	$14,545,000	3/01/2037
SRF Loan	$91,605,815	8/31/2029

D. FUTURE - CITY may issue additional debt finance additions, improvements or other capital expenditures for the benefit of the LRWRP.

E. SHARE - Share of Useful Life factor will be determined based on the estimated remaining useful life of the LRWRP as of the execution of this Agreement, based on an overall useful life of 50 years (2009 to 2059).

F. WCRF - When a capital project is contemplated that may utilize bond proceeds to fund the project, DISTRICT may fund its share of the project in the following ways:

1. From resources on hand with CITY in its WCRF subaccount, or
2. From funds on hand at DISTRICT, or
3. Share in the debt proceeds and repayment obligation at its capacity share in the LRWRP,or
4. From other funds DISTRICT may obtain (such as issuing debt of their own), or
5. Any combination of the four options mentioned above.

G. REPAYMENT - For the existing outstanding debt issues identified above in Chapter VII., Paragraph C., CITY has prepared and DISTRICT has received a repayment schedule. The repayment schedule provides for set monthly amounts to be remitted to CITY each fiscal year so that DISTRICT share of the debt obligations is satisfied annually. The payment schedule will be triggered upon and follow the amortization schedule that matches the date of the first-pulled residential building permit for the Burton Ranch Development. All possible amortization schedules are included in Attachment 1. The stated "5-year payment ramp-up Principal & Interest" amount listed on the designated amortization schedule will be due upon reaching each subsequent period. The first five periods of the amortized payments will each step-up by a factor of 20%. At the end of the fifth period, the remaining indebtedness balance will be amortized over the remaining periods. DISTRICT may make payments pursuant to either the straight-line payment schedule or the 5- year payment ramp up. DISTRICT may cease all future development upon the fourth payment period or thereafter, if (i) upon the fourth payment period DISTRICT has paid pursuant to the straight-line schedule by making the fourth amortized payment due or thereafter if District is current on all straight-line payments due OR (ii) upon the fourth payment period if DISTRICT has paid pursuant to the 5- year ramp up schedule by paying the fourth ramp up payment plus the early termination balance, which is equal to the difference between the "ramped-up balance" and the "straight-line balance" of indebtedness, or thereafter if District is current on all payments, including the early termination balance if the District has been using the ramp-up instead of the straight-line payment schedule..

H. PREPAYMENT- If DISTRICT chooses to share in the debt repayment (option in Chapter VII. Subparagraph F. 3., above) to fund the capital expenditure, then DISTRICT may also pay all or a portion of its share off early from any DISTRICT funding source. In that case, the payment amount would be computed from the date requested by DISTRICT. A payoff amount will be determined and approved by both DISTRICT and CITY prior to the delivery of funds. DISTRICT may choose to do

that at any time during the term of the specific debt obligation. A new repayment schedule shall be provided to DISTRICT identifying its remaining monthly and annual obligations for any remaining debt.

I. RECEIPT COLLECTIONS - If DISTRICT chooses to share in the debt repayment obligations, then CITY shall update the payment obligation when determining the necessary annual receipts to be received from DISTRICT in any fiscal year. DISTRICT payment obligation shall be identified in the most current repayment schedule identified above.

CHAPTER VIII. RECEIPTS, BILLINGS, PAYMENTS AND COSTS

A. DEFINITIONS

1. RECEIPTS - Those funds remitted to CITY by DISTRICT to be applied to its share of LRWRP costs set forth in Chapter V.C. above.

2. COSTS - DISTRICT is responsible for reimbursing the CITY for its proportionate share of operations, maintenance liabilities, and replacement costs; debt, and the WCRF set forth in Chapter V.C. above.

3. BILLINGS - On a monthly basis CITY shall prepare a BILLING to DISTRICT. That may be based on the most recently available ending month volume data from DISTRICT totalizing meter or monthly average of previous 12 months at the discretion of the Utility Director or his/her designee. Cost rates shall be determined from the most recent ANNUAL REPORT approved by DISTRICT and CITY.

4. PAYMENTS - The amount remitted to CITY by DISTRICT based on the BILLING stated above.

B. REQUIREMENTS - CITY and DISTRICT shall work together to develop a RECEIPT and PAYMENT system that provides simplicity in the cash management for both CITY to operate the LRWRP and for DISTRICT in meeting its COST obligations of this Agreement. On an annual basis, CITY shall prepare an ANNUAL REPORT that will be the basis for DISTRICT'S future payment stream to CITY. CITY and DISTRICT will work together to best estimate the annual RECEIPTS necessary to minimize following year reconciliation between RECEIPTS and COSTS.

CITY and DISTRICT may modify the reporting or procedures outlined in Chapter VIII., Paragraphs C. or D. from time to time just as long as the new reporting and procedure standards continue to meet the requirements set out in this paragraph.

C. ANNUAL REPORT- To the extent the information is not provided by some other means, pursuant to this Agreement, each year, following the financial close of the preceding fiscal year, CITY shall prepare an ANNUAL REPORT. If needed, then a draft of the ANNUAL REPORT shall be presented to DISTRICT for review and tentative approval. If required, then the ANNUAL REPORT shall include:

1. Wastewater Utility expenditures
2. Treatment Rates (volume, BOD & TSS data)
3. Calculation of allocated costs to DISTRICT
4. System loading information (volume, BOD & TSS data)
5. Summary of payments made, and
6. Other information that may be mutually agreed to in writing for inclusion in the ANNUAL REPORT

D. PROCEDURES - Estimated charges to be assigned to DISTRICT shall include its proportionate share

of any past year un-reimbursed or overpaid extraordinary expenses, together with interest accrued monthly using the applicable H. 15 INTEREST RATE, from the date of payment of such expenses by CITY, and shall be adjusted for any overpayments or underpayments made in the prior year in the same manner as specified for the WCRF in Chapter VI.

CITY shall submit to DISTRICT established rates not later than 60 days prior to the effective date of any rate change. In setting the established rates, CITY shall follow the following guidelines:

1. Rates shall be set to accommodate the PARTIES cash flow requirements.
2. Collections of funds by CITY shall approximate DISTRICT share of costs on a fiscalyear basis.
3. Adjustments may be made during a given fiscal year by mutual agreement to reflect the above two guidelines.
4. Rates shall be consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements.

Billings shall be made in advance on an estimated basis. Bills shall be submitted monthly to DISTRICT with interest accruing beginning the 45th day after the billing date. The interest rate shall be in accordance with CITY Resolution No. 6002(15), Utility Billing Service Rules and Regulations, or any subsequent revision of this resolution.

Billing rates shall be based on recorded DISTRICT volumes and weekly TSS and BOD test results (or estimates if the flow meter or testing equipment is not working properly or has been removed for repairs). Volume of DISTR1CT flow shall be as recorded on the continuous flow metering device. The calculations shall use the procedure developed in the Revenue Program Guidelines for Wastewater Agencies (most recent edition) published by the SWRCB.

Existing billing rates and subsequent billing rates (established during the term of this Agreement) for Volume, TSS and BOD will be calculated in accordance with the above-referenced Resolution No. 6002(15). Subsequent billing rates shall not need to be approved by either PARTY'S board during the term of this Agreement, as long as they are calculated according to the guidelines set forth in the above resolution.

Cost of the flow meter and telemetry equipment and associated infrastructure necessary to fulfill obligations established by this Agreement shall be borne by DISTRICT.

Each year, following the close of the preceding fiscal year, a draft copy of the ANNUAL REPORT shall be presented to DISTRICT for review and tentative approval.

After the completion of CITY external auditor's financial and compliance exam and the publication of CITY "Annual Comprehensive Financial Report" or CITY "Basic Financial Statements" (usually by December 31 following the close of the fiscal year), CITY staff shall meet with DISTRICT representatives to review the final draft of the ANNUAL REPORT.

Once agreement has been reached on the final draft, any difference between the preliminary (September) draft and the final draft, (excess or deficit of payments to actual costs) shall be adjusted and spread over the remaining billing statements within the fiscal year (i.e., February through June).

By April 15th of each year, CITY staff shall coordinate with DISTRICT staff to estimate treatment plant rates to be charged for the next fiscal year. Estimates shall be supported by proposed capital improvements and WCRF impacts. It is understood by both PARTIES rates provided are best estimates based on current CITY staff forecasts and are provided for convenience to DISTRICT staff in preparing its fiscal year budgets.

CHAPTER IX. DISTRICT WASTEWATER RATES

DISTRICT agrees to develop a proposed wastewater rate structure that will comply with applicable federal rules and regulations formulated by the EPA as interpreted by applicable guidelines.

CHAPTER X. MODIFICATIONS

This Agreement is subject to change only by mutual agreement of the PARTIES and by written amendment to this Agreement, approved by CITY and DISTRICT by resolution of their respective governing board or bodies.

CHAPTER XI. RECORDS AND ACCOUNTS

CITY shall keep proper books of records and accounts in which complete and correct entries shall be made of all costs and expenses, receipts and disbursements relating to the acquisition, construction, administration, maintenance, operation and repair of the facilities referred to in the Agreement. Said books and records shall, upon written request, be subject to inspection by any duly authorized representative of DISTRICT. CITY shall make an ANNUAL REPORT available to DISTRICT. The ANNUAL REPORT shall incorporate all receipts and disbursements relating to costs of the LRWRP and payments by DISTRICT. The expense of said report and all record keeping and accounting costs arising from this Agreement shall be the responsibility of DISTRICT.

CHAPTER XII. INSURANCE

CITY shall at all *times* maintain with responsible insurers such insurance against loss or damage to the facilities covered by this Agreement, as is customarily maintained with respect to works of like character. CITY will also maintain with responsible insurers Workers Compensation, liability, and property damage insurance. The premiums on all such insurance, including those resulting from self-insurance, shall be a part of maintenance and operation expenses of the LRWRP.

CHAPTER XIII. MANNER OF GIVING NOTICE

Notices required or permitted hereunder shall be sufficiently given in writing, and if either served personally upon or mailed by registered or certified mail to:

CITY OF LOMPOC
Attn: UTILITY DIRECTOR
100 Civic Center Plaza
Lompoc, CA 93438

MISSION HILLS COMMUNITY SERVICES DISTRICT
Attn: GENERAL MANAGER
1550 East Burton Mesa Blvd.
Lompoc, CA 93436

CHAPTER XIV. ARBITRATION

Except as otherwise provided herein, all controversies arising out of the interpretation or application of this Agreement or the refusal of any PARTY to perform the whole or any part thereof shall be settled by arbitration in accordance with the provisions of this section, and where not provided by this section in accordance with the statutory provisions of the State of California then in force.

The PARTIES shall, in good faith, attempt to resolve any dispute arising out of or relating to this AGREEMENT through negotiations between appointed representatives of the parties; provided, that during those good faith negotiations all applicable statutes of limitations shall be tolled for 90 days, commencing on the date acknowledged, in writing, by the PARTIES. The party or parties bringing forth a dispute shall notify the other party of the nature and details of the dispute and the parties shall meet on at least three occasions during a ninety-day period to discuss and attempt, in good faith, to resolve the dispute. The parties may be mutual agreement extend the time period of that tolling to attempt to negotiate, in good faith, a final resolution of the dispute. If the matter is not resolved through negotiation as determined by either PARTY, the PARTIES may agree on one arbitrator provided by JAMS, but in the event that they cannot so agree, the controversy shall be submitted to a board of three arbitrators, which shall be appointed, one by CITY, one by DISTRICT and the third by the first two. The PARTY desiring arbitration acting jointly or severally, as the case may be, shall notify any PARTY by a written notice stating the following: (1) that it desires arbitration, (2) the controversy to be arbitrated, and (3) whether it desires arbitration by one arbitrator or a board of three arbitrators. Within 15 days after receipt of said notice desiring one arbitrator, the other PARTY shall reply in writing whether it agrees to one arbitrator or demands a board of three arbitrators.

If either PARTY demands a board of three arbitrators, within 30 days after the receipt of said notice, the other PARTY shall appoint its nominee. Within 15 days after the last PARTY has appointed its nominee, the two nominees shall appoint the third. None of the arbitrators shall be a resident of, or taxpayer in, or own property in the area served by, or have a place of business in, or be employed in or by, or have any contract with, or be an officer or employee of, or otherwise have a conflict of interest in or with, any PARTY. The arbitrator or arbitration board shall hold at least one hearing and at least 10 days before said hearing shall give each PARTY written notice thereof. The arbitration shall be restricted to matters relative to that stated in the notice requesting arbitration. The arbitration board shall have no authority to add to or present evidence. Upon conclusion of the hearing or hearings, the arbitrator or arbitration board shall reduce its findings of fact, conclusions of law and the award in writing, and shall sign the same and deliver one signed copy thereof to each PARTY. Such award shall be final and binding upon both PARTIES. In cases with an arbitrations board, a majority finding shall govern if the arbitrator's determination is not unanimous. Each PARTY shall pay its own expenses, including the expenses of the arbitrator that it nominates. The expenses of use of a single arbitrator or of the third arbitrator in an arbitration board, and the administrative costs of the arbitration proceedings, shall be shared equally.

Any controversy, which is solely a technical issue would could be resolved by an engineer's findings and which, under this section may be submitted to arbitration, the PARTIES may agree in writing to submit the issue to an agreed upon engineer who shall be the sole arbitrator. Such engineer shall be a California licensed civil engineer and member of the American Society of Civil Engineers and shall be disinterested as hereinbefore in this section required of arbitrators on an arbitration board. The engineer shall proceed in the same manner and shall make findings, conclusions and an award in the manner provided herein for an arbitration board.

CHAPTER XV. ADJUSTMENT OF CAPACITY BETWEEN PARTIES AND PARTICIPATION OF ADDITIONAL PARTIES AT A LATER DATE

Any Serviced Party, including DISTRICT, with a written agreement with CITY for wastewater treatment at the LRWRP may reduce or acquire additional service capacity from CITY or transfer service capacity to itself or another Serviced Party upon such terms and conditions as all PARTIES hereto may agree upon. No service capacity provided in this Agreement, as amended, shall be increased or decreased pursuant to this Agreement unless CITY shall first determines that change would not affect the LRWRP to the detriment of CITY or any other Serviced Party; provided, that if the change is a result of ADU Increases, then the provisions of Paragraph A. of Chapter III shall apply . If, because of annexation, consolidation, reorganization, or other cause, responsibility for the disposal of wastewater from a particular area is transferred from one Serviced Party to another Serviced Party or to a party that may become a Serviced Party, then the service capacity shall be transferred to the receiving Serviced Party accordingly on a date to be determined by the PARTIES and the service capacity charges for that transferred Service to correspond therewith. Any party effecting a transfer shall notify CITY such responsibility shall be transferred and may recommend to CITY the amount of service capacity which should be transferred, which recommendation shall be advisory only. The amount of service capacity to be transferred shall be determined by CITY but in no case shall the service capacity of a PARTY be reduced without the agreement of such PARTY.

No such transfer shall become effective until the transferor and transferee Serviced Parties, as applicable, shall execute appropriate amendments to their service agreements with CITY reserving to such transferee Service Party the additional service capacity and deducting such service capacity from the service capacity of the transferor Service Party and obligating the transferee Service Party to make the additional payments and relieving such transferor Service Party of the obligation to pay the proportionate part of the annual service charge represented by the service capacity transfer.

The PARTIES hereto contemplate the possibility other agencies may apply for or request capacity rights in the LRWRP after the date of execution of this Agreement. The PARTIES hereto agree, in the event and to the extent capacity is available in the LRWRP, CITY may provide for capacity to another party to the extent such capacity is available and not allocated to by this Agreement to the PARTIES hereto. ln the event CITY contracts with another party to use additional available capacity, such agreement shall be on terms that are fair and equitable to all PARTIES hereto, and such agreement shall specifically provide:

1. The new Serviced Party shall pay a capital outlay charge to CITY computed in the same manner as the capital outlay charge has been computed for the PARTIES hereto.
2. The new Serviced Party shall pay its share of maintenance, operation, administration, replacement, and extraordinary costs in the same manner as provided for the PARTIES hereto in Chapter V., Paragraph C. of this Agreement. That is, said additional new Serviced Party shall pay to CITY its proportionate share of maintenance, operation, administrative, replacement, and extraordinary costs in the same ratio as the ratio of the volume and strength its wastewater bears to the total volume and strength of wastewater treatment and disposal during an applicable period. Said payment shall serve to reduce the costs of the other PARTIES hereto proportionately.

3. In addition to 1., above, the new Serviced Party shall share in the repayment of any outstanding bond debt attributable to the betterment of the LRWRP. That share shall be in relation to the capacity share of the LRWRP provided to the new Service Party. For example, if a new Serviced Party obtains rights to have 1 MGD processed at the LRWRP, it would be obligated to pay for any ongoing remaining debt of the LRWRP in the ratio of the 1 MGD to the LRWRP'S capacity of 5.0 MGD. Similarly, the new Serviced Party shall share in future debt incurred for additions, improvements, or other capital expenditures according to its capacity share.

CHAPTER XVI. TERM OF AGREEMENT

This Agreement shall continue in effect as long as the LRWRP is owned and operated by CITY, in its sole discretion; provided, that if no residential units have been built in the Burton Ranch Development on or before December 31, 2030, then this Agreement shall become null and void. If the settlement agreement entered into between the parties relating to the County of Santa Barbara Superior Court Case No. 20CV02225, is not executed, then this Agreement
shall also become null and void.

CHAPTER XVII. SEVERABILITY AND INTEGRATION

If any section, subsection or term of this Agreement, or the application thereof, to either PARTY, or to any other person or circumstance is for any reason held invalid and it does not have a significant financial or operational impact on a PARTY, then it shall be deemed severable and the validity of the remainder of the agreement or the application of such provision to the other PARTY, or to any other person or circumstance shall not be affected thereby. In such event, each PARTY hereby declares that it would have entered into this Agreement and each section, subsection, sentence, clause, phrase and word thereof irrespective of the fact that one or more section, subsection, sentence, clause, phrase or word, or the application thereof to either PARTY or any other person or circumstance be held invalid. However, any provision which is deemed to be invalid and would have a significant financial or operational impact on a party hereto shall give rise to the party harmed by such invalidity to utilize the arbitration provision herein to seek an equitable solution/remedy to such determination.

This Agreement contains the entire agreement between the PARTIES regarding wastewater services for the Burton Ranch Development and its terms supersede all prior discussions or agreements between them, except the Annexation Agreement shall continue to be in full force and effect.

CHAPTER XVIII. EFFECTIVE DATE OF AGREEMENT

This Agreement shall be effective upon being fully executed and approved by all signatories below. This Agreement may be executed with electronic signatures in accordance with Government Code §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature

CHAPTER XIX. ATTACHMENTS

The Combined Amortized Share Debt Schedules are attached as Attachment 1.

CHAPTER XX. EXECUTION

In witness hereof, DISTRICT has executed this Agreement with the approval of its Board of Directors and CITY has executed this Agreement in accordance with the approval of its City Council. This Agreement may be executed in counter form.

CITY OF LOMPOC
a California Municipal Corporation
P.O. Box 800 I
Lompoc, California 93438

By:_____
Jenelle Osborne, Mayor

DATE: _____, 2023

MISSION HILLS COMMUNITY
SERVICES DISTRICT
1550 East Burton Mesa Road
Lompoc, California 93436

By: _____
Steve Dietrich, Board President

DATE: _____, 2023

ATTEST:

_____
Stacey Haddon, City Clerk

APPROVED AS TO CONTENT

_____
Charles Berry, Utility Director

APPROVED AS TO FORM:

_____
Jeff Malawy, City Attorney

EXHIBIT “A”

ANNEXATION AGREEMENT
(Immediately behind this page)

Attachment 1

Combined Amortized Share Debt Schedules
(Immediately behind this page)

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is entered into this _ day of _____, 2023, by and among the CITY of Lompoc (the "CITY"),the Mission Hills Community Services District (the "DISTRICT") and The Towbes Group, Inc, a California corporation, Harris Grade Partners, LP, a California limited partnership, MJ Land, LLC, a California limited liability company, Lompoc Ranch Joint Venture, Joe A Signorelli, Jr., Stacey Lee Signorelli, and Gus Thomas Signorelli (collectively the "DEVELOPER") . (Each of the foregoing being sometimes referred to herein as a "Party" and collectively referred to herein as "Parties").

RECITALS

A. WHEREAS, on or about May 18, 2000, CITY and DISTRICT entered into an Annexation Agreement ("Annexation Agreement") wherein, among other things, CITY would pursue annexation into its geographical boundaries a defined area now commonly known as Burton Ranch, depicted herein as **Exhibit 1**, and whereby DISTRICT would have the exclusive right to provide potable water and wastewater services to Burton Ranch upon annexation to CITY and DISTRICT; and

B. WHEREAS, on or about May 4, 2006, the Santa Barbara County Local Agency Formation Commission, hereinafter LAFCO, approved the requested annexation of Burton Ranch to be included within CITY's boundaries, and, also into DISTRICT'S service area.

C. WHEREAS, DEVELOPER, proposes to develop Burton Ranch with up to approximately 476 single family and multi-family homes pursuant to that certain Burton Ranch Specific Plan adopted February 2006 and as further amended and modified from time to time; (Project) and

D. WHEREAS, DEVELOPER intends to begin grading of the Project in early 2024 and construction of the first phase of the Project in or about fall 2024, with subsequent phases staggered thereafter; and

E. WHEREAS, in 2006, DISTRICT and DEVELOPER entered into a development agreement ("District Development Agreement") for DISTRICT to provide potable water and wastewater services to Burton Ranch, and which expired in 2014; and

F. WHEREAS, in 2007, DEVELOPER and CITY entered into a development agreement ("City Development Agreement") regarding development of Burton Ranch and which pursuant to subsequent amendments is effective until May 31, 2024; and

G. WHEREAS, following expiration of the District Development Agreement, DEVELOPER and DISTRICT attempted negotiations regarding terms for the DISTRICT to provide potable water and wastewater services to Burton Ranch but such negotiations were unsuccessful; and

H. WHEREAS, in 2019, a dispute arose between the Parties wherein CITY generally contended that DISTRICT does not have the ability to provide water and wastewater services to Burton Ranch and/or that the cost of the DISTRICT providing such services would make the Project infeasible; and

I. WHEREAS, on or about July 2, 2020, CITY filed a civil complaint against DISTRICT in the Santa Barbara County Superior Court, case number 20CV02225 (the "Action"), alleging, *inter alia*, that DISTRICT does not have the capacity to provide potable water and wastewater services to the proposed Burton Ranch project and sought to provide said services itself; and

J. WHEREAS, on or about February 9, 2021, CITY filed a Second Amended (and currently operative) Complaint alleging four causes of action: (1) Breach of Contract regarding the DISTRICT'S ability to perform under the Annexation Agreement ;(2) Recission of the Annexation Agreement based on Mistake of Fact regarding the DISTRICT'S ability to perform under the Annexation Agreement; (3) Recission of the Annexation Agreement based on Public Policy alleging the DISTRICT was preventing needed housing from being constructed; and (4) Declaratory Relief seeking the court resolve whether the CITY has the authority to provide water and wastewater services to Burton Ranch; and

K. WHEREAS, DISTRICT categorically disputes each and every one of CITY's contentions in the Action and asserts that it can provide potable water and wastewater services to Burton Ranch as needed (the recitals in I., J. and K. are hereinafter referred to as the "Dispute"); and

L. WHEREAS, CITY and DISTRICT have engaged in extensive litigation and formal discovery, but agreed to stay such efforts while participating in settlement negotiations;

M. WHEREAS, CITY, DISTRICT and DEVELOPER have engaged in extensive and good faith negotiations regarding providing water and wastewater services to the Burton Ranch, and

N. WHEREAS, CITY owns, operates and maintains a Regional Wastewater Reclamation Plant ("Treatment Plant") in order to provide services to properties within its service area, and if available capacity exists, then to others by agreement; and

O. WHEREAS, CITY can and will have the capacity within its Treatment Plant to treat wastewater from anticipated, full development of the Project and

P. WHEREAS, DISTRICT owns and operates potable water wells and water and is prepared to provide water services to Burton Ranch and construct infrastructure necessary for such service pursuant to the terms and conditions set forth in a separate agreement by and among DISTRICT and DEVELOPER; and

Q. WHEREAS, DISTRICT agrees to provide wastewater services to Burton Ranch pursuant to the terms and conditions set forth in a separate agreement and enter into agreement with the CITY to treat such wastewater at the Treatment Plant; and

R. WHEREAS, the Parties desire to enter into this Agreement to settle the Dispute, conclude the Action, and to agree that the CITY will provide wastewater treatment services to DISTRICT for purposes of treating wastewater from Burton Ranch and DISTRICT will provide wastewater and potable water services to Burton Ranch; and

S. NOW, THEREFORE, for good and valuable consideration, CITY, DEVELOPER and DISTRICT mutually agree as follows:

SETTLEMENT AND RELEASE AGREEMENT

Now therefore, in consideration of the foregoing Recitals and the other good and valuable consideration discussed herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. That the Parties hereby fully incorporate by this reference the recitals set forth above.

2. Water and Wastewater Facilities Development Agreement. That DISTRICT and DEVELOPER have engaged in good faith negotiations resulting in a Water and Wastewater Facilities Development Agreement ("District Agreement" - a copy of which attached hereto as **Exhibit 2** and incorporated by this reference), whereby DISTRICT shall provide potable water services and wastewater services to Burton Ranch, and which shall be executed by DISTRICT and DEVELOPER concurrently with this Agreement.

3. Wastewater Services Agreement. The CITY and DISTRICT have engaged in good faith negotiations resulting in a Wastewater Services Agreement (a copy of which attached hereto as **Exhibit 3** and incorporated by this reference) and which shall be executed by CITY and DISTRICT concurrently with this Agreement.

4. Entitlements. Upon execution of the Agreement, DEVELOPER and CITY will continue to work diligently, cooperatively, and expeditiously, as reasonably possible, to process any applications for amendment to existing Project entitlements and additional Project entitlements, including any analysis required by the California Environmental Quality Act ("CEQA), needed to effectuate the Burton Ranch Development ("Revised Project Entitlements".) DEVELOPER recognizes and acknowledges that the CITY is under no obligation to approve the Revised Project Entitlements, or any environmental review document prepared in connection with the application, and CITY reserves all of its discretion and the full measure of its police powers to evaluate, approve, conditionally approve, or deny the Revised Project Entitlements on their merits in accordance with applicable procedures, standards and requirements.

5. Dismissal. That within 7 days of the court issuing an Order retaining or declining to retain jurisdiction pursuant to Paragraph 11 below or within thirty (30) days after full

execution of this Agreement whichever is the first to occur, the DISTRICT and CITY shall jointly file with the Superior Court a dismissal of the Action with prejudice.

6. CITY Release. That the CITY, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as "District Releasees and Developer Releasees Releasees"), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys' fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

7. Mutual Indemnification. Intentionally Omitted.

8. DISTRICT Release. That the DISTRICT, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties and the their respective past, present, and future elected officers, owners, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as "CITY Releasees and DEVELOPER Releasees"), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys' fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

9. DEVELOPER Release. That the DEVELOPER, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as "CITY Releasees and DISTRICT Releasees"), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys' fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have

arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

10. Waiver of California Civil Code § 1542. That as further consideration and inducement for this compromised settlement, the Parties hereby knowingly waive any and all rights that they may have under the provisions of California Civil Code §1542 concerning the Claim and the Action and the allegations asserted therein, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTION OF THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

11. Court Retains Jurisdiction per California Civil Code § 664.6. CITY and DISTRICT agree that their respective obligations to each other under this Agreement and the concurrently executed Wastewater Services Agreement are fully incorporated hereto and are to be interpreted in a manner consistent with each other with the intent of providing water and wastewater services to Burton Ranch. Although the Wastewater Services Agreement may be enforced by binding arbitration, CITY and DISTRICT specifically request their respective obligation to each other under this Agreement and the Wastewater Services Agreement be enforced pursuant to Code of Civil Procedure Section 664.6. CITY and DISTRICT intend this stipulation for settlement to be binding and enforceable and that this writing may be used as evidence of that intent. CITY and DISTRICT further agree that within (5) business days after full execution of this Agreement and the Wastewater Services Agreement, counsel for the CITY shall prepare and circulate for execution by CITY and DISTRICT a Stipulation and [proposed] Order for the court to retain jurisdiction over CITY and DISTRICT to enforce their respective obligations pursuant to this Agreement and the Wastewater Services Agreement, and will construe such agreements pursuant to and under the laws of the State of California. If the court refuses retain jurisdiction, such shall not effect this Agreement and it and the Exhibits hereto will remain in full force and effect.

12. Attorneys' Fees. That in the event either Party is forced to commence an action to enforce the terms of this Agreement, the prevailing party in such an action, as determined by the Court, shall be entitled to receive its reasonable attorneys' fees incurred, as well as all litigation expenses.

13. Waiver of Costs. The Parties agree to bear their own costs and to waive any and all claims to costs, expenses, or fees that arise out of or relate to the Action, except as explicitly stated herein.

14. Compromise of Disputed Claim. That the Parties understand and agree that this Agreement is the compromise of a disputed claim, and that this compromise and release is

not to be construed as an admission of liability on wrongdoing on the part of any Party, which is expressly denied.

15. Understanding/Explanation. That the Parties affirm and acknowledge that they have read the terms of this Agreement and that they understand its words, terms and their effect, and they further appreciate and agree that this is a full and final compromise and release of any and all claims, demands or causes of action whether known or unknown concerning the Controversies and the subject matter set forth in the Action. The Parties further acknowledge, warrant and agree that each has had an opportunity to receive independent advice from legal counsel regarding the meaning of any and all terms in this Agreement prior to his execution of the Agreement.

16. Severability. In the event that any material part of this Agreement is determined by a court of competent jurisdiction to be unlawful and unenforceable, then the entire Agreement shall be deemed void and the parties shall be returned to the same position as they were in before this Agreement being executed and becoming effective.

17. No Promises. That each Party acknowledges that no agent, attorney or representative for the other Party has made any promises, representations or warranties, except as stated herein, to induce them to enter into this Agreement.

18. Authority to Enter Into Agreement. That each Party hereto acknowledges and agrees that it has the authority to execute and deliver this Agreement and that this Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with the terms hereof. Each person signing this Agreement in a representative capacity represents and warrants that he or she is authorized to make the attendant representations for the Party on whose behalf he or she is signing, that such Party agrees to be bound by the terms and conditions of this Agreement, and that, prior to executing this Agreement, such Party has taken all actions necessary for this Agreement to be enforceable against it. The CITY warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the Lompoc CITY Council prior to the CITY's execution of this Agreement. The DISTRICT warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the DISTRICT's Board of Directors prior to the DISTRICT's execution of this Agreement. The DEVELOPER warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the entities and persons that comprise the DEVELOPER prior to the DEVELOPER's execution of this Agreement.

19. Integration. That this Agreement contains the entire agreement between the Parties hereby and its terms supersede all prior discussions or agreements between them, except the Annexation Agreement shall continue to be in full force and effect. If any part of this Agreement is determined to be unenforceable, the remaining provisions shall be enforced. Any modification to this Agreement shall be in writing and executed by all Parties.

20. Governing Law. That this Agreement is governed by and shall be interpreted under the laws of the State of California.

21. Construction. That the language in all parts of this Agreement in all cases shall be construed in accordance with its fair meaning, as if prepared by all of the Parties to this Agreement and not strictly for or against any of the Parties. The legal doctrine of construction of ambiguities against the drafting party shall not be employed in any interpretation of this Agreement. This Agreement is deemed to have been drafted jointly by the Parties such that any uncertainty or ambiguity is not to be construed against any one of the parties hereto.

22. Headings. That the headings and titles to paragraphs and sections within this Agreement are for reference and convenience only. They shall not enter into the interpretation hereof, and shall not be construed to modify or effect the written language contained within the paragraphs and sections of the Agreement.

23. Counterparts and Electronic Signatures. This Agreement may be executed by the Parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart. In accordance with Government Code §16.5, the Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement, will be considered signed when the signature of a party is delivered by electronic transmission, including by counterparts. Such electronic signature will be treated in all respects as having the same effect as an original signature.

24. Press Release. That upon execution of this Agreement by all Parties, the CITY, DEVELOPER and DISTRICT shall jointly draft and agree upon an official press release that respects the interests of both parties without giving credit, blame or advantage to one Party of the other.

[*Signature Pages Follow*]

SETTLEMENT AND RELEASE AGREEMENT

WE HAVE EXECUTED THIS AGREEMENT ON THE DATE BELOW WRITTEN, EFFECTIVE UPON EXECUTION AND DELIVERY BY ALL PARTIES.

Date _____, 2023

DEVELOPERS

Harris Grade Partners, LP, a California limited partnership

By: Martin Farrel Homes, Inc., a California corporation, its General Partner

_____

By: Jon Martin, President

MJ Land, LLC, a California limited liability company

_____

By: Donald Jensen, Managing Member

Lompoc Ranch Joint Venture, a California partnership

_____

By: John Gherini, Managing Partner

The Towbes Group, Inc., a California corporation

_____

By: Michelle Konoske, President

_____

Joe A. Signorelli

_____

Stacey Lee Signorelli

_____

Gus Thomas Signorelli

CITY OF LOMPOC

Date: _____, 2023

By:_____

Its: _____

MISSION HILLS COMMUNITY
SERVICES DISTRICT

Date: _____2023

By:_____

Its: _____

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Date: _____, 2023

By: _____
Stephen R. Onstot
Attorneys for the CITY of Lompoc

HENSLEY LAW GROUP

Date: _____, 2023

By: _____
Mark D. Hensley
Attorneys for Mission Hills Community Services District

Exhibit 1
Burton Ranch Development Area

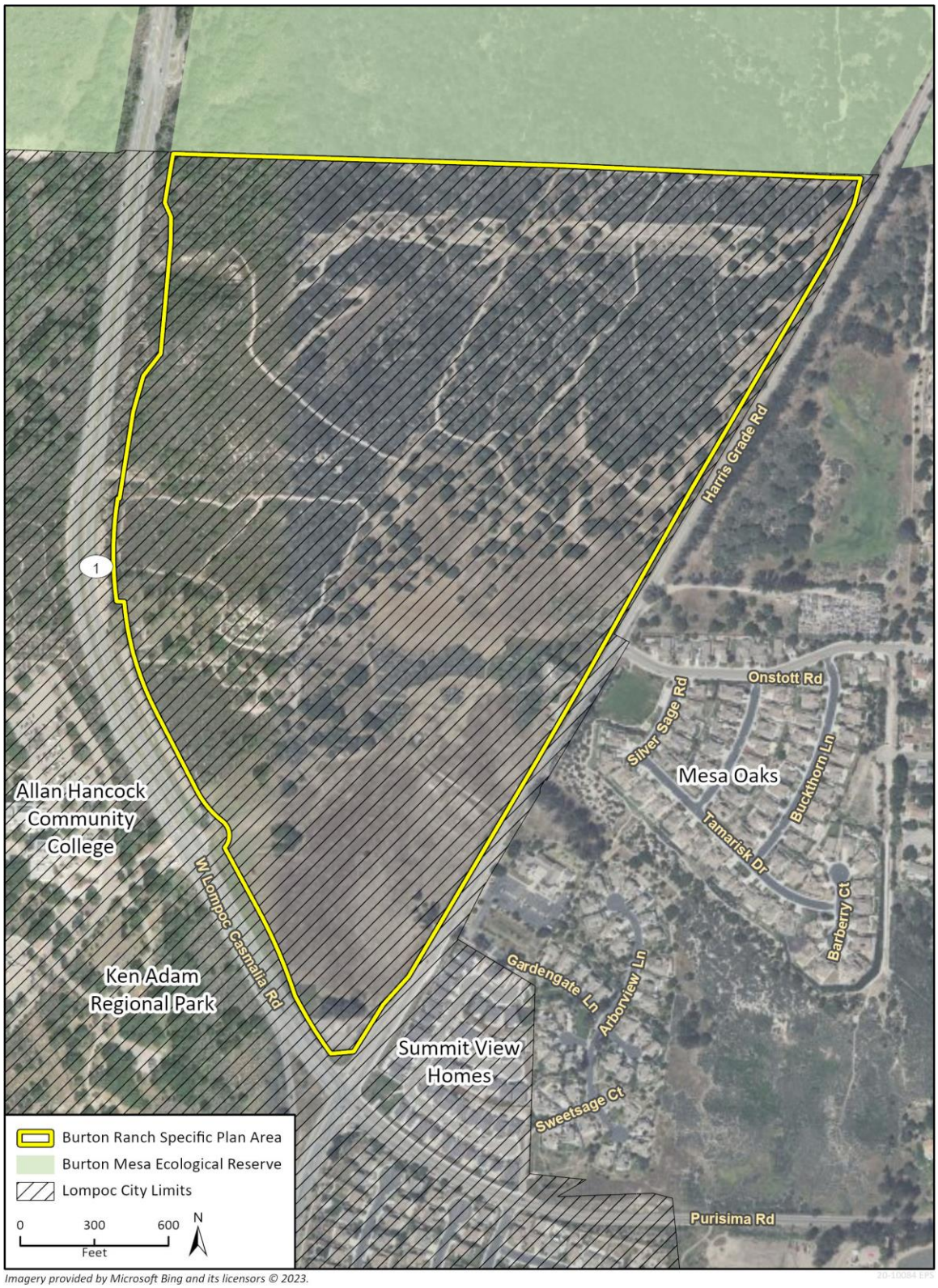

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Exhibit 2
Water and Wastewater Facilities Services Agreement

[SEPARATE DOCUMENT TO BE ATTACHED]

Exhibit 3
Wastewater Services Agreement

[SEPARATE DOCUMENT TO BE ATTACHED]

WATER AND WASTEWATER FACILITY DEVELOPMENT AGREEMENT

BETWEEN:

MISSION HILLS COMMUNITY SERVICES DISTRICT

AND

HARRIS GRADE PARTNERS, L.P.,

LOMPOC RANCH JOINT VENTURE,

JOE A. SIGNORELLI, JR.,

STACEY LEE SIGNORELLI,

GUS THOMAS SIGNORELLI,

THE TOWBES GROUP, INC.

MJ LAND, LLC,

_____ ____, 2023

Through this WATER AND WASTEWATER FACILITY DEVELOPMENT AGREEMENT ("Agreement") entered into this ___ day of _____, 2023, by and between, MISSION HILLS COMMUNITY SERVICES DISTRICT, a political subdivision of the State of California ("MHCSD") and HARRIS GRADE PARTNERS, L.P., A CALIFORNIA LIMITED PARTNERSHIP; LOMPOC RANCH JOINT VENTURE, A CALIFORNIA PARTNERSHIP; JOE A SIGNORELLI, JR., AS HIS SOLE AND SEPARATE PROPERTY; STACEY LEE SIGNORELLI, AS HER SOLE AND SEPARATE PROPERTY; GUS THOMAS SIGNORELLI, AS HIS SOLE AND SEPARATE PROPERTY; THE TOWBES GROUP, INC.; A CALIFORNIA CORPORATION, MJ LAND, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("Developers") (collectively, "the Parties"), MHCSD agrees to provide water and wastewater utility services to the Project (defined below) proposed by Developers as permitted by the City of Lompoc within the MHCSD boundaries and service area. Said water and wastewater utility services are to be provided as conditioned and agreed by the Parties as set forth below, and subject to MHCSD rules and regulations and the commitments of both Parties as set forth below.

RECITALS

The Parties enter into this Agreement with reference to the following facts:

A. Developers own fee title to that certain real property consisting of approximately 146 acres located within the MHCSD's boundaries described in Exhibit B, attached hereto and incorporated herein by this reference, and currently designated as Assessor Parcel Numbers 097-250-013, 097-250-040, 097-250-050, 097-250-051, 097-250-083, 097-250-084, 097-250-085, 097-250-086, 097-250-070 ("the Property"). The Property is a portion of the area known as “Burton Ranch.” The Property is within the MHCSD's boundaries and subject to MHCSD's jurisdiction so that MHCSD can provide water and sewer to the planned development on the Property.

B. Developers intend to develop the Property with residential development and ancillary passive recreational uses consistent with the Specific Plan ("the Project"). Because of the Property's size -and physical attributes, construction and completion of the Project will take substantial time. The risks and uncertainties associated with the long-term nature of development of the Project could deter Developers from making the financial and planning commitments necessary to accomplish the development of the Project. In recognition of this fact, the Parties hereto desire to enter into this Agreement in order to reduce or eliminate uncertainties regarding water and wastewater services for the ultimate construction of the Project.

C. Pursuant to CEQA, the City of Lompoc has certified environmental documents applicable to the Project and Agreement, consisting of an EIR 02-01 (SCH No. 2002091045) and subsequent Addenda Nos. 1, 2 and 3 dated 2014, 2016 and 2019 respectively.

D. On [_____], MHCSD's governing board - the hearing body for purposes of Development Agreement review - at a duly noticed public meeting, approved this Agreement and MHCSD's provision of water and sewer service to the Project; a wastewater services agreement between MHCSD and the City of Lompoc (“City”) for purposes of MHCSD

subcontracting the treatment of the wastewater generated by the Project ("Wastewater Agreement"); and a settlement agreement between the City and MHCSD related to disputes about provision of water and wastewater services to be provided to the Property including litigation commenced by the City in the County of Santa Barbara Superior Court, case number 20CV02225 ("Settlement Agreement").

E. MHCSD has determined that the Project is a development for which a development agreement is appropriate as it relates to water and wastewater services for the Property. This Agreement will eliminate uncertainty in planning, provide for orderly, phased development and comprehensive water and sewer planning for the Property, provide for installation of necessary improvements and payment of fees, and assist in attaining the most effective utilization of resources within MHCSD at the least cost to its customers.

F. Developers and MHCSD would not have agreed to provide the benefits accruing to MHCSD and Developers hereunder if it were not for the agreement of MHCSD and Developers, memorialized herein and an agreement between City and MHCSD in the Wastewater Agreement, to enter into this Agreement. Under this Agreement, and in consideration of those benefits provided to MHCSD and Developers by the Project, MHCSD has agreed that it shall provide the water, and sewer service (provided the City approves the entitlements referenced in the Wastewater Agreement) and complete certain infrastructure improvements required for development of the Project in accordance with procedures provided by law and in this Agreement. Developers have agreed to perform the obligations set forth in this Agreement. MHCSD has further agreed that, except as otherwise stated herein, the ordinances, rules, regulations, official policies of MHCSD, and Wastewater Agreement applicable to the Project shall be those in existence on the date of MHCSD's approval of this Agreement.

G. The Parties agree that the consideration to be received by MHCSD pursuant to this Agreement and the rights secured to the Developers hereunder pursuant to this Agreement, as well the terms and conditions benefitting and burdening both parties under the Wastewater Agreement, constitute sufficient consideration to support the covenants and agreements of MHCSD and the Developers. By entering into this Agreement, MHCSD desires to vest in Developers, all water and sewer service entitlements necessary in order to complete development of the Project consistent with the Specific Plan, as provided for and subject to all terms and conditions herein.

H. MHCSD, by electing to enter into this Agreement, acknowledges that the obligations of MHCSD shall survive beyond the term or terms of the present MHCSD Board of Directors, that such action will serve to bind MHCSD and future Boards to the obligations thereby undertaken, and that this Agreement shall limit future exercise of certain governmental and proprietary powers of MHCSD. By approving this Agreement, MHCSD has elected to exercise certain governmental powers at the time of entering into this Agreement, rather than deferring its actions to some undetermined future date.

NOW THEREFORE, in consideration of the terms and provisions of this Agreement, the Parties agree as follows:

Section 1. Definitions

1.01 Defined Terms

The terms used in this Agreement, unless the context otherwise requires, shall have the following meanings:

(a) "Agreement" shall mean this Water and Wastewater Facility Development Agreement.

(b) "Applicable Law of the Project" shall mean all of the ordinances, resolutions, rules, regulations, the Wastewater Agreement, and official policies of the MHCSD ("MHCSD Rules") in effect as of the execution of the Agreement, except: (i) changes or modifications to the MHCSD Rules concerning the MHCSD's administrative operations, provided that in no event shall any change or modification to a MHCSD Rule that causes a material increase (an increase that exceeds Thirty Five Thousand Dollars ($35,000)) in costs to the Developers be applicable to the Developers, unless otherwise set forth in this Agreement, until this Agreement expires or sewer and water service has been initiated to each of the planned residential units within the Project, whichever date comes sooner, and (ii) changes MHCSD is required to make due to legal mandates from other regulatory agencies and/or the City.

(c) "CEQA" shall mean the California Environmental Quality Act, California Public Resources Code section 21000, *et seq.*

(d) "City" shall mean the City of Lompoc.

(e) "Developers" shall collectively mean Harris Grade Partners, L.P., a California Limited Partnership; Lompoc Ranch Joint Venture, a California Partnership; Joe A. Signorelli, Jr., as His Sole and Separate Property; Stacey Lee Signorelli, as Her Sole and Separate Property; Gus Thomas Signorelli, as His Sole and Separate Property; The Towbes Group, Inc.; a California Corporation, MJ Land LLC, a California Limited Liability Company; or their successors in interest pursuant to Section 8.03 of this Agreement.

(f) "EIR" shall mean that certain environmental impact report certified in connection with the adoption of the Burton Ranch Specific Plan (EIR 02-01) and subsequent addenda consistent with the Project.

(g) "Effective Date" shall mean the date that this Agreement and the Wastewater Agreement have been duly approved and executed by the parties thereto.

(h) "Facilities" shall mean the Sewer Collection System and the Water Distribution System.

(i) "MHCSD" shall mean the Mission Hills Community Services District.

(j) "Municipal Well" shall mean a water well designed to produce not less than 520 gallons per minute (gpm).

(k) "One Point of Connection" shall mean the sole point of connection for influent wastewater from the Project to be conveyed from MHCSD wastewater conveyance infrastructure to the City's wastewater conveyance infrastructure for treatment at the City's wastewater treatment plant to be constructed and located at, and include, the Sewage Flow Meter and Vault.

(l) "Project" shall mean the development of the Property pursuant to the Specific Plan as defined in Recital B, above.

(m) "Property" shall mean that certain real property as defined in Recital A, above.

(n) "Specific Plan" shall mean that certain City of Lompoc Burton Ranch Specific Plan approved February 2006 and as further amended and may be amended from time to time so long such amendments do not increase the allowed density above 476 residential units or allow for non-residential uses.

(o) "Sewer Collection System" shall mean all in-tract sewer main mains, service lines, and appurtenances, except for the sewer line located on each residential property in the Project up to the point where it connects to the service line located in the public right of way, that are used for collection and transmission of sewage generated from each parcel within the Property to the One Point of Connection to the City's wastewater treatment plant, including the Sewage Flow Meter and Vault.

(p) "Sewage Flow Meter and Vault" shall mean a device connected to a final distribution point of the Sewer Collection System that is housed in a concrete reinforced pit, and is used to measure the volume of sewage and/or wastewater flowing from the Project. This shall be located on or near to the Property.

(q) "Wastewater Agreement" shall mean that certain Wastewater Services Agreement between MHCSD and the City for purposes of MHCSD subcontracting the treatment of the wastewater generated by the Project, as defined in Recital D, above.

(r) "Water Distribution System" shall mean all in-tract water main mains, service lines, and appurtenances that are used for transmission and distribution of drinking water to each parcel within the Property to the point where such connect with the MHCSD's existing water lines, excluding the water line and meter located on each residential property in the Project.

(s) "Water Tank" shall mean a storage vessel of not less than 390,000 gallon capacity located on MHCSD property wherein water is initially stored.

1.02 Additional Defined Terms

To the extent that any capitalized terms contained in this Agreement are not defined above, such terms shall have the meaning otherwise ascribed to them in this Agreement.

Section 2. Water Distribution System

2.01 Water System Design and Construction and Water Line Located on Each Residential Lot

Developers' proposed preliminary Water Distribution System layout has been approved by MHCSD based on its review of Vested Tentative Tract Maps LOM 570 and 571 and Preliminary Tentative Tract Map 629. Developers shall submit Project plans to MHCSD that have been prepared by a California Registered Professional Engineer and approved by the City of Lompoc for the final water system layout, including mains and laterals, and construction details, which shall comply with American Water Works Association (AWWA) potable water system standards and MHCSD Standards, whichever is more stringent.

2.02 Pressure Study and Water Distribution System Modification

The MHCSD standard is to maintain normal water operating pressures between 40 pounds per square inch (psi) and 120 psi.

2.03 Water Conservation

Developers agree to participate in the MHCSD In-Lieu of Water Conservation Fee in the amounts set forth in Exhibit A to ensure the Project will minimize the impact on groundwater.

2.04 Developers To Construct Water Distribution System

Developers will be responsible for the design and construction of the Water Distribution System as required for each phase of development and the water line for each residential parcel within the Property according to the Specific Plan and development permits from the City. The Water Distribution System shall connect to existing MHCSD water mains located in Harris Grade Road in two or more separate locations. Developers shall be responsible for all construction costs for the Water Distribution System, including without limitation the costs associated with connecting each phase of the development to the MHCSD's now existing water main located in

Harris Grade Road. It is understood that the Developers will develop the Project in phases and the obligations of Developers may be completed in phases. The Water Distribution System shall be constructed and completed under the direction of the Developer responsible for the specific phase of development for which water service is to be provided. The Developers will provide MHCSD and the City with the name and contact information for the primary point of contact for each phase of the Project as well as a list of the specific infrastructure the Developers will be constructing. The Developers will use their best efforts to design and construct the Project to minimize the potential for the installation of self-regenerating water softeners on the residential properties. The Developers are responsible for receiving development permits from the City for development pursuant to the Specific Plan. MHCSD shall have the authority to not install water meters and/or cause certificates of occupancies to not be issued for a particular phase or phases, if such phase or phases or another phase has not complied with the requirements of this Agreement, including without limitation failing to make payments due to MHCSD or failing to build any of Water Distribution System, Sewage Collection System or One Point of Connection in accordance with the terms and conditions of this Agreement.

Section 3. Sewage Collection System and Wastewater Agreement Obligations

3.01 Developers To Construct In-Tract Sewer Collection System

Developers will be responsible for the design and construction of the Sewer Collection System as required for each phase of development and for each parcel within the Property according to the Specific Plan and development permits from the City. The Sewer Collection System shall be located within the public right-of-way of the Property and flow from each parcel to and including the One Point of Connection. It is understood that the Developers will develop the Project in phases and the obligations of Developers may be completed in phases. The Sewage Collection System shall be constructed and completed under the direction of the Developer responsible for the specific phase of development for which sewer service is to be provided. The Developers are responsible for receiving development permits from the City for development pursuant to the Specific Plan. The Developers will provide the City and MHCSD with the name and contact information for the primary point of contact for each phase of the Project as well as a list of the specific infrastructure the Developers will be constructing. MHCSD shall have the authority to cause certificates of occupancies to not be issued for a particular phase or phases, if such phase or phases or another phase has not complied with the requirements of this Agreement, including without limitation failing to make payments due to MHCSD or failing to build any of Water Distribution System, Sewage Collection System or One Point of Connection in accordance with the terms and conditions of this Agreement.

3.02 Wastewater Agreement Obligations

Pursuant to Chapter VII.G of the Wastewater Agreement, MHCSD has the obligation to make periodic debt payments to City (the "Debt Payments") based upon the amortization schedule incorporated into the Wastewater Agreement as Attachment 1 (the "Amortization Schedule" – there are six possible amortization schedules, and the applicable schedule will be based upon the date Developers first pull a residential building permit). Developers shall pay MHCSD for all Debt Payments that MHCSD would be required to make to the City for the entirety of the

applicable Amortization Schedule. Accordingly, Developers and MHCSD understand and agree that MHCSD is acting as a pass-through entity between the Developers and the City regarding the Debt Payments and that the Developers are accepting all responsibility for making these payments to MHCSD so that MHCSD does not have to use its own funds to make these Debt Payments. Developers shall, at their sole cost and expense, make such Debt Payments to MHCSD on a straight-line schedule in accordance with the Amortization Schedule. Further, during periods 1-4 as set forth on the Amortization Schedule, Developers shall accelerate their periodic payments such that MHCSD never has more than One Hundred Fifty Thousand Dollars ($150,000) of potential liability for Debt Payments including any applicable Termination Fee. Commencing with period 5, Developers shall continue to pay all straight line Debt Payments when due.

Pursuant to Chapter VI.B of the Wastewater Agreement, MHCSD has the further obligation to make contributions to the City's Wastewater Capital Reserve Fund (WCRF) which it may do by passing such costs onto MHCSD wastewater treatment customers located in Burton Ranch. During period 1, Developers shall pay MHCSD the total required WCRF Reserve, as set forth on the applicable Amortization Schedule. Developers shall only be responsible for payments of the WCRF requirement and in the event the City requires additional annual capital contributions or replenishment of the WCRF such contributions shall be the responsibility of MHCSD, which it may pay by passing such costs onto MHCSD wastewater treatment customers located in Burton Ranch.

Developers agree to pay such amounts to MHCSD at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owed pursuant to the Wastewater Agreement. MHCSD must use such funds to make the applicable Debt Payment and WCRF payments due the City and may choose to make Debt Payments either on a straight-line basis or pursuant to the five-year ramp up schedule in the applicable Amortization Schedule. Any funds MHCSD retains as a result of MHCSD choosing to make payments based on the five-year ramp up schedule shall be held in a separate interest-bearing account until later remitted to the City. Developer maintains the right, subject to their sole discretion, to prepay all payments to MHCSD prior to the date due.

Payment schedules to be followed by Developers for both the Debt Payments and the WCRF contributions are attached hereto as Exhibit C. By way of example, if the first residential building permit is to be pulled on or about October 1, 2024, Developers would, concurrent with their request for building permits from the City, pay MHCSD a straight line debt payment for period 1 of One Hundred Forty Four Thousand Three Hundred Thirty One and 23/100 Dollars ($144,331.23) plus an accelerated payment of Two Hundred Eighty Two Thousand and Nine Ninety Three and 69/100 Dollar ($282,993.69) for a final total of Four Hundred Twenty Seven Thousand Three Hundred Twenty Four and 92/100 Dollars ($427,324.92). In addition, Developers would pay a total of One Hundred Forty-Five Thousand and 98/100 Dollars ($145,000.00) towards the WCRF requirement. Then, for periods 2 and 3, Developers will have no Debt Payment or WCRF requirement. For payment period 4, Developers shall pay MHCSD a Debt Payment of One Hundred and Fifty Thousand Dollars ($150,000). For period 5 and all subsequent pay periods, Developers would make a Debt Payment of One Hundred Forty-Four Thousand Three Hundred Thirty-One and 23/100 Dollars ($144,331.23).

In addition, Chapter VII.G of the Wastewater Agreement states the MHCSD may cancel any remaining future indebtedness upon the fourth payment period if MHCSD "ceases all future development." MHCSD hereby agrees Developers are in control of the pace and phasing of the Project and decisions of when development of the Project ceases and the risks and obligations associated therewith. Accordingly, MHCSD shall not decide to "cease all future development" and/or pay the early termination fee unless (i) Developers provide written notice to MHCSD that Developers will not be constructing any further improvements on the Property, or (ii) Developers fail to timely make any of the payments due under this Section 3.02 of this Agreement prior to the time that MHCSD would be in default under the Wastewater Agreement for failing to make a Debt Payment or WCRF contribution. In the event Developer decides to cease development of the Project, MHCSD and Developer shall notify City of the decision and Developer shall be responsible for any and all wastewater payments due to MHCSD under this Agreement and not yet paid to MHCSD. All other costs required of MHCSD pursuant to the Wastewater Agreement shall be the sole responsibility of MHCSD.

Section 4. General Conditions

4.01 Acceptance of Plans and Specifications

The completed Facilities, as defined above, must be prepared in conformance with the current published MHCSD Improvement Standards and requirements and must be approved and accepted by MHCSD's General Manager, which approval shall not be unreasonably withheld. Additionally, the Sewage Collection System is subject to the City's regulations as set forth in the Wastewater Agreement between the City and MHCSD.

4.02 Drawings

Developers shall provide MHCSD with one set of 24" x 36" reproducible "as built" digital drawing files in pdf, and one copy of the completed Project plans.

4.03 Revision of Plans

Any minor changes in the accepted Facilities plans shall require written approval of Developers and MHCSD's General Manager. Major changes require written approval of the Developers and the MHCSD Board.

4.04 Rights of Way

Developers will provide to MHCSD, at no cost of MHCSD and in a form acceptable to MHCSD's General Manager and legal counsel, appropriate easements and rights of way for the operation, maintenance, repair, and replacement of all the Facilities not within existing public rights of way, public utility easements, and/or water and /or wastewater system easements.

4.05 Construction

Developers shall, at no cost to MHCSD, construct the Facilities pursuant to the MHCSD

approved plans or any MHCSD approved modifications thereof. Developers shall provide in any contract for construction of the Facilities that any contractor materials supplier guaranty thereunder, including any one (1) year warranty on the completed improvements, shall inure to the benefit of MHCSD after the works constructed thereunder have passed final inspection and have been conveyed to MHCSD as provided below. Developers shall also provide in any contract for construction of the Facilities that MHCSD is a third-party beneficiary of such contract and that the contractor's public liability and property damage insurance shall be extended to cover Developers and MHCSD and their agents, officers and employees as additional insured, with liability and bodily injury limits of not less than as set forth in Section 5.02 below. The Parties do not intend Developers' one year warranty on the completed improvements to be construed as limiting the period within which MHCSD may bring an action against contractors or issuers of surety bonds for latent construction defects.

4.06 Licensed Contractor

The person or entity constructing the Facilities shall be licensed under the provisions of the Business and Professions Code of the State of California to do the type of work called for in the approved plans and specifications.

4.07 Compliance with Applicable Laws

The Applicant(s) shall obtain all necessary local, county and state permits and approvals, including but not limited to encroachment permits, and shall conform to the requirements thereof. Developers shall give all notices and comply with all applicable local, county, state, and federal laws in connection with the construction of the Facilities and this Agreement.

4.08 Inspection of Construction

MHCSD's General Manager, or his/her agent(s), shall inspect the construction of the Facilities. Said inspection shall be funded by an inspection fee paid by Developers as set forth in Exhibit A. Construction of the Facilities shall not commence until said inspection fee is paid. MHCSD's General Manager, or his/her agent(s) shall notify Developers of any deviation or failure to construct the Facilities pursuant to the accepted plans as soon as such deviation or failure is brought to his/her attention, and Developers shall promptly correct such deviation or failure.

4.09 Conveyance

Within ninety (90) days after completion of construction of the Facilities in accordance with the accepted plans therefore and MHCSD's Improvement Standards:

(a) Developers shall convey title of the completed Facilities to MHCSD at no cost to MHCSD, free and clear of all liens and encumbrances, by appropriate conveyance documents, accepted in form and content to MHCSD's General Manager and Legal Counsel.

(b) Developers shall provide MHCSD with one set of 24" x 36" reproducible "as built" drawings on matte mylar (5 mil minimum), electronic drawing files, and

four copies of the completed Project plans.

(c) Developers shall provide an engineer's certification that the Facilities are constructed in substantial conformance with the plans and specifications submitted to MHCSD.

(d) Developers shall provide easements as specified above and the following special conditions:

(i) MHCSD agrees to quitclaim existing easements, if any, held in MHCSD's name encumbering the Property in the form attached hereto as Exhibit D which MHCSD does not need for its operations. Developers agree to convey to MHCSD and record utility easements, in the form attached hereto as Exhibit E, for the Facilities, over and across portions of the Property outside of the proposed streets. Said easements granted by the Developers shall be recorded prior to the conveyance of any portion of the Property to the Project's homeowner's association. Developers shall, at their own cost, provide MHCSD a standard policy of title insurance (CLTA) for all the easements recorded by Developer. MHCSD shall record quitclaim deeds following recordation of Developers' easements.

(ii) Upon satisfaction of all conditions imposed by MHCSD herein, MHCSD shall accept conveyance of title of the completed Facilities, or phases thereof, by resolution and include them as part of its system and shall thereafter operate and maintain said system.

4.10 Accounting

Developers shall furnish an accounting, satisfactory to MHCSD in its reasonable discretion, of the amounts expended for the construction and installation of the Facilities, with values applicable to the various components of the work, together with a list of any other materials and equipment being transferred, and their corresponding values.

4.11 Reimbursement of Plan Review Expenses

Excepting those expenses for which MHCSD is fully responsible as set forth elsewhere in this Agreement, Developer agrees to pay and/or reimburse, as described below, MHCSD for all its staff and consulting costs expended following the Effective Date for any plan review in connection with the Facilities.

Developer shall advance Five Thousand Dollars ($5,000) as a deposit. Developer authorizes MHCSD to withdraw from the deposit to pay for services pursuant to this Agreement as they are incurred by MHCSD.

MHCSD will notify Developer whenever the balance on deposit is reduced below One Thousand Dollars ($1,000). Within 15 days after such notification is mailed, Developers will make an additional deposit in Five Thousand Dollar ($5,000) increments.

Prior to acceptance of the Facilities by MHCSD, MHCSD will furnish to Developers a written accounting of all of MHCSD's plan review costs and expenses incurred in relation to this Agreement. Any funds deposited by the Developers in excess of the actual costs due under this Section·4 or for other payments due MHCSD shall be refunded to the Developers.

4.12 MHCSD Services

MHCSD shall provide water and sewer service sufficient to serve the Project as the Facilities, or phases thereof, are conveyed unless a condition exists as set forth in Section 7.03. MHCSD shall provide any temporary construction water services to the Project as required prior to completion of all phases of the Facilities at the usage rate MHCSD has established for construction usage. Developer shall construct and pay for any equipment or facilities needed to deliver construction water to the point of use. Developers shall not allow any person to use or commence operation of any part of the Facilities prior to MHCSD's acceptance without the express written consent of MHCSD, which shall not be unreasonably withheld. Except for the connection fees and related charges set forth in Exhibit A attached hereto, water and wastewater utility services shall be supplied in accordance with applicable MHCSD rates, ordinances, rules, and regulations as the same may be amended from time-to-time.

4.13 Developers' Responsibilities After Conveyance

After one year following MHCSD's acceptance of the Facilities or phases thereof, Developers shall have no obligation for the operation, maintenance, repair or replacement thereof, and MHCSD shall retain all rights under the construction contracts noted in Section 4.05.

4.14 Application for Water and Sewerage Service

The Project's water and wastewater system shall not be operated, other than for testing purposes, until the systems are functionally complete, fees have been paid (including fees due to the City as set forth on Exhibit A) and proper applications for service have been filed with MHCSD.

4.15 Ownership of Facilities

Upon acceptance of the Facilities by MHCSD, it shall become the sole property of MHCSD and shall be used and operated at MHCSD's sole discretion.

4.16 Rates and Charges for Service

Except for those connection fees and related charges specified in Exhibit A attached hereto and incorporated in full herein by this reference, all other services made available by MHCSD to users within the Project shall be at the established rates and charges as fixed by MHCSD's Board

of Directions from time to time. MHCSD acknowledges and agrees that MHCSD intends to be bound by the connection fees and related MHCSD charges set forth in Exhibit A for a period of seven years following the execution of this Agreement and, notwithstanding any subsequent MHCSD ordinance adopted during that seven-year period establishing different connection fees and related charges for MHCSD users, MHCSD shall impose on Developers only such connection fees and related charges agreed upon herein. Any MHCSD ordinance enacted prior to the expiration of that seven-year period subsequent to the execution of this Agreement which changes MHCSD connection fees and related charges shall include a provision explicitly excluding the Project from such fees and charges until expiration of the seven year period, and shall specifically reference this Agreement. Developers shall have the option, prior to the expiration of the aforementioned seven-year period, to prepay all connection fees at the rates set forth in Exhibit A, in which case any increased connection fee established by a subsequent MHCSD ordinance shall not apply.

4.17 Prevailing Wage

Developers shall comply with state prevailing wage laws, Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720 and Title 8, California Code of Regulations, Chapter 8, Subchapter 3, commencing with Section 16000, as applicable, for any work performed by Developers under this Agreement. Developers shall defend, indemnify and hold MHCSD harmless from any liability, claims, penalties, damages, costs and expenses arising from the failure to comply with state prevailing wage laws related to Developers construction of the Facilities. MHCSD shall be responsible for compliance with prevailing wage laws as required for all work performed by MHCSD under this Agreement.

4.18 Proposition 218 Process

During the term of this Agreement and to the extent required by Proposition 218, MHCSD will prepare a wastewater rate study and adhere to rate increases processes required by law. MHCSD agrees that such rate study will include a separate analysis of rates for the Project because the Project's sewer service is reliant upon and based on the costs of the City's treatment plant rather than MHCSD's existing treatment system.

Section 5. Risk Transfer Requirements

To allocate risks equitably between all Parties and to place responsibility for risks on the entity controlling the risk, the parties agree as follows:

5.01 Hold Harmless

MHCSD is not, by inspection of the construction or installation of the Facilities, representing Developers or providing a substitute for inspection and control of such work by Developers. Any inspections and observations of the Facilities by MHCSD are for the sole purpose of providing notice of the stage and character of such work. Any failure of MHCSD to note variances in the Facilities from the plans does not excuse or exempt Developers from complying with all terms of the plans. The fact that MHCSD inspects the construction of the Facilities and fails to notify Developers of deviations or failures to construct the Facilities pursuant

to the accepted plans shall not be deemed to constitute a guarantee by MHCSD that the Facilities have been built in accordance with the accepted plans. During construction and prior to conveyance thereof to MHCSD and acceptance thereof by MHCSD, Developers shall hold harmless and indemnify MHCSD against all claims, demands and charges by third parties arising out of alleged deviations or failures to construct the Facilities pursuant to the accepted plans. Developers' obligations under this section are comprehensive, except for MHCSD's proven sole or active negligence or willful misconduct.

5.02 Minimum Scope and Limit on Insurance

Developer shall procure and maintain for the duration of this Agreement, insurance against any and all claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by Developers, their agents, representatives, employees, or subcontractors.

(a) Coverage. Coverage shall be at least as broad as:

(i) Commercial General Liability (CGL). Insurance shall be on a primary basis, Services Office (IS0) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits no less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate for products completed operations and Two Million Dollars ($2,000,000) General Aggregate. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(ii) Automobile Liability. Insurance Services Office Form CA 0001 covering Code (one)1 (any auto), with limits no less than One Million Dollars ($1,000,000) per accident for bodily injury and property damage.

(iii) Workers Compensation. As required by the State of California, with Statutory Limits, and Employers' Liability insurance with a limit of no less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

(iv) Builder's Risk (Course of Construction). Utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions. Developers may subject evidence of Builder's Risk insurance in the form of Course of Construction coverage. Such coverage shall name MHCSD as a loss payee as their interest may appear. If the Project does not involve new or major reconstruction, at the option of MHCSD, an installation floater may be acceptable. For such projects, a property installation floater shall be obtained that provides for the improvement, remodel, modification, alteration, conversion or adjustment to existing buildings, structures, processes, machinery and equipment. The property installation floater shall provide property damage coverage for any building, structure, machinery or equipment damaged, impaired, broken, or destroyed during the performance of the Developer's construction obligations under this Agreement, including during transit, installation, and testing at MHCSD's site.

(v) Surety Bond. As described elsewhere in this Agreement.

(vi) Professional Liability. Developer's contractor(s) shall maintain professional liability insurance with limits no less than One Million Dollars ($1,000,000) per occurrence or claim, and Three Million Dollars ($3,000,000) policy aggregate.

If Developers maintain broader coverage and/or higher limits than the minimums shown above, MHCSD requires and shall be entitled to the boarder coverage and/or the higher limits maintained by Developers. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to MHCSD. MHCSD has the right to increase the above insurance amounts annually in amount not to exceed the coverage amounts recommended by California Joint Powers Insurance Authority.

(b) Self-Insured Retentions. Self-insured retentions must be declared to and approved by MHCSD. At the option of MHCSD, either (i) Developers shall cause the insurer to reduce or eliminate such self-insured retentions with respect to MHCSD, its officers, officials, employees, and volunteers; or (ii) Developers shall provide a financial guarantee satisfactory to MHCSD ensuring payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or MHCSD.

(c) Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

(i) MHCSD, its offers, officials, agents, employees, and volunteers are to be covered as additional insured on the CGL and auto policies with respect to liability arising out of work or operations performed by or on behalf of the Developer including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of Developers. General liability form of endorsement shall be CG 20 12 12 19 combined with CG 20 10 07 04 and CG 20 37 07 04 or equivalent endorsements reasonably available.

(ii) For any claims related to the Project, Developers' insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 12 12 19, CG 20 10 07 04 and CG 20 37 07 04 with respect to MHCSD, its officers, official, employees and volunteers. Any insurance or self- insurance maintained by MHCSD, its officers, officials, employees, or volunteers shall be in excess of Developers' insurance and shall not contribute with it.

(iii) Each policy of insurance required shall provide that coverage shall not be cancelled, except with thirty (30) days written notice to MHCSD.

5.03 Acceptability of Insurers

Insurance to be placed with insurers authorized to conduct business in the State of California with a current AM Best's rating of no less than A: VIII, unless otherwise acceptable to MHCSD.

5.04 Waiver of Subrogation

Developers hereby agree to waiver rights of subrogation which any insurer of Developers may acquire from Developers by virtue of the payment of any loss. Developers agree to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of MHCSD for all work performed by Developers, its employees, agents and subcontractors.

5.05 Verification of Coverage

Developers shall furnish MHCSD with original Certificates of Insurance, including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause), and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements before work begins. Failure to obtain the required insurance

documents prior to beginning work on the Facilities shall not waive Developers' obligation to provide them. MHCSD reserves the right to require complete, certified copies of all compulsory insurance policies, including endorsements, at any time.

5.06 Subcontractors

Developers shall require and verify that all subcontractors maintain insurance meeting all requirements stated herein for ongoing and completed operations, and Developer shall ensure that MHCSD is an additional insured on insurance required from subcontractors.

5.07 Surety Bonds

Developers shall provide the following Surety Bonds or other form of surety as approved in writing by MHCSD: (a) 100% Performance Bond; (b) 100% Payment Bond; (c) 10% Maintenance Bond. The Payment Bond and the Performance Bond shall be in a sum equal to the contract price of the Facilities. If the Performance Bond provides for a one-year warranty, a separate Maintenance Bond is not necessary. Bonds shall be duly executed by a responsible corporate surety, authorized to issue such bonds in the State of California and secured through an authorized agent with an office in California.

5.08 Special Risks or Circumstances

MHCSD reserves the right to modify these requirements, including limits based on the nature of the risk, prior experience, insurer, coverage, or other circumstances. Such modifications shall not be effective without the prior written agreement of Developers, which shall not be unreasonably withheld.

Section 6. Municipal Well and Water Tank

6.01 MHCSD Shall Construct Municipal Well and Water Tank

MHCSD shall construct a Municipal Well and Water Tank on MHCSD property which will augment the MHCSD's existing wells and storage tanks to ensure a safe and reliable water supply for the MHCSD, including the Project. MHCSD shall ensure the Property is provided with adequate and reliable water supply as needed until the Municipal Well and Water Tank is constructed and fully integrated into the MHCSD's water supply system. The level of water treatment provided by the facilities shall be the level of treatment applicable to the entire MHCSD water system. MHCSD shall ensure the Municipal Well and Water Tank are constructed and operable prior to the issuance of the 200th certificate of occupancy for the Project or sooner if required to provide an adequate and reliable water supply to the Project.

6.02 Construction Plans and Specifications

Following execution of the Agreement and upon the later of (i) issuance of the first grading permit for the Project or (ii) 270 days following the Effective Date, MHCSD shall design, prepare plans and specifications for construction, and obtain all necessary approvals for the Municipal Well and Water Tank. Said plans and specifications will be in accordance with the provisions of

this Agreement as well as with all other local, County and state standards and requirements. MHCSD shall share a final draft of such plan, which shall include a detailed estimated total cost breakdown, with Developers. Developer shall provide MHCSD one hundred and twenty (120) days notice prior to requesting a grading permit from the City. For reference purposes only, a draft of the FINAL Conceptual Water Supply memorandum prepared by Stantec dated April 26, 2022 is attached hereto as Exhibit F which contains preliminary specifications and cost estimates for the Municipal Well and Water Tank proposed by MHCSD. Developers shall deposit Fifty Thousand Dollars ($50,000.00) with the District within ten (10) business days of the Effective Date of this Agreement towards the cost of the preparation of the plans and specifications. MHCSD will notify Developer whenever the balance on deposit is reduced below One Thousand Dollars ($1,000.00). Within thirty (30) days after such notification is mailed, Developers will make an additional deposit in Ten Thousand Dollar ($10,000.00) increments. All such deposits shall be credited against Developer's total advance specified in Section 6.05 below.

6.03 Well Capacity

The Municipal Well shall be designed, based upon consultations with a certified well driller and hydrogeologist, to produce not less than 520 gallons per minute ("gpm"). Neither party shall be in breach of this Agreement if, after installation of the well, the Municipal Well does not produce 520 gpm, so long as the Municipal Well was designed, based upon consultations with a certified well driller and hydrogeologist, to produce not less than 520 gpm and MHCSD can otherwise provide adequate and reliable domestic and fire flow water services required by the Project, and otherwise meet all water storage requirements.

6.04 Water Tank Capacity

The Water Tank shall have a capacity of not less than 390,000 gallons. The Water Tank shall be located on MHCSD property near existing wells and will store the water for all of MHCSD's wells prior to treatment. Notwithstanding the size of the Water Tank, MHCSD shall meet all water storage requirements for the Property and Project.

6.05 Costs for Municipal Well and Water Tank

The Municipal Well and Water Tank are critical planned asset projects identified in and/or replacing projects identified in that certain NBS Capacity Charge Study adopted by MHCSD in February 2019 which established water connection fees (or Capacity Charges) based on a buy-in to existing infrastructure and cost share for future planned assets. Accordingly, all Parties agree that Developers' payment of One Million Five Hundred Thousand Dollars ($1,500,000.00), as an advance against the amount of water capital connection fees, and the payment of water capital connection fees when and if units in excess of the $1.5 million credits is exhausted, satisfy Developers' obligation to contribute to the cost of the Municipal Well and Water Tank and related infrastructure. Otherwise, MHCSD is responsible for its staff and consulting costs for engineering, legal, and administrative services expended in connection with study, investigation construction and testing of the Municipal Well and Water Tank. Developers have agreed to prepay a portion of the water connection fees in order to provide MHCSD additional capital to support timely construction of such projects as further specified in Exhibit A.

6.06 Ownership of the Municipal Well and Water Tank

MHCSD shall at all times retain ownership, custody and control of the Municipal Well and Water Tank. The Municipal Well and Water Tank will be fully integrated into the MHCSD's existing water treatment and supply system, which will supply water services to not only the Property, but also the MHCSD's existing and other future customers. Developers shall not be responsible for any defects in workmanship or materials and all necessary maintenance and upkeep of the Municipal Well and Water Tank shall be the sole responsibility of MHCSD. The MHCSD shall be free to operate, manage, expand, and improve the Municipal Well and Water Tank as it deems appropriate.

Section 7. Implementation of this Agreement

7.01 Effective Date

This Agreement shall be deemed in full force and effect on the Effective Date.

7.02 Term

The term of this Agreement shall commence upon the Effective Date and shall extend until the seventh (7th) anniversary of the Effective Date. However, once the grading permit is issued to a parcel within the Property or MHCSD commences physical construction of Municipal Well and Water Tank, the Agreement will continue to exist until the Project is completely developed but the Applicable Laws shall change to laws in effect at the end of seventh anniversary of the Effective Date. The running of this shall be automatically stayed for the period of time during which the Parties apply to a court of competent jurisdiction for relief from a material breach of this Agreement. Furthermore, the running of this term shall be automatically stayed in the event MHCSD is unable to honor its commitment to provide water or sewer service to the Project consistent with the terms and conditions set forth in this Agreement, including conditions as described in Section 7.03, or that result of health and safety considerations that are uniformly applied to all MHCSD customers or any unanticipated changes in potable water or wastewater regulations that mandate MHCSD limit or suspend service until compliance is achieved.

7.03 No Default Where Performance is Impossible

Nonperformance, except any and all payments required to be made by Developers under this Agreement, by Developers or MHCSD hereunder shall not be deemed to be a default if such nonperformance is attributable to events beyond the reasonable control of Developers or MHCSD, such as acts of God, war, strikes, riots, floods, earthquakes, fire, work stoppages, casualties, pandemics, supply-chain interruptions, acts of public enemy, unanticipated changes in potable water or wastewater regulations which mandate, due to no fault or negligence by MHCSD, that MHCSD limit or suspend service until compliance is achieved, the failure of any non-MHCSD governmental entity of competent jurisdiction to issue permits required for the development of the Project, the commencement of litigation by a third party to set aside approval of the Project or this Agreement, or any component thereof, or the issuance of a court order preventing development of the Project.

If a Party's performance has been delayed by any such cause, such Party shall, as soon as possible following the occurrence or date of commencement of such nonperformance but in no event later than sixty (60) days from the date that the Party knew or should have known about the issue causing it to be unable to perform, notify the other Party of the nature and expected duration of such nonperformance, steps to be taken to remedy the nonperformance, and shall thereafter diligently pursue any reasonable and available remedy and keep the other Party informed until such time as it is able to perform is obligations. If MHCSD has provided Developers proper notice and is diligently pursuing all reasonable remedies but, even despite these efforts, MHCSD's service of adequate and reliable water is delayed for two (2) years or more, then Developers may elect to suspend performance of water related obligations under this Agreement and seek water service from the City so long as the City is not the cause of the delay or if the City is subject to the same issue that is causing MHCSD to be unable to perform. MHCSD shall be estopped from objecting to such efforts notwithstanding any language to the contrary in this or any other agreement. In the event Developers so elect, Developers shall be deemed to have waived any claim of monetary damages resulting from MCHSD's inability to perform.

Notwithstanding the foregoing and in addition to all other remedies available under the law, if MHCSD's service of adequate and reliable water is delayed due to MHCSD's default or unexcused failure to perform and service is delayed for more than a total of two hundred and ten (210) days, then Developers shall have the right to seek water service from the City, suspend performance of water related obligations under this Agreement and MHCSD shall be estopped from objecting to such efforts notwithstanding language to the contrary in this or any other agreement. Times of performance under this Agreement may also be extended in writing by Developers and MHCSD pursuant to mutual agreement.

7.04 Processing of Applications and Issuance of Can and Will Serve Letters

So long as a condition does not exist as set forth in Section 7.03 and Developers are not in default under this Agreement, upon execution of this Agreement and payment of all associated and due application processing fees as provided in this Agreement, the MHCSD shall promptly and diligently complete all steps necessary to issue, and shall issue, all Will Serve letters required for each phase of the development of the Project, but not limited to (a) the holding of all required public hearings or meetings, if applicable, and the provision of notice for such public hearings or meetings, and (b) the granting of the requested service.

7.05 Cooperation in the Event of Legal Challenge

If any legal or equitable action or other proceeding is brought by any third party, governmental entity challenging the validity of any provision of this Agreement, the Parties shall cooperate in the defense against such action or proceeding.

7.06 Joint and Several Liability

Developers shall be jointly and severally liable to the MHCSD for all obligations under this Agreement. This Agreement may be enforced against each Applicant individually or among two or more of the Developers.

Section 8. Miscellaneous Provisions

8.01 Notices

All notices, approvals, acceptances, demands and other communications required or permitted under this Agreement shall be in writing and shall be delivered in person or by U.S. mail (postage prepaid, certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

TO MHCSD:

Mission Hills Community Services District
Attn: MHCSD Manager
1550 Burton Mesa Blvd.
Lompoc, CA93436-2100

With a copy to:
Mark Hensley
Hensley Law Group
2600 W. Olive Avenue, Suite 500
Burbank, California 91505

TO DEVELOPERS:

Harris Grade Limited Partnership c/o The Towbes Group
33 E. Carrillo Street #200, Santa Barbara, CA 93101

Harris Grade Partners, LP
c/o Martin Farrell Homes, Inc.
Attn: Jon Martin, Vice President
330 East Canon Perdido, Suite F Santa Barbara, CA 93101

Lompoc Ranch Joint Venture
John Gherini, Managing Partner
1114 State Street, Suite 230 Santa Barbara, CA 93101

The Towbes Group, Inc.
c/o Robert Skinner, CEO
33 E. Carrillo Street #200, Santa Barbara, CA 93101
Santa Barbara, CA 93101

MJ Land, LLC
c/o Donald M. Jensen
1672 Donlon Street, Ventura, CA 93003

Joe A. Signorelli Jr.
1529 Riverside Drive

Lompoc, CA 93436

Stacey Lee Signorelli
P.O. Box 1258 Lompoc, CA 93438

Gus Thomas Signorelli
1204 Diatta Road
Sai1ta Barbara, CA 93103

With a Copy to:

Olivia K. Marr, Esq.
Fauver, Large, Archbald, Spray LLP
820 State Street, 4th Floor
Santa Barbara, CA 93101

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date; any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date; any delivery in person shall be deemed delivered when delivered to the party *to* whom it is addressed. Either party may change its address by giving the other party written notice of its new address as provided above.

8.02 Covenants Running with the Land

The provisions of this Agreement shall constitute covenants which shall run with the land comprising the Property, and the burdens and benefits hereof shall bind and insure to the benefit of each of the Parties hereto and all successors in interest to the Parties hereto. A Memorandum of this Agreement shall be duly recorded in the Official Records in the County of Santa Barbara.

8.03 Transfer of Property

Developers shall have the right to assign or transfer all or any portion of their interest, rights or obligations under this Agreement or in the Property to third parties acquiring an interest or estate in the Property or any portion thereof. Developers shall be required to provide notice of any proposed or completed assignment or transfer as provided by this Agreement as well as provide the name and contact information for the person that will be the primary point of contact for the Property. If all or any of the portion of the Property is transferred by Developers to any person or entity, the transferee shall succeed to all of Developers' rights under this Agreement as they affect the right to proceed with development of that portion of the Property transferred to the transferee (the "Transferred Property"), and the transferee shall automatically assume all obligations of Developers hereunder which relate to the Transferred Property. A transfer of all or any part of the Property to any other person or entity shall release Developers from their obligations hereunder, so long as they are not in breach of this Agreement or have any outstanding payments due to MHCSD, relating only as such obligations relate to the Transferred Property. All obligations under this Agreement shall be joint and several with regard to the Developers and the Property, except that once a phase is totally completed and all of the obligations of that phase have been satisfied then that phase shall be released from further obligations under this

Agreement.

8.04 Development Timing

Except as otherwise provided herein, Developers shall not be required to initiate or complete development of any particular portion of the Project within any period of time. Developers may develop the Property in accordance with the Developers' own time schedule as such schedule may exist from time to time. Entering into this Agreement shall not obligate Developers to make any improvements or otherwise develop the Property, or to develop it to any stage of completion once having commenced construction.

8.05 MHCSD Powers

Nothing herein contained shall be deemed to limit, restrict, or modify any right, duty, or obligation given, granted, or imposed upon MHCSD by the laws of the State of California or federal laws now in effect, or hereafter adopted, nor to limit or restrict the power or authority of MHCSD, including the application of any rules, regulations, policies, resolutions or ordinances to the Project, to the extent that such changes are specifically required to be applied to developments such as the Project by changes in state or federal laws or regulations. In the event that any part of provisions contained in this Agreement or incorporated herein, are found to be illegal or unconstitutional by a court of competent jurisdiction, such findings shall not affect the remaining parts, portions, or provisions hereof.

8.06 Attorneys’ Fees

In the event any legal or equitable proceeding is brought, including an action for declaratory relief, which is related in any manner to a material breach of this Agreement, the prevailing party shall be entitled to recover actual attorneys' fees and costs, as may be determined by the court in the same action or in a separate action brought for that purpose, The attorney's fees award shall be made as to fully reimburse the prevailing party for all attorney's fees, paralegal fees, costs and expenses actually occurred in good faith, regardless of the size of the judgment, it being the intention of the Parties to fully compensate for all attorneys' fees, paralegal fees, costs and expenses paid or incurred in good faith.

8.07 Modification

This Agreement may not be modified, amended, or terminated, nor may any term of provision hereof be waived or discharged, except in writing signed by the party against whom such amendment, modification, termination, waiver, or discharge is sought to be enforced.

8.08 Waiver

Any waiver at any time by any party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other breach or default, or any other matter. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. No waiver of any

right or remedy with respect to any occurrence or event shall be deemed a waiver of any right or remedy with respect to any other occurrence or event.

8.09 Entire Agreement and Amendment

This Agreement, together with all documents and exhibits referred to herein or attached hereto, contains the entire agreement of the Parties hereto with respect to the matters covered thereby, and no other agreement, statement or promise made by any party hereto or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid. All prior or contemporaneous agreements or writing between or among the Parties are specifically merged into this Agreement.

8.10 Severability

If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, then to the extent that the invalidity or unenforceability does not impair the application of this Agreement as intended by the Parties, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect.

8.11 Approvals Independent

All approvals that the MHCSD may grant pursuant to this Agreement constitute independent actions and approvals by the MHCSD. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if the MHCSD terminates this Agreement for any reason, then such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any approvals. In such cases, such approvals will remain in effect pursuant to their own terms, provisions, and conditions of approval.

8.12 Remedies Specified Herein Are Not Exclusive

The use by any party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

8.13 Estoppel Certificate

Within twenty-one (21) days following any written request which either party may make from time to time, the other party to this Agreement shall execute and deliver to the requesting party a statement certifying that: (i) this Agreement is unmodified and in full force and effect, or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modification, and (ii) there are no outstanding notices of default under this Agreement or specifying the dates and nature of any such default. The failure to deliver such a statement within such time shall constitute a conclusive presumption against the party which fails to deliver such statement that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no

outstanding notices of default in the performance of the requesting party, except as may be represented by the requesting party.

8.14 No Third-Party Beneficiary

This Agreement is made and entered into for the sole protection and benefit of the Parties hereto. No other party shall have any right of action based upon any provisions of this Agreement.

8.15 Applicable Law

The Laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.16 Further Actions

Each party shall promptly take such further actions and execute and deliver to the others all such other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other parties the full and complete enjoyment of their rights and privileges hereunder.

8.17 Counterparts and Electronic Signatures

This Agreement may be executed by the Parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart. In accordance with Government Code §16.5, the Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement, will be considered signed when the signature of a party is delivered by electronic transmission, including by counterparts. Such electronic signature will be treated in all respects as having the same effect as an original signature.

[*signatures on the following page*]

IN WITNESS WHEREOF, Developers and MHCSD have executed this Agreement as of the date first hereinabove written.

MHCSD:

MISSION HILLS COMMUNITY SERVICES MHCSD

By:_____
Name:_____
Title: Board President

By:_____
Name:_____
Title: Legal Counsel

By:_____
Name:_____
Title: Board Secretary

DEVELOPERS:

HARRIS GRADE PARTNERS, L.P.,
A California limited partnership
[APN 097-250-040 and an undivided 50% interest in 097-250-013]

By: MARTIN FARRELL HOMES, INC.,
A California corporation, General Partner

By:_____
Jon Martin, President

LOMPOC RANCH JOINT VENTURE, A California partnership, as to an undivided 37.5% interest
[APN 097-250-050, -051, -083 and -084]

By: _____
John Gherini, Managing Partner

JOE A. SIGNORELLI, JR., as His Sole and Separate Property, as to an undivided 16.66% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084]

By: _____
Joe A. Signorelli, Jr.

STACY LEE SIGNORELLI, as Her Sole and Separate Property, as to an undivided 16.67% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084

By:_____
Stacey Lee Signorelli

GUS THOMAS SIGNORELLI, as His Sole and Separate Property, as to an undivided 16.67% interest
[APNs: 097-250-050, 097-250-051, 097-250-083 and 097-250-084]

By: _____
Gus Signorelli

THE TOWBES GROUP, INC., a California corporation, as to an undivided 12.5% interest [APNs: 097-250-050, 097-20-051, 097-250-083and 097-250-084] and an undivided 50% interest [APN 097-250-013]

By: _____
Robert L. Skinner, CEO

By: _____
Michelle Konoske, President

MJ LAND, LLC, a California Limited Liability Company
[APNs: 097-250-070, 097-250-085 and 097-250-086]

By:_____
Donald M. Jensen, Managing Member

Exhibit A

WATER CONNECTION FEES AND RELATED CHARGES

ASSIGNED FEES:

Current Capacity Charges

- Water Capacity Charge for 1" meter of $9,100.00 each Single-Family Residence (337) which shall be increased every 12 months following the Effective Date by the California Construction Cost Index (CCCI)
- Water Capacity Charge for 1" meter of $6,370.00 per Multi-Family Residence (100) which shall be increased every 12 months following the Effective Date by the CCI
- The Wastewater Agreement contains financial obligations owed to the City of Lompoc for connection to and treatment of wastewater from the Project to the City's treatment plant. Developers shall be responsible for certain financial obligations as specified in Section 3.02 of this Agreement.

Current Published Rates	
	1" Meter
Water	$ 8,667.00
Sewer	$ 7,551.00
Capacity Charge	$ 16,218.00
Assigned Fees for Developers	
Water	
Single family (337)	$ 9,100.00
Multifamily (100)	$ 6,370.00
Sewer	$ 0
Estimated Total Capacity Charge to Developer Based on Above Rates	$ 3,703,700.00

Prepayment for Critical Planned Assets

- Reference the 2019 Approved NBS Study for Capacity Charges
- Reference the Final Conceptual Water Supply Technical Memorandum prepared by Stantec dated April 2022.

Developer shall prepay Capacity Charges in the amount of One Million Five Hundred Thousand Dollars ($1,500,000.00), minus any previously deposited funds provided pursuant to Section 6.02 of this Agreement, upon issuance of the first grading permit for the Project.

Developers shall be credited for such prepayment on a unit-by-unit basis and shall begin additional payment of Capacity Charges upon issuance of building permits for units once the prepayment is completely utilized. The amount of the Capacity Charge in effect at the time each building permit is pulled

is the amount that shall be debited against the One Million Five Hundred Thousand Dollar ($1,500,000.00) prepayment. For example, following the initial prepayment Developer could construct (if no CCCI adjustment has occurred) and have meters installed at approximately 164 single family homes (based on a flat capacity charge rate of $9,100.00 per du) prior to making an additional capacity charge payment. Developers' rights to receive credit towards connection fees are not personal to Developers and shall survive the sale by Developers of all or any portion of Developers' property. Developers' right to receive credit toward connection fees shall be extinguished and transferred upon the sale of the property as subsequent owners of the Developers' property shall be entitled to such credit.

MHCSD In-Lieu of Water Conservation Fee

- The current Ordinance 02-68 has a water conservation fee of Three Hundred and Ten Dollars ($310.00) and shall remain fixed at said rate for seven (7) years, measured from the date of Developers' first payment of a water connection fee pursuant to this Agreement. Said in lieu fees for multi-units shall be Two Hundred Seventeen Dollars ($217.00). All such fees shall be paid to MHCSD incrementally for each residential unit at the time that the water connection fee is paid for each such unit.

Water Meter Install

- MHCSD will set water meter(s) upon request at a rate of Four Hundred and Five Dollar ($405.00) per 1" Meter, after MHCSD has accepted improvements to be dedicated to MHCSD, if applicable. This amount may be increased by MHCSD based upon the actual cost of labor and materials.

Inspection Fee

- MHCSD will hire a Professional Engineer to inspect underground infrastructure at a cost of Two Hundred and Five Dollars ($205.00) per Single Family Residence to be paid by Developers. This amount may be increased by MHCSD based upon the actual cost of labor and materials.

- **Other Fees** This amount may be increased by MHCSD based upon the actual cost of labor and materials.

Water Conservation	$310	337 Single Family	$ 104,470.00
Water Conservation	$217	100 Multi Family	$ 21,700.00
Water Meters Single Family	$405	337 Single Family	$ 136,485.00
Water Meters Multi Family	Actual and reasonable cost charge by MHCSD at the time the permit is pulled.	100 Multi Family	
2" Water Meter - Irrigation	$36,246		
Inspections	$205	437	$ 89,585.00
TOTALS			$

GENERAL CONDITIONS:

- Remaining Water Capacity Charges paid following full utilization of prepayment funds and upon meter installation for each unit.

Exhibit B

Property Legal Descriptions

097-250-013

THAT PORTION OF LOT 19 OF THE PARTITION OF RANCHO LA PURISIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOT IS SHOWN ON MAP FILED WITH REPORT OF THE REFEREE IN ACTION NO. 642 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFF VS. RAMONA PALO DE JONES, ET AL., DEFENDANTNS", AND DESCRIBED IN THE FINAL DECREE OR PARTITION ENTERED THEREON ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 1 DESCRIBED IN THE DEED TO EDWARD E. NEIMAN, ET UX., RECORDED JUNE 4, 1951 AS INSTRUMENT NO. 8499 IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING A POINT IN THE NORTHWESTERLY LINE OF A ROAD KNOWN AS AND CALLED HARRISTON ROAD; THENSE ALONG THE WESTERLY LINE OF SAID PARCEL 1 ABOVE REFERRED TO, NORTH 0˚13' WEST 401.23 FEET TO A POINT; THENCE SOUTHEASTERLY TO A POINT IN THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, WHICH BEARS NORTHEASTERLY MEASURED ALONG SAID ROAD LINE 313.6 FEET FROM THE POINT OF BEGINNING; THENSE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD 313.6 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFORM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

097-250-040

PARCEL ONE:

PARCEL ONE OF PARCEL MAP 10,542 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 2, AT PAGE 6 OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND, AS RESERVED IN THE DEED EXECUTED BY UNION OIL COMPANY OF CALIFORNIA, ET AL., RECORDED DECEMBER 1, 1910 IN BOOK 129, PAGE 134 OF DEEDS, WITHOUT, HOWEVER, THE RIGHT TO ENTER UPON THE SURFACE AND TO USE ANY PART THEREOF ABOVE A DEPTH OF 500 FEET BELOW THE NATURAL SURFACE THEREOF, AS RELINQUISHED BY UNION OIL COMPANY OF CALIFORNIA BY DEED RECORDED APRIL 14, 1959 AS INSTRUMENT NO. 11573 IN BOOK 1615, PAGE 183 OF OFFICIAL RECORDS.

PARCEL TWO:

AN EASEMENT FOR AN UNDERGROUND WATER PIPE LINE IN AND UNDER THAT PORTION OF LOT 19 OF THE PARTITION OF THE RANCHO MISSION DE LA PURISMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF FILLED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLE JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS, AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF THE 33.408 ACRE TRACT OF LAND AND THE NORTHWESTERLY LINE OF STATE HIGHWAY ROUTE 1 AS SHOWN ON MAP OF PROPERTY OF ELDON F. HOWERTON FILED IN BOOK 42, PAGE 86 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DISTANT THEREON NORTH 29° 36' 00" EAST (SAID COURSE BEING SHOWN ON SAID MAP AS NORTH 29° 07' 35" EAST) 225.05 FEET FROM THE NORTHEASTERLY TERMINUS OF THE TANGENT CURVE IN SAID LINE HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 109° 23' 46" (SAID CURVE BEING SHOWN ON SAID MAP AS HAVING A RADIUS OF 24.95 FEET AND A CENTRAL ANGLE OF 109° 26' 40"), SAID TERMINUS POINT BEING MARKED BY A 6" X 6" CONCRETE HIGHWAY MONUMENT AS SHOWN ON SAID MAP; THENCE NORTH 60° 24' 00" WEST 189.65 FEET; THENCE SOUTH 54° 26' 56" WEST 163.89 FEET TO A POINT IN THE ARC OF A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1560.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 58° 03' 17" WEST (SAID CURVE BEING SHOWN ON SAID MAP FILED IN BOOK 42, PAGE 86 OF RECORD OF SURVEYS AS HAVING A RADIUS OF 1567.94 FEET AND BEING A PORTION OF THE NORTHEASTERLY BOUNDARY LINE OF LOMPOC-CASMALIA ROAD, SHOWN AS LOMPOC-GUADALUPE ROAD); THENCE NORTH 54° 26' 56" EAST 3.01 FEET TO A POINT IN A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1557.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 58° 03' 42" WEST, SAID CURVE BEING CONCENTRIC WITH THE CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 1560.00 FEET, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 32' 43" AN ARC DISTANCE OF 259.89 FEET TO A POINT IN A LINE THAT IS PARALLEL WITH AND DISTANT NORTHWESTERLY 60.00 FEET FROM THE CENTERLINE OF STATE HIGHWAY ROUTE NO. 1, AS SHOWN ON SAID MAP FILED IN BOOK 42, PAGE 86 OF RECORD OF SURVEYS; THENCE NORTH 29° 36' 00" EAST PARALLEL WITH SAID CENTERLINE 20.47 FEET; THENCE SOUTH 82° 39' 30" WEST 11.25 FEET TO A POINT IN A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1547.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 48° 59'46" WEST, SAID CURVE BEING CONCENTRIC WITH SAID CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 1557.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9° 05' 20" AN ARC DISTANCE OF 245.27 FEET TO A POINT IN A LINE THAT BEARS NORTH 54° 26' 56" EAST FROM THE TRUE POINT OF BEGINNING; THENCE SOUTH 54° 26' 56" WEST 10.02 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING SOUTHWESTERLY OF THE ARC OF SAID CURVE ABOVE DESCRIBED AS HAVING A RADIUS OF 25.00 FEET.

097-250-050, 097-250-51

THOSE PORTIONS OF LOTS 19 AND 20 OF THE PARTITION OF THE RANCHO LA PURISSIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOTS ARE SHOWN ON

THE MAP FILED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS" AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT A POINT ON THE LINE BETWEEN LOTS 11 AND 20 OF THE RANCH MISSION DE LA PURISSIMA WHICH BEARS NORTH 89°58' EAST, 96.3 FEET FROM THE COMMON CORNER OF LOTS 11, 12, 19 AND 20 OF SAID RANCH, SAID POINT BEING ON THE WESTERLY LINE OF HTE ROAD KNOWN AS AND CALLED HARRISTON ROAD;

THENCE SOUTHWESTERLY AND ALONG THE WESTERLY LINE OF SAID ROAD TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE LAND DESCRIBED IN PARCEL TWO HEREIN, PROLONGED SOUTHERLY;

THENCE NORTH 0°13' WEST, 2,412.1 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF LOT 19;

THENCE NORTH 89°58' EAST, 1,313.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL ONE DESCRIBED IN THE DEED TO EDWARD E. NEIMAN, ET UX., RECORDED JUNE 4, 1051 AS INSTRUMENT NO. 8499 IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING A POINT IN THE NORTHWESTERLY LINE OF A ROAD KNOWN AS AND CALLED HARRISTON ROAD;

THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL ONE ABOVE REFERRED TO, NORTH 0°13' WEST, 401.23 FEET TO A POINT;

THENCE SOUTHEASTERLY TO A POINT IN THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, WHICH BEARS NORTHEASTERLY MEASURED ALONG SAID ROAD LINE, 313.6 FEET FROM THE POINT OF BEGINNING;

THENCE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID HARRISTON ROAD, 313.6 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL

TO THE PRODUCTION OF FISSIONABLE MATERIAL, RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED APRIL 7, 1948 AS INSTRUMENT NO. 4857 IN BOOK 773, PAGE 380 OF OFFICIAL RECORDS.

PARCEL TWO:

BEGINNING AT THE NORTHWEST CORNER OF A TRACT OF LAND IN SAID RANCHO CONVEYED BY ROBERT W. SMITH AND WIFE, AND LAWRENCE W. SMITH AND WIFE, TO ANTONE SCOLARI, BY DEED DATED NOVEMBER 26, 1910 AND RECORDED IN BOOK 129, PAGE 145 OF DEEDS, RECORDS OF SAID COUNTY:

THENCE SOUTH 0°13' EAST, 2,050.87 FEET;

THENCE SOUTH 89°58' WEST, 1,000 FEET TO THE SOUTHEASTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO WALTER V. LEPSZYD, DATED APRIL 28, 1948 AND RECORDED MAY 13, 1948 IN BOOK 704, PAGE 286 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY:

THENCE NORTHEASTERLY IN A DIRECT LINE ALONG THE EASTERLY LINE OF LEPSZYD TRACT TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL, RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED APRIL 7, 1948 AS INSTRUMENT NO. 4857 IN BOOK 773, PAGE 380 OF OFFICIAL RECORDS.

PARCEL THREE:

THOSE PORTIONS OF LOTS 18 AND 19 OF THE PARTITION OF THE RANCHO LA PURISSIMA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID LOTS ARE SHOWN ON THE MAP FILED WITH THE REPORT OF THE REFEREES IN ACTION NO. 642, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SANTA BARBARA, ENTITLED "JOHN H. WISE, ET AL., PLAINTIFFS, VS. RAMONA MALO DE JONES, ET AL., DEFENDANTS" AND DESCRIBED IN THE FINAL DECREE OF PARTITION ENTERED THEREIN ON DECEMBER 27, 1884, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH SURVEY PIPE SET ON THE NORTHWEST CORNER OF A TRACT OF LAND IN SAID RANCHO CONVEYED BY ROBERT W. SMITH AND WIFE, AND LAWRENCE W. SMITH AND WIFE, TO ANTONE SCOLARI, BY DEED DATED NOVEMBER 26, 1910 AND RECORDED IN BOOK 129, PAGE 145 OF DEEDS, RECORDS OF SAID COUNTY, BEING ALSO THE NORTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO LAURA D. HENDERSON, DATED

DECEMBER 4, 1951 AND RECORDED DECEMBER 31, 1981 AS INSTRUMENT NO. 20285 IN BOOK 1041, PAGE 44 OF OFFICIAL RECORDS;

THENCE SOUTH 89°58' WEST, ALONG THE NORTHERLY LINE OF SAID HENDERSON TRACT, 228.55 FEET TO A MONUMENT (FEE MR. W.);

THENCE SOUTH 89°51'25" WEST, CONTINUING ALONG SAID NORTHERLY LINE, 1,329.59 FEET TO A POINT WHICH BEARS EASTERLY 75.00 FEET FROM THE CENTER LINE OF THE LOMPOC-GUADALUPE ROAD, MEASURED AT RIGHT ANGLES THEREFROM;

THENCE SOUTH 7°17'15" WEST, PARALLEL WITH AND 75 FEET EASTERLY OF THE CENTER LINE OF SAID LOMPOC-GUADALUPE ROAD, MEASURED AT RIGHT ANGLES THEREFROM, 1,408.76 FEET TO A 1/2 INCH SURVEY PIPE FROM WHICH A 6-INCH BY 6-INCH CONCRETE HIGHWAY MONUMENT BEARS NORTH 82°42'45" WEST, 45.00 FEET;

THENCE NORTH 89°51'25" EAST, 1,060.87 FEET TO A 1/2 INCH SURVEY PIPE SET IN THE FIFTH COURSE OF TEH HENDERSON TRACT OF LAND ABOVE MENTIONED;

THENCE NORTH 25°48'08" EAST, ALONG SAID FIFTH COURSE, 1,555.30 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPHTHA, ASPHALTUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED ON DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THERIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACCT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWESTERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED TO PIER GHERINI AND JOSEPH J. ROSIO RECORDED MARCH 27, 1958 AS INSTRUMENT NO. 6891 IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE AONG THE WESTERLY BOUNDARY OF SAID PARCEL OF LAND SOUTH 7°45'30" WEST, 200.55 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID WESTERLY BOUNDARY SOUTH 7°45'33" WEST, 1,208.21 FEET TO THE NORTHWESTERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED TO ROBERT THOMPSON AND RONALD BOLAY RECORDED JULY 5, 1960 AS INSTRUMENT NO. 21117 IN BOOK 1755, PAGE 289 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LAST MENTIONED PARCEL OF LAND SOUTH 89°40'20" EAST, 7.06 FEET;

THENCE LEAVING SAID NORTHERLY BOUNDARY, NORTH 7°45’30” EAST, 354.95 FEET;

THENCE NORTH 14°36’04” EAST, 151.00 FEET;

THENCE NORTH 36°34’09” EAST, 114.13 FEET;

THENCE NORTH 3°56’39” EAST, 451.00 FEET;

THENCE NORTH 00°34’46” WEST, 103.44 FEET;

THENCE NORTH 27°14’01” WEST, 61.03 FEET TO THE TRUE POINT OF BEGINNING, AS GRANTED TO THE COUNTY OF SANTA BARBARA BY DEED RECORDED OCTOBER 9, 1975 AS INSTRUMENT NO. 35779 IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS.

097-250-83

BEING A PORTION OF PARCEL 2 DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS,

THENCE, ALONG THE EASTERLY LINE OF SAID LAND, BEING ALSO THE WESTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.60 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID EASTERLY LINE;

THENCE, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT ON THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE, S 63° 17’ 18” E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTRLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, LEAVING SAID WESTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 27.44 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET, THE RADIAL CENTER OF WHICH BEARS S 50° 42’ 48” E;

THENCE 2ND, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52’ 41”, AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 3RD, WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18’ 11”, AN ARC DISTANCE OF 15.41 FEET;

THENCE 4TH, N 63° 17’ 18” W. A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 5TH, ALONG SAID EASTERLY LINE, S 27° 40’ 37” W, A DISTANCE OF 50.01 FEET;

THENCE 6TH, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAGE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 7TH, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44’ 14”, AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE 8TH, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF S 11° 40’ 12”, AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 9TH, CONTINUING SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 9° 48’ 19”, AN ARC DISTANCE OF 136.74 FEET;

THENCE 10TH, S 01° 58’ 25” W, A DISTANCE OF 33.93 FEET TO THE BEGINNING OF TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 15.00 FEET;

THENCE 11TH, SOUTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 89° 51’ 42”, AN ARC DISTANCE OF 23.53 FEET;

THENCE 12TH, S 02° 03’ 37” W, A DISTANCE OF 49.00 FEET TO A POINT ON THE SOUTHERLIY LINE OF SAID PARCEL 2;

THENCE 13TH, ALONG THE SOUTHERLY LINE OF SAID PARCEL 2, S 88° 09’ 53” E, A DISTANCE OF 871.42 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 2;

THENCE 14TH, ALONG THE EAST LINE OF SAID PARCEL 2, N 01° 31’ 33” E, A DISTANCE OF 2049.61 TO THE MOST NORTHERLY CORNER OF SAID PARCEL 2, BEING ALSO THE NORTHEAST CORNER OF SAID LAND DESCRIBED IN SAID BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 15TH, ALONG THE WESTERLY LINE OF SAID PARCEL 2, BEING ALSO THE EASTERLY LINE OF SAID LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, S 27° 40’ 37” W, A DISTANCE OF 1618.02 FEET TO THE TRUE POINT OF BEGINNNING.

SAID LEGAL IS SHOWN AS LOT D OF LOT LINE ADJUSTMENT NO. LOM 569, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-0088012 OF OFFICIAL RECORDS OF SAID COUNTY.

097-250-84

BEING A PORTION OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DECRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LAND DESCRIBED IN SAID BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 1ST, ALONG THE NORTH LINE OF SAID LAND, N 88° 07’ 48” W, A DISTANCE OF 1558.11 FEET TO THE NORTHWEST CORNER OF SAID LAND, BEING ALSO A POINT ON THE EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD (STATE HIGHWAY 1) AS DESCRIBED IN THE EASEMENT GRANT TO THE COUNTY OF SANTA BARBARA, RECORDED IN BOOK 1960, PAGE 823 OF OFFICIAL RECORDS;

THENCE 2ND, ALONG SAID EASTERLY RIGHT OF WAY OF LOMPOC CASMALIA ROAD, S 9° 10’

41” W, A DISTANCE OF 200.53 FEET TO THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE 3RD, ALONG THE EASTERLY LINE OF LAST SAID LAND, BEING ALSO THE EASTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE 4TH, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE 5TH, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE 6TH, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE 7TH, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE 8TH, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE;

THENCE 9TH, LEAVING SAID EASTERLY LINE, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 325.00 FEET;

THENCE 10TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE 11TH, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 325.00 FEET;

THENCE 12TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT ON THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 13TH, ALONG SAID NORTHERLY LINE, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 475.00 FEET;

THENCE 14TH, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE 15TH, S 63° 17’ 18” E, A DISTANCE OF 34.51 FEET TO THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO THE SOUTHERLY PROLONGATION OF THE EASTRLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS;

THENCE 16TH, ALONG SAID SOUTHERLY PROLONGATION AND SAID EASTERLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, N 27° 40’ 37” E, A DISTANCE OF 1618.02 FEET TO THE POINT OF BEGINNING.

SAID LEGAL IS SHOWN AS LOT A OF LOT LINE ADJUSTMENT NO. LOM 569, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-0088012 OF OFFICIAL RECORDS OF SAID COUNTY.

097-250-085

LOT “B” OF LOT LINE ADJUSTMENT NO. LOM 569, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER CERTIFICATE OF CONFORMITY RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-88012, OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LAND DESRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 1512, PAGE 283 OF OFFICIAL RECORDS, AND A PORTION OF THE LAND DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALL AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA, IN THE DEED RECORED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE, ALONG THE EASTERLY LINE OF LAST SAID LAND, BEING ALSO THE WESTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE, BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE 2ND, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE 3RD, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE 4TH, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE 5TH, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE 6TH, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE 7TH, S 63° 17’ 18” E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 8TH, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 27.44 TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET, THE RADIAL CENTER OF WHICH BEARS S 50° 42’ 48” E;

THENCE 9TH, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52’ 41”, AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 10TH, SOUTHEWESTERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18’ 11”, AN ARC DISTANCE OF 15.41 FEET;

THENCE 11TH, N 63° 17’ 18” W, A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 12TH, ALONG SAID EASTERLY LINE, S 27° 40’ 37” W, A DISTANCE OF 50.01 FEET;

THENCE 13TH, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE 14TH, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44’ 14”, AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE 15TH, SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°

40’ 12”, AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 16TH, ALONG SAID SOUTH LINE AND ITS EASTERLY PROLONGATION, N 88° 12’ 29” W, A DISTANCE OF 897.76 FEET TO SOUTHWEST CORNER OF LAST SAID LAND, BEING ALSO A POINT ON THE EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD (STATE HIGHWAY 1) AS DESCRIBED IN THE EASEMENT GRANT TO THE COUNTY OF SANTA BARBARA RECORDED IN BOOK 1960, PAGE 823 OF OFFICIAL RECORDS, BEING THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 1424.88 FEET, THE RADIAL CENTER OF WHICH BEARS N 82° 21’ 34” E;

THENCE 17TH, ALONG SAID CURVE AND SAID EASTERLY RIGHT OF WAY OF LOMPOC-CASMALIA ROAD, THROUGH A CENTRAL ANGLE OF 16° 49’ 07”, AN ARC DISTANCE OF 418.26 FEET TO THE NORTHWEST CORNER OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE 18TH, ALONG THE NORTH LINE OF LAST SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 7.06 FEET TO THE SOUTHEAST CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE 19TH, ALONG THE EASTERLY LINE OF SAID COUNTY LAND, N 09° 07’ 18” E, A DISTANCE OF 98.87 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, GAS, COAL, LIGNITE, COAL OIL, PETROLEUM, NAPTHA, ASPHATUM, BREA, BITUMEN, NATURAL GAS AND ALL OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND.

ALSO EXCEPTING THEREFROM AND TO THE UNITED STATES OF AMERICA, IN ACCORDANCE WITH EXECUTIVE ORDER NO. 9908, APPROVED DECEMBER 5, 1947 (12 F.R. 8223), ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946, (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL.

097-250-086

PARCEL 3A:

LOT “C” OF LOT LINE ADJUSTMENT NO. LOM 569, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER CERTIFICATE OF CONFORMITY, RECORDED DECEMBER 31, 2007, AS INSTRUMENT NO. 2007-88012, OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEING ALL OF PARCEL 1 OF PARCEL MAP NO. 13,719, AS SHOWN ON THE MAP FILED IN BOOK 46, PAGE 65 OF PARCEL MAPS, AND A PORTION OF PARCEL 2 DESCRIBED IN BOOK 994, PAGE 168 OF OFFICIAL RECORDS, IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALL AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF THE LAND GRANTED TO THE COUNTY OF SANTA BARBARA IN THE DEED RECORDED IN BOOK 2589, PAGE 1291 OF OFFICIAL RECORDS;

THENCE ALONG THE EASTERLY LINE OF SAID LAND, BEING ALSO THE EASTERLY RIGHT OF WAY OF SAID LOMPOC-CASMALIA ROAD, S 23° 09’ 39” E, A DISTANCE OF 63.30 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 00° 47’ 02” W, A DISTANCE OF 103.43 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 05° 18’ 27” W, A DISTANCE OF 450.96 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 37° 55’ 57” W, A DISTANCE OF 114.12 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 15° 57’ 52” W, A DISTANCE OF 151.07 FEET TO AN ANGLE POINT THEREIN;

THENCE, CONTINUING ALONG SAID EASTERLY LINE, S 09° 07’ 18” W, A DISTANCE OF 256.05 FEET TO A POINT ON SAID WESTERLY LINE;

THENCE, LEAVING SAID EASTERLY RIGHT OF WAY, S 71° 24’ 14” E, A DISTANCE OF 234.16 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 36’ 48”, AN ARC DISTANCE OF 48.86 FEET;

THENCE, S 80° 01’ 02” E, A DISTANCE OF 110.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 325.00 FEET;

THENCE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08° 17’ 30”, AN ARC DISTANCE OF 47.03 FEET TO A POINT OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE, ALONG THE NORTHERLY LINE OF SAID LAND, S 88° 18’ 32” E, A DISTANCE OF 353.49 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 475.00 FEET;

THENCE, LEAVING SAID NORTHERLY LINE, EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 25° 01’ 14”, AN ARC DISTANCE OF 207.43 FEET;

THENCE, S 63° 17’ 18” E, A DISTANCE OF 34.51 TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN BOOK 1512, PAGE

283 OF OFFICIAL RECORDS;

THENCE, LEAVING SAID WESTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 27.44 TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, THE RADIAL CENTER OF WHICH BEARS S 50° 42’ 48” E A DISTANCE OF 799.00 FEET;

THENCE, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10° 52’ 41”, AN ARC DISTANCE OF 151.70 TO THE BEGINNING OF A TANGENT REVERSE CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE, WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 18’ 11”, AN ARC DISTANCE OF 15.41 FEET;

THENCE, N 63° 17’ 18” W, A DISTANCE OF 1.32 FEET TO A POINT ON THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS;

THENCE, ALONG SAID EASTERLY LINE, S 27° 40’ 37” W, A DISTANCE OF 50.01 FEET;

THENCE, LEAVING SAID EASTERLY LINE, S 63° 17’ 18” E, A DISTANCE OF 3.12 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 10.00 FEET;

THENCE, SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 86° 44’ 14”, AN ARC DISTANCE OF 15.14 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 799.00 FEET;

THENCE, SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11° 40’ 12”, AN ARC DISTANCE OF 162.74 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE LAND DESCRIBED IN BOOK 1759, PAGE 289 OF OFFICIAL RECORDS, BEING ALSO A POINT ON THE EASTERLY PROLONGATION OF THE NORTH LINE OF SAID PARCEL 1, AND BEING THE TRUE POINT OF BEGINNING;

THENCE 1ST, CONTINUING SOUTHERLY ALONG LAST SAID CURVE, THROUGH A CENTRAL ANGLE OF 9° 48’19”, AN ARC DISTANCE OF 136.74 FEET;

THENCE 2ND, S 01° 58’25” W, A DISTANCE OF 33.93 FEET, TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 15.00 FEET;

THENCE 3RD, SOUTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF S 89° 51’ 42”, AN ARC DISTANCE OF 23.53 FEET;

THENCE 4TH, S 02° 03’ 37” W, A DISTANCE OF 49.00 FEET TO A POINT ON THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID PARCEL 1;

THENCE 5TH, ALONG SAID SOUTHERLY LINE AND THE EASTERLY PROLONGATION THEREOF, N 88° 09’ 53” W, A DISTANCE OF 790.21 FEET TO THE MOST SOUTHWESTERLY CORNER OF SAID PARCEL 1, BEING THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, HAVING

A RADIUS OF 1175.90 FEET, THE RADIAL CENTER OF WHICH BEARS N 73° 47’ 52” E;

THENCE 6TH, NORTHERLY ALONG SAID CURVE AND THE WESTERLY LINE OF SAID PARCEL 1, THROUGH A CENTRAL ANGLE OF 01° 01’ 13”, AN ARC DISTANCE OF 20.94 FEET TO AN ANGLE POINT IN SAID WESTERLY LINE;

THENCE 7TH, CONTINUING ALONG SAID WESTERLY LINE, S 88° 11’ 03” E, A DISTANCE OF 280.45 FEET TO AN ANGLE POINT IN SAID WESTERLY LINE;

THENCE 8TH, N 01° 50’ 47” E, A DISTANCE OF 213.46 FEET TO THE MOST NORTHWESTERLY CORNER OF SAID PARCEL 1;

THENCE 9TH, ALONG THE NORTHERLY LINE OF SAID PARCEL 1, AND THE EASTERLY PROLONGATION THEREOF, S 88° 12’ 29” E, A DISTANCE OF 543.30 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL URANIUM, THORIUM AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5(B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT., 761) TO BE PARTICULARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, CONTAINED IN WHATEVER CONCETRATION IN DEPOSITS IN LANDS ABOVE DESCRIBED, AS RESERVED IN DEED FROM UNITED STATES OF AMERICA, RECORDED IN BOOK 721, PAGE 97 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND.

BY AN INSTRUMENT RECORDED DECEMBER 2, 1985, AS INSTRUMENT NO. 64353, ALL RIGHT TITLE AND INTEREST IN AND TO SAID LAND TO A DEPTH OF 100’ WAS QUITCLAIMED BY UNION OIL COMPANY OF CALIFORNIA, A CALIFORNIA CORPORATION.

PARCEL 3B:

A NON-EXCLUSIVE EASEMENT FOR WATER WELL, WATERLINE AND WATER TANK OVER THOSE PORTIONS OF PARCEL 2 OF PARCEL MAP NO. 13,719 SHOWN ON SAID MAP AS “10’ EASEMENT FOR WATER WELL, WATERLINE AND WATER TANK IN FAVOR OF PARCEL 1 PER THIS MAP”. SAID EASEMENT IS APPURTENANT AND FOR THE BENEFIT OF PARCEL 1 OF PARCEL MAP NO. 13,719.

097-250-070

PARCEL 1A:

PARCEL 2 OF PARCEL MAP NO. 13,719 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 46, PAGES 64 AND 65 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL URANIUM, THORIUM AND ALL OTHER MATERIALS

DETERMINED PURSUANT TO SECTIN 5 (B) (1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT., 761) TO BE PARTICULARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, CONTAINED IN WHATEVER CONCETRATION IN DEPOSITS IN LANDS ABOVE DESCRIBED, AS RESERVED IN DEED FROM UNITED STATES OF AMERICA, RECORDED IN BOOK 791, PAGE 97 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS INCLUDING DIATOMACEOUS EARTH IN AND UNDER THE ABOVE DESCRIBED LAND.

BY AN INSTRUMENT RECORDED DECEMBER 2, 1985, AS INSTRUMENT NO. 64353, ALL RIGHT TITLE & INTEREST IN & TO SAID LAND TO A DEPTH OF 100' WAS QUITCLAIMED BY UNION OIL COMPANY OF CALIFORNIA, A CALIFORNIA CORPORATION.

PARCEL 1B:

A NONEXCLUSIVE EASEMENT FOR WATER WELL, WATERLINE, AND WATER TANK OVER THOSE PORTIONS OF PARCEL 1 OF PARCEL MAP NO. 13,719, SHOWN ON SAID MAP AS "10' EASEMENT FOR WATER WEL, WATERLINE & WATER TANK IN FAVOR OF PARCEL 2 PER THIS MAP."

PARCEL 1C:

A NONEXCLUSIVE EASEMENT FOR WATERLINE OVER THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 13719, BEING 20' IN WIDTH AND LYING 10' ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE: THE SOUTHERLY PROLONGATION OF THE COMMON NORTH-SOUTH BOUNDARY LINE BETWEEN PARCEL 1 AND PARCEL 2, WHICH BOUNDARY LINE IS REFERREDTO ON SAID MAP AS "N° 04' 13" W, 213.54", THE SAID SOUTHERLY PROLONGATION OF THE COMMON NORTH-SOUTH BOUNDARY LINE EXTENDING TO THE SOUTH BOUNDARY LINE OF PARCEL 1.

THE EASEMENT DESCRIBED IN PARCEL 1B AND 1C ARE APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 2 OF SAID PARCEL MAP NO. 13,719.

Exhibit C

Payment Schedule

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or before 9/1/2024. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2024	1	$134,021.85	$252,065.55	$145,000.00	Debt – $386,087.40 Reserve –$145,000.00
2	9/1/2025	35	$0	$0	$0	$0
3	9/1/2026	69	$0	$0	$0	$0
4	9/1/2027	103	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2028	137	$134,021.85	$0	$0	Debt - $134,021.85
6	9/1/2029	171	$134,021.85	$0	$0	Debt - $134,021.85
7	9/1/2030	205	$134,021.85	$0	$0	Debt - $134,021.85
8	9/1/2031	239	$134,021.85	$0	$0	Debt - $134,021.85
9	9/1/2032	273	$134,021.85	$0	$0	Debt - $134,021.85
10	9/1/2033	307	$134,021.85	$0	$0	Debt - $134,021.85
11	9/1/2034	341	$134,021.85	$0	$0	Debt - $134,021.85
12	9/1/2035	375	$134,021.85	$0	$0	Debt - $134,021.85
13	9/1/2036	409	$134,021.85	$0	$0	Debt - $134,021.85
14	9/1/2037	443	$134,021.90	$0	$0	Debt - $134,021.85
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2024 and 9/1/2025. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2025	1	$144,331.23	$282,993.69	$145,000.00	Debt – $427,324.92 Reserve –$145,000.00
2	9/1/2026	38	$0	$0	$0	$0
3	9/1/2027	75	$0	$0	$0	$0
4	9/1/2028	112	$150,000.00	$0	$0	Debt – $150,000.00
5	9/1/2029	149	$144,331.23	$0	$0	Debt – $144,331.23
6	9/1/2030	186	$144,331.23	$0	$0	Debt – $144,331.23
7	9/1/2031	223	$144,331.23	$0	$0	Debt – $144,331.23
8	9/1/2032	260	$144,331.23	$0	$0	Debt – $144,331.23
9	9/1/2033	297	$144,331.23	$0	$0	Debt - $144,331.23
10	9/1/2034	334	$144,331.23	$0	$0	Debt - $144,331.23
11	9/1/2035	371	$144,331.23	$0	$0	Debt - $144,331.23
12	9/1/2036	408	$144,331.23	$0	$0	Debt - $144,331.23
13	9/1/2037	445	$144,331.19*	$0	$0	Debt - $144,331.19
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $144,331.23 but should state $144,331.19 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2025 and 9/1/2026. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2026	1	$156,358.83	$319,076.49	$145,000.00	Debt - $475,435.32 Reserve-$145,000.00
2	9/1/2027	41	$0	$0	$0	$0
3	9/1/2028	81	$0	$0	$0	$0
4	9/1/2029	121	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2030	161	$156,358.83	$0	$0	Debt - $156,358.83
6	9/1/2031	201	$156,358.83	$0	$0	Debt - $156,358.83
7	9/1/2032	241	$156,358.83	$0	$0	Debt - $156,358.83
8	9/1/2033	281	$156,358.83	$0	$0	Debt - $156,358.83
9	9/1/2034	321	$156,358.83	$0	$0	Debt - $156,358.83
10	9/1/2035	361	$156,358.83	$0	$0	Debt - $156,358.83
11	9/1/2036	401	$156,358.83	$0	$0	Debt - $156,358.83
12	9/1/2037	441	$156,358.82*	$0	$0	Debt - $156,358.82
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $156,358.83 but should state $156,358.82 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2026 and 9/1/2027. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND	TOTAL
1	9/1/2027	1	$170,573.27	$361,719.81	$145,000.00	Debt - $532,293.08 Reserve - $145,000.00
2	9/1/2028	44	$0	$0	$0	$0
3	9/1/2029	87	$0	$0	$0	$0
4	9/1/2030	130	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2031	173	$170,573.27	$0	$0	Debt - $170,573.27
6	9/1/2032	216	$170,573.27	$0	$0	Debt - $170,573.27
7	9/1/2033	259	$170,573.27	$0	$0	Debt - $170,573.27
8	9/1/2034	302	$170,573.27	$0	$0	Debt - $170,573.27
9	9/1/2035	345	$170,573.27	$0	$0	Debt - $170,573.27
10	9/1/2036	388	$170,573.27	$0	$0	Debt - $170,573.27
11	9/1/2037	431	$170,573.25*	$0	$0	Debt - $170,573.25
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $170,573.27 but should state $170,573.25 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled on or between 9/2/2027 and 9/1/2028. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2028	1	$187,630.59	$412,891.77	$145,000.00	Debt – $600,522.36 Reserve - $145,000.00
2	9/1/2029	49	$0	$0	$0	$0
3	9/1/2030	97	$0	$0	$0	$0
4	9/1/2031	145	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2032	193	$187,630.59	$0	$0	Debt - $187,630.59
6	9/1/2033	241	$187,630.59	$0	$0	Debt - $187,630.59
7	9/1/2034	289	$187,630.59	$0	$0	Debt - $187,630.59
8	9/1/2035	337	$187,630.59	$0	$0	Debt - $187,630.59
9	9/1/2036	385	$187,630.59	$0	$0	Debt - $187,630.59
10	9/1/2037	433	$187,630.64*	$0	$0	Debt - $187,630.59
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $187,630.59 but should state $187,630.64 to reach total of $1,876,305.95. Corrected here.

This PAYMENT SCHEDULE will be effective if the 1st Building Permit is pulled after 9/1/2028. Payments shall be due at the earlier of (i) the day upon which Developer requests City issuance of any residential building permits triggering a debt payment or (ii) five (5) business days in advance of the date that a payment is owned pursuant to the Wastewater Agreement.

PERIOD	DATE	PERMIT	STRAIGHT LINE DEBT PAYMENT	ADDITIONAL DEBT PAYMENT	WCRF COMBINED RESERVE FUND PAYMENT	TOTAL
1	9/1/2029	1	$208,478.44	$475,435.32	$145,000.00	Debt - $683,913.76 Reserve - $145,000.00
2	9/1/2030	54	$0	$0	$0	$0
3	9/1/2031	107	$0	$0	$0	$0
4	9/1/2032	160	$150,000.00	$0	$0	Debt - $150,000.00
5	9/1/2033	213	$208,478.44	$0	$0	Debt - $208,478.44
6	9/1/2034	266	$208,478.44	$0	$0	Debt - $208,478.44
7	9/1/2035	319	$208,478.44	$0	$0	Debt - $208,478.44
8	9/1/2036	372	$208,478.44	$0	$0	Debt - $208,478.44
9	9/1/2037	425	$208,478.43*	$0	$0	Debt - $208,478.44
DEBT PAYMENT TOTAL: $ 1,876,305.95 RESERVE FUND TOTAL: $145,000.00						

*Final Payment on Amortization Schedule states $208,478.44 but should state $208,478.43 to reach total of $1,876,305.95. Corrected here.

Exhibit D

FORM OF QUITCLAIM DEED

RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:
Mission Hills Community Services District
General Manager
1550 Burton Mesa Boulevard
Lompoc, CA, 93436

(This Space for Recorder's Use Only)

APN: *Fee Exempt per GC Sections 6103 and 27383*

EASEMENT QUITCLAIM DEED

The undersigned grantor(s) declare(s):
Documentary Transfer Tax is $ 0 **R&T 11911**

(__) Computed on full value of property conveyed, or
(__) Computed on full value less value of liens and Encumbrances remaining at time of sale.

FOR A VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged,

MISSION HILLS COMMUNITY SERVICES DISTRICT, a special district organized under the laws of the State of California, ("**Transferor**"),

does hereby remise, release and forever quitclaim to

[_____], a California [_____] ("**Transferee**"),

all right, title, and interest Transferor has in the following described Real Property:

The land described herein is situated in the State of California, County of Santa Barbara, City of Lompoc, and legally described as follows:

SEE EXHIBIT "A," ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

THE PURPOSE OF THIS QUITCLAIM DEED IS TO RELINQUISH ANY AND ALL RIGHT FOR [EASEMENT PURPOSE] OF THAT CERTAIN EASEMENT CREATED BY [INSTRUMENT AND RECORDING DATE/DOC NUMBER].

[SIGNATURES ON FOLLOWING PAGE]

Exhibit D

Executed on _____, 202_
at Lompoc, California

MISSION HILLS COMMUNITY SERVICES DISTRICT,
a California special district

By:

_____
_____, Board President

ATTEST:

_____
_____, District Clerk

EXHIBIT A

Legal Description

Exhibit E

FORM OF EASEMENT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Mission Hills Community Services District
General Manager
1551 Burton Mesa Boulevard
Lompoc, CA 93436

APN:
APN:

SPACE ABOVE FOR RECORDER'S USE

PUBLIC UTILITY EASEMENT DEED

The Undersigned Grantor Declares: DOCUMENTARY TRANSFER TAX $0* No Consideration [Exempt Gov. Code Sections 6103 and 27383].

- Computed on full value of property conveyed, or
- Computed on full value of items or encumbrances remaining at time of sale,
- Unincorporated area X City of Lompoc

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, [_____], a California [_____] ("Grantor"), owner of property in the City of Lompoc, County of Santa Barbara, State of California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference,

hereby GRANTS to the Mission Hills Community Services District, a special district organized under the laws of the State of California ("Grantee"), the following described interest in Grantor's property: a perpetual easement and right of way for access over that portion of the Grantor's property described and depicted in Exhibit B2, respectively, attached hereto and incorporated herein by reference for public utility purposes, including the right to construct, maintain, operate, repair, and replace utility improvements.

[_____], a California
[_____]

_____
By:_____
Its:_____

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

State of CALIFORNIA

County of

On _____, 202_, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

Legal Description

Exhibit F

Stantec Study

AGREEMENT

WASTEWATER SERVICE
LOMPOC REGIONAL WASTEWATER RECLAMATION PLANT (LRWRP)

This AGREEMENT, by and between Mission Hills Community Services District, a California special district government agency hereinafter referred to as DISTRICT and the City of Lompoc, a California municipal corporation, hereinafter referred to as CITY.

RECITALS:

WHEREAS, on or about May 18, 2000, CITY and DISTRICT entered into an Annexation Agreement wherein, among other things, CITY would pursue annexation into its geographical boundaries a defined area now commonly known as Burton Ranch Development, depicted herein as Exhibit "A", and DISTRICT would have the exclusive right to provide water and wastewater services to Burton Ranch Development upon annexation to CITY; and

WHEREAS, on or about May 4, 2006, the Santa Barbara County Local Agency Formation Commission, hereinafter LAFCO, affirmed the Annexation Agreement and approved the requested annexation of Burton Ranch Development to be included within CITY'S boundaries, and into DISTRICT'S service area.

WHEREAS, developers of the approved Burton Ranch Development residential development, hereinafter DEVELOPERS, seek to construct no more than 476 residential units, hereinafter referred to as Burton Ranch Development; provided, that number of residential units may be increased if, pursuant to state law, CITY must approve one or more additional dwelling units (ADU Increases) within the Burton Ranch Development, then that number of permitted residential units will be increased to accommodate the ADU Increases, but only in accordance with this Agreement; and

WHEREAS, after all necessary approvals of/amendments to the required land use entitlements (subdivision map amendments, development plan and amendments and development agreement amendments) are received from CITY, DEVELOPERS anticipate beginning construction of the first of five phases of Burton Ranch Development on or about September 30, 2024, with subsequent phases staggered thereafter; and

WHEREAS, since execution of the Annexation Agreement in 2000, the parties desire to alter the treatment component of wastewater services to Burton Ranch Development; and

WHEREAS, CITY owns, operates and maintains a Regional Wastewater Reclamation Plant, hereinafter LRWRP, in order to provide services to CITY, and if available capacity exists, then to others by agreement; and

WHEREAS, CITY has the capacity with its LRWRP to treat wastewater delivered by DISTRICT to the City's wastewater infrastructure from anticipated full development of Burton Ranch Development; and

WHEREAS, DISTRICT draws drinking water from an aquifer that has sufficient capacity to provide drinking water to the anticipated development of Burton Ranch Development; and

WHEREAS, CITY and DISTRICT desire to have CITY provide wastewater treatment services for DISTRICT for wastewater generated by Burton Ranch Development occupants through one point of connection to the LRWRP infrastructure; and

NOW, THEREFORE, for good and valuable consideration, CITY and DISTRICT mutually agree, as follows:

CHAPTER I. DEFINITIONS

Unless otherwise expressly stated herein or the context requires otherwise, the glossary of "Water and Wastewater Control Engineering" published by the Joint Editorial Board Representing the American Public Health Association, American Society of Civil Engineers, American Water Works Association and Water Environmental Federation, as amended, shall be used in general for definitions of terminology.

A. ADWF - Average Dry Weather Flow. The average flow of wastewater to the LRWRP during a dry season, with inflow and infiltration minimized, expressed in capacity units of millions of gallons per day (MGD).

B. ANNUAL REPORT - The City's Annual Treatment Costs and Reconciliation Report used to communicate major financial and operational information to DISTRICT.

C. APPLICABLE REGULATIONS, STANDARDS AND LIMITATIONS - All local, state and federal regulations, standards, and limitations to which a discharge or related activity is subject under the Clean Water Act (CWA), effluent limitations, water quality standards, standards of performance, toxic effluent standards or prohibitions, best management practices, and pretreatment standards under, including, but not limited to, Sections 30 I, 304, 306-308, 403, and 405 of the CWA, as amended.

D. BIOCHEMICAL OXYGEN DEMAND (BOD) - The concentration of oxygen, expressed in units of milligrams per liter (mg/L), utilized in the biochemical oxidation of organic matter under standard laboratory conditions for five days at a temperature of twenty degrees Celsius (20°C). The laboratory determination shall be made in accordance with procedures established by the EPA and specified in 40 CFR Part 136, as amended.

E. CAPACITY - Capacity represents the ability to treat, move or reuse water in the LRWRP. The National Pollutant Discharge Elimination System (NPDES) permit (ORDER NO. R3-2022-0004, NPDES NO. CA0048127) regulates hydraulic capacity of the LRWRP at 5.0 MGD of the monthly average dry weather effluent flow and treatment capacity with Effluent Limitations in Table 2 and 3 of the NPDES permit.

F. CFR- Code of Federal Regulations

G. CITY - City of Lompoc, a municipal corporation, incorporated in 1888, which owns, operates and maintains existing wastewater disposal facilities, which facilities presently serve CITY, Vandenberg Village Community Services District and Vandenberg Space Force Base.

H. CITY CODE - Lompoc Municipal Code

I. DISTRICT - Mission Hills Community Services District (DISTRICT) - established in 1979 as a local government agency under California Government Code Section 61000, *et seq.*, for purposes, including providing water and wastewater services to the community of Mission Hills, an unincorporated area of Santa Barbara County.

J. EPA - U.S. Environmental Protection Agency.

K. FOG - Fats, Oils and Grease.

L. H.15 INTEREST RATE - The Federal Reserve System's Federal Reserve Statistical Release division publishes several financial statistics and indices. The H.15 release contains daily interest rates for selected U.S. Treasury and private money market and capital market instruments. CITY uses the index for 6-month secondary market CDs published monthly as a proxy for the interest earnings on funds held in the WCRF subaccounts for the PARTIES.

M. LOMPOC REGIONAL WASTEWATER RECLAMATION PLANT (LRWRP) - CITY wastewater treatment plant, and any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial sewage.

N. MGD - Million Gallons per Day

O. NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) - National program under Section 402 of the Clean Water Act for regulation of discharges of pollutants from point sources to waters of the United States. Discharges are illegal unless authorized by an NPDES permit issued by the EPA or State.

P. ONE CONNECTION POINT – The sole point of connection for influent wastewater from Burton Ranch Development to be conveyed from DISTRICT wastewater conveyance infrastructure to the LRWRP wastewater conveyance infrastructure for treatment at the LRWRP

Q. PARTY - Either agency (CITY or DISTRICT) which is a signatory to this Agreement, and referred to jointly as PARTIES.

R. POC - Pollutant of Concern. A pollutant, defined by City Code, for which a LRWRP discharge limitation may be imposed by CITY or one or more of the REGULATORY AGENCIES that may be introduced to the LRWRP in whole or in part, or in quantity of concentration such that it may interfere with the typical performance of a LRWRP process or collection system, or may otherwise be a nuisance or pose a threat to safety or environment.

S. PRETREATMENT - The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to or in lieu of discharging or otherwise introducing such pollutants into the Wastewater System.

T. PWWF- Peak Wet Weather Flow. The maximum flow of wastewater to the LRWRP during rain and snowmelt events, with inflow and infiltration minimized, expressed in MGD.

U. RECEIPT COLLECTIONS - Those funds received by CITY from DISTRICT for various costs incurred by the LRWRP. Operations and Maintenance, WCRF and Bond indebtedness are examples of possible uses of funds to be received by CITY.

V. REVENUE PROGRAM GUIDELINES - California Environmental Protection Agency, State Water Resource Control Board, Revenue Program Guidelines, latest edition.

W. RWQCB - California Regional Water Quality Control Board

X. REGULATORY AGENCIES - Those agencies having jurisdiction to regulate the operation of, and having appropriate jurisdiction over CITY and DISTRICT Wastewater Systems and/or Industrial users and satellite systems, including but not limited to the EPA, the SWRCB, and the RWQCB.

Y. SRF - State Revolving Fund. A program administered by the State Water Resources Control Board that provides low-cost financing to public agencies.

Z. SWRCB - State Water Resources Control Board

AA. TOTAL SUSPENDED SOLIDS (TSS) - The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid. Total suspended solids are separable by laboratory filtering and dried under specific conditions. The laboratory determination shall be made in accordance with procedures established by the EPA and specified in 40 CFR Part 136, as amended.

BB. WCRF - Wastewater Capital Reserve Fund.

CHAPTER II. FACILITIES

A. OWNERSHIP OF FACILITIES - At all times herein mentioned, CITY shall be the sole and exclusive owner of the LRWRP described in this Agreement, including, but not limited to, all land, improvements, facilities, infrastructure, and equipment from, but not including the One Connection Point to the LRWRP. The equipment monitoring the Burton Ranch Development wastewater flow and the conveyance infrastructure needed to transport influent within and from Burton Ranch Development to the LRWRP shall be the sole and exclusive property of DISTRICT, except the residential owner shall own the conveyance system from their properties to the point where it connects to the District's system located in the public right of way. DISTRICT hereby agrees and acknowledges it shall have no ownership interest, either jointly or severally, in the LRWRP; provided, however, that DISTRICT shall have the capacity rights in the LRWRP provided by this Agreement, together with any and all other rights provided herein for DISTRICT. The location and design of the One Connection Point shall be as determined by City's Utility Director based upon sound and reasonable engineering considerations and after reasonable consultation with DISTRICT'S General Manager.

B. RESPONSIBILITIES OF CITY - CITY shall have the responsibility to cause the LRWRP to treat effluent to satisfy the discharge requirements contained in the applicable RWQCB Central Coast Region Order, which may be updated from time-to-time. It is the sole responsibility of CITY to comply fully with all applicable local, state and federal law(s) for any and all spills or other reportable actions resulting from the influent conveyance infrastructure under the ownership or control of CITY; provided, that, as permitted by law, CITY may include the costs of that compliance in calculating the rates charged its customers and DISTRICT.

C. RESPONSIBILITIES OF DISTRICT – DISTRICT shall be the sole and exclusive owner of the influent conveyance infrastructure needed to transport wastewater within and from Burton Ranch Development to and including the One Connection Point and have the responsibility to cause that Burton Ranch Development conveyance infrastructure to meet applicable regulations, standards, and limitations. It is the sole responsibility of DISTRICT to comply fully with all applicable local, state and federal law(s) for any and all spills or other reportable actions resulting from the influent conveyance infrastructure under the ownership or control of DISTRICT; provided, that, as permitted by law, DISTRICT may include the costs of that compliance in calculating the rates charged its customers.

CHAPTER III. CAPACITY RIGHTS OF DISTRICT

A. CITY agrees to permit DISTRICT to deliver wastewater to the One Connection Point for conveyance, treatment and disposal by CITY up to and including the ADWF flow rate of 0.10 MGD for the purpose of serving the Burton Ranch Development. The ADWF from DISTRICT shall not average more than

the above in any consecutive 7-day period; provided, that if CITY approves one or more ADU Increases, then the Parties will work in good faith to amend this Agreement to reflect the required increase in permitted ADWF flow rate needed to accommodate the ADU Increases. DISTRICT has no right to assign, sell, lease, convey or transfer the capacity granted by this Agreement to any individual, person, corporation, partnership, limited liability company or partnership, association, entity or governmental agency

B. EXCEEDING PERMITTED FLOWS - Except as otherwise provided in this Agreement, the allocated capacity rights of DISTRICT shall not be exceeded except by separate written amendment to this Agreement approved by CITY and DISTRICT. CITY, at its option, in its sole discretion, may accept PWWF wastewater emanating from DISTRICT in an amount in excess of the above defined permitted ADWF flow, and only if CITY determines, in its sole discretion, capacity is available in the LRWRP. The acceptance by CITY of such excess shall in no way constitute an allotment of additional capacity to DISTRICT in excess of that provided in Paragraph A, immediately above, unless this Agreement is amended. If this Agreement is not amended or until it is amended to allow for additional wastewater, if at all, then DISTRICT shall pay for all the additional CITY-costs resulting from the influent that exceeds DISTRICT'S allocation rights provided by this Agreement, plus a 20% administrative surcharge, including those costs for the investigation, determination and noticing, etc., as well as monitoring the "fix" MHCSD would be required to undertake to meet the capacity allocation and immediately take steps to reduce DISTRICT'S discharge to meet the allocation provided by this Agreement.

C. DISTRICT shall, by virtue of this Agreement and full payment of all amounts due hereunder, have continuing right to have influent from wastewater created by Burton Ranch Development occupants conveyed to the LRWRP conveyance infrastructure at the One Connection Point for that wastewater to be treated and disposed of by CITY at the LRWRP, as herein provided. Nothing herein, and no use resulting to DISTRICT by reason of such treatment and disposal, shall be deemed to give any ownership, easement, property, or other right in any of the existing, new or proposed LRWRP facilities or in the lands or easements on which such facilities are located, or to water discharged from the LRWRP; and DISTRICT shall have no right to claim it has a right to enter on and pass through any LRWRP system other than the rights herein provided.

CHAPTER IV. WASTEWATER QUALITY

A. REQUIREMENTS - All wastewater emanating from DISTRICT will be treated sufficiently by CITY to meet effluent and receiving water requirements established by one or more of the REGULATORY AGENCIES, or applicable standards, regulations, and limitations established fora future beneficial use.

B. DISTRICT INFLUENT WASTEWATER QUALITY RESTRICTIONS - DISTRICT shall not exceed any of CITY'S local limits or other treatment requirements, including, but not limited to, CITY'S NPDES permit, in any influent transported by DISTRICT to CITY'S infrastructure by means of the One Connection Point. If it does, then DISTRICT shall take all actions necessary to correct the issue and be responsible and liable (monetary or otherwise) for the penalties and costs of the violations(s), any damages, including all costs incurred by CITY, that result, and corrective actions that must be undertaken to resume compliance to remedy any of the above-described violations or exceedances. In addition, City may assess fines, charges and fee in accordance with Chapter 13.16 of the Lompoc Municipal Code, as amended.

C. INFLUENT WASTEWATER SAMPLING AND ANALYSIS - DISTRICT will (i) conduct weekly sampling for BOD, TDS and TSS and monthly for Chloride and Sodium at the One Connection Point and (ii) provide CITY'S Wastewater Superintendent the results of those samplings within five days of receiving the sample results from the certified lab. Those results shall be reported in the format

described on Subdivision F., below. DISTRICT may make requests for CITY to modify the frequency of the sampling and CITY will reasonably determine whether to approve, conditionally approve or deny those requests. CITY may conduct additional sampling for baseline monitoring to ensure water quality standards are met and no POC (or other constituents reasonably deemed harmful by the City) are present in concentrations exceeding any regulatory or LRWRP operational limits. If a POC is present, then DISTRICT may be required to reduce POC to an acceptable concentration. CITY may request DISTRICT to provide the results of sampling and analysis of DISTRICT'S treated drinking water and request DISTRICT to conduct additional sampling and analysis, if reasonably necessary, at DISTRICT'S expense and provide reports to City as needed. Sampling shall be conducted in accordance with 40 CFR 136, as amended, and be conducted by a certified lab.

D. PROGRAM ADOPTION – For Commercial and Industrial dischargers within the Burton Ranch Development, which would require an amendment to this Agreement and the Burton Ranch Specific Plan to allow for such uses, DISTRICT would, prior to such uses being provided wastewater services, adopt the minimum, if not more stringent, applicable requirements specified in CITY Pretreatment Program, FOG Program, and all other programs reasonably deemed necessary by REGULATORY AGENCIES and CITY'S Sewer Use Ordinance, as amended, to protect water quality, including an Enforcement Response Plan, which shall, within thirty days after the installation of the One Connection Point be submitted to CITY'S Wastewater Superintendent for review and reasonable approval. DISTRICT currently has an Ordinance in place that prohibits the installation or use of any self-regenerating water softeners within the DISTRICT'S Service Area, including the Burton Ranch Development, which shall not be changed without approval of CITY and shall be enforced by DISTRICT.

E. INSPECTIONS – For Commercial and Industrial dischargers within the Burton Ranch Development, which would require an amendment to this Agreement and the Burton Ranch Specific Plan to allow for such uses, DISTRICT would, when such uses are provided wastewater services, conduct, at least quarterly, inspections and random sampling events of users and dischargers at various locations of DISTRICT'S waste conveyance infrastructure that services the Burton Ranch Development occupants, as mutually agreed to by CITY'S Utility Director and DISTRICT'S General Manager, to ensure discharge requirements are met.

F. REPORTING REQUIREMENTS OF DISTRICT – For Commercial and Industrial dischargers within the Burton Ranch Development, which would require an amendment to this Agreement and the Burton Ranch Specific Plan to allow for such uses, DISTRICT would, when such uses are provided wastewater services, send CITY, at least quarterly, reports of the inspections described in Paragraph E., above. At a minimum each report shall include:

1. Location description of where the sampling and inspections were done;
2. Date inspected and person conducting inspection;
3. Inspection findings, follow-up required;
4. Date sampled;
5. Sampling event results;
6. Chain of custody for sampling event;
7. Quality control data for sampling event;
8. Change in discharge, quality or quantity;
9. Violations from the location of where the sampling and inspections were done and corrective action plan and implementation schedule; and
10. Additional info as deemed reasonably necessary by CITY.

Reports filed by DISTRICT shall be signed by an authorized representative of DISTRICT and that signature shall be made on a signature line below the following written certification which shall be

made part of each report:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

G. SAMPLING - DISTRICT may be required to test its raw and treated water supply if CITY encounters wastestream issues that need to be troubleshot and studied.

H. REPORTING REQUIREMENTS OF CITY - CITY will prepare an Annual Treatment Costs and Reconciliation Report for DISTRICT, which incorporates a report of wastewater quality for the PARTIES. Upon request of DISTRICT, CITY will provide additional reports of wastewater quality if such data are available. The additional reports shall be compiled and completed at DISTRICT'S expense.

CHAPTER V. MAINTENANCE, OPERATION, AND REPLACEMENT

A. RESPONSIBILITIES

1. CITY shall maintain, operate, and control the LRWRP in a manner that will comply with the requirements of REGULATORY AGENCIES, including, but not limited to, the RWQCB Central Coast Region or subsequently effective orders. CITY shall use due diligence to provide regular and uninterrupted service for the influent from Burton Ranch Development through the One Connection Point, but shall not be liable for damages, breach of contract or otherwise to DISTRICT for failure, suspension, diminution or other variations of service occasioned by or as a consequence arising from this Agreement, except to the extent it is directly the result of CITY'S negligence or willful misconduct.

2. DISTRICT shall maintain, operate, and control the Burton Ranch wastewater collection system and appurtenances in compliance with all applicable DISTRICT, Local, State and Federal regulations and requirements.

3. In addition to the reporting required by Chapter IV., Paragraph F., DISTRICT shall give reasonable notice to CITY whenever any material changes in quality or quantity of influent to be conveyed through the One Connection Point occurs.

4. METERING – The type and manufacturer of the flow and conductivity meters and SCADA system shall be approved by CITY, and shall be paid for and installed by DISTRICT or on behalf of DISTRICT at the One Connection Point for the purpose of measuring the quantity and quality of influent from Burton Ranch Development. The initial and ongoing costs of the design, purchase, installation, calibration, maintenance, repair, and replacement of those meters shall be at DISTRICT'S expense.

   CITY shall keep and maintain the records and readings of the metering devices for at least three years and said devices and records shall be at all times open to inspection upon reasonable notice to CITY by DISTRICT.

5. Issuance of Building Permits to Burton Ranch Development. If CITY grants entitlements for the Burton Ranch Development, then CITY will require proof DISTRICT has made payments due pursuant to the applicable amortization schedule and for the WCRF before each residential building permit may be issued for the Burton Ranch Development. Since DEVELOPERS are not a party to this

Agreement, if an amendment is approved for the Development Agreement between CITY and DEVELOPERS, then such amendment would include the foregoing prerequisite for issuance of each residential building permit for the Burton Ranch Development.

B. FUTURE FACILITY REQUIREMENTS

If it is necessary for CITY to improve wastewater treatment or the effluent thereof, due to laws, regulations or requirements by higher authorities, including the State and Federal Governments or one or more of the REGULATORY AGENCIES, or if it shall be necessary to install additional facilities or to improve any part of the LRWRP or other related facilities used to serve CITY and the influent from Burton Ranch Development ("Required Additional Facilities"), then the cost thereof shall be apportioned among and paid by the PARTIES hereto in the ratio the Required Additional Facilities are attributable to the requirements of the PARTIES hereto and the other users of the LRWRP; provided, that the Parties understand, DISTRICT may seek recovery from Burton Ranch Development owner/occupants of their share of those costs consistent with Government Code Section 66000 *et seq*. and/or Propositions 26 and 218 and other applicable laws. Also, the Required Additional Facilities shall be subject to such other terms and conditions as are agreed upon by the PARTIES hereto at the time they are required. A final official order by any one or more of the REGULATORY AGENCIES or the authorities listed above shall be considered conclusive by the PARTIES hereto as to the necessity of an expenditure of funds for such improved treatment or for such additional facilities.

C. MAINTENANCE, OPERATION AND REPLACEMENT COSTS

1. DEFINITION - Maintenance, operation and replacement costs shall include the direct and indirect cost of labor (including retirement and employee benefits), materials, chemicals, utilities, supplies, equipment, engineering, and other expenses of operation and maintenance of the LRWRP, including CITY administration and debt service obligations thereof per the then current rate schedule for respective items. Replacement costs shall include an annual amount attributed to depreciation of buildings, fixtures, and equipment in accordance with generally accepted accounting principles and requirements of the SWRCB.

2. DETERMINATION - DISTRICT shall pay to CITY DISTRICT'S proportionate share of the maintenance, replacement, and operation costs on an equitable basis considering the average wastewater quantity (as determined in Chapter V. Subparagraph A.3.) and the average wastewater quality (as determined in Chapter IV., Paragraph C.), relative to the other users of the LRWRP, consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements.

3. EXTRAORDINARY COSTS - In addition to ordinary maintenance, operation and replacement costs, DISTRICT shall pay any reasonable and necessary extraordinary costs incurred or to be incurred in assuring effective operations of the system, in the ratio of its respective average actual use of the LRWRP total usage during the prior fiscal year (July 1 to June 30), relative to the other users of the LRWRP, consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements, and if such extraordinary costs are more properly attributable to conveyance or treatment of a specific PARTY influent wastewater, then such costs shall be paid by that PARTY.

4. COSTS – Consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements, DISTRICT shall be responsible for any costs of upgrades, improvements or other modification to the LRWRP in the ratio of its respective average actual use of the LRWRP total usage during the prior fiscal year (July 1 to June 30) relative to other users of the LRWRP, associated with its compliance with any action by REGULATORY AGENCIES that was initiated on or after February 17, 2022. However, to the extent these costs fall under Subdivision V. B., above, they shall be apportioned, as set forth in that Subdivision.

5. BUDGETING - Maintenance, operation, replacement, and anticipated extraordinary costs shall

be estimated and budgeted by CITY and shall be part of CITY budget, which at the time of adoption of this Agreement, is a biennial budget. As an example, the budget previously adopted by CITY as of the effective date of this Agreement, is for the years July 1, 2021, through June 30, 2023. Additional payment terms are identified in Chapter VIII below.

6. RECORD INSPECTION - All maintenance, operation, replacement, and extraordinary cost records shall be available for inspection by DISTRICT at any time during normal business hours, with reasonable notice and if available.

CHAPTER VI. WASTEWATER CAPITAL RESERVE FUND (WCRF)

A. In accordance with the Revenue Program Guidelines, a WCRF is required to help pay for future expansion, improvements, replacements, and rehabilitation.

B. DISTRICT shall deposit sufficient funds to establish and maintain the WCRF. The WCRF balance will be set to equal $145,000.

C. Interest shall accrue to funds held in DISTRICT'S WCRF and remain there. The H.15 INTEREST RATE shall be used to determine the interest amount to be credited on available balances.

D. June 30th of each year will be the measuring point in determining what amounts DISTRICT will have to contribute to the WCRF. That information shall be delivered to DISTRICT as soon as the annual financial statements are published. That will normally be in the December through January time frame. DISTRICT will then have 60 days after receipt of the financial statement to forward any required funds, to bring the WCRF back up to the minimum level of funding. By mutual consent, DISTRICT may forward the required funds to CITY in monthly installments. Full payment must be made by June of the then current fiscal year. Interest will be charged in the same manner as interest is earned on the WCRF.

E. If the WCRF shows an amount above the minimum amount at June 30th, then excess funds shall be returned to DISTRICT within 60 days. DISTRICT may choose to apply any or all of the excess funds to operating costs or known current WCRF obligations in lieu of repayment by CITY to DISTRICT.

F. In the event a large capital project should reduce the WCRF below zero, DISTRICT is required to pay CITY interest in the same manner as the WCRF accrues interest using the H.15 INTEREST RATE until the fund has been brought back into a positive amount.

G. The PARTIES acknowledge because of unanticipated needs, emergencies, or due to the requirements of one or more of the REGULATORY AGENCIES, from time-to-time capital improvement projects may be required that were not previously budgeted, and may impact DISTRICT WCRF sub-account. CITY will attempt to notify DISTRICT of such project, as soon as reasonably possible after CITY becomes aware of the need for each such project, but no later than 30 days after CITY approval of each such project. Such notification will advise of the nature and total estimated cost of the project.

CHAPTER VII. INDEBTEDNESS

A. AUTHORITY - CITY has the authority to issue debt per Article 4 of Chapter 5, Division 7, Title I of the Government Code of the State of California, commencing with Section 6584.

B. USE - CITY has issued debt from time to time for major capital projects including the construction of the upgrade of the LRWRP. That debt has been issued to finance capital projects in lieu of paying for capital projects from currently available resources.

C. EXISTING - CITY has existing and refunded debt that was issued to provide resources for the construction of the LRWRP. The amounts financed and maturities of the related debt are as follows:

2005 Revenue Bonds	$ 15,475,996	Refunded to 2018 Revenue Bonds
2007 Revenue Bonds	26,434,106	Refunded to 2018 Revenue Bonds
2018 Revenue Bonds	$21,282,133	3/01/2037
2007 Revenue Bonds	$14,545,000	3/01/2037
SRF Loan	$91,605,815	8/31/2029

D. FUTURE - CITY may issue additional debt finance additions, improvements or other capital expenditures for the benefit of the LRWRP.

E. SHARE - Share of Useful Life factor will be determined based on the estimated remaining useful life of the LRWRP as of the execution of this Agreement, based on an overall useful life of 50 years (2009 to 2059).

F. WCRF - When a capital project is contemplated that may utilize bond proceeds to fund the project, DISTRICT may fund its share of the project in the following ways:

1. From resources on hand with CITY in its WCRF subaccount, or
2. From funds on hand at DISTRICT, or
3. Share in the debt proceeds and repayment obligation at its capacity share in the LRWRP,or
4. From other funds DISTRICT may obtain (such as issuing debt of their own), or
5. Any combination of the four options mentioned above.

G. REPAYMENT - For the existing outstanding debt issues identified above in Chapter VII., Paragraph C., CITY has prepared and DISTRICT has received a repayment schedule. The repayment schedule provides for set monthly amounts to be remitted to CITY each fiscal year so that DISTRICT share of the debt obligations is satisfied annually. The payment schedule will be triggered upon and follow the amortization schedule that matches the date of the first-pulled residential building permit for the Burton Ranch Development. All possible amortization schedules are included in Attachment 1. The stated "5-year payment ramp-up Principal & Interest" amount listed on the designated amortization schedule will be due upon reaching each subsequent period. The first five periods of the amortized payments will each step-up by a factor of 20%. At the end of the fifth period, the remaining indebtedness balance will be amortized over the remaining periods. DISTRICT may make payments pursuant to either the straight-line payment schedule or the 5- year payment ramp up. DISTRICT may cease all future development upon the fourth payment period or thereafter, if (i) upon the fourth payment period DISTRICT has paid pursuant to the straight-line schedule by making the fourth amortized payment due or thereafter if District is current on all straight-line payments due OR (ii) upon the fourth payment period if DISTRICT has paid pursuant to the 5- year ramp up schedule by paying the fourth ramp up payment plus the early termination balance, which is equal to the difference between the "ramped-up balance" and the "straight-line balance" of indebtedness, or thereafter if District is current on all payments, including the early termination balance if the District has been using the ramp-up instead of the straight-line payment schedule..

H. PREPAYMENT- If DISTRICT chooses to share in the debt repayment (option in Chapter VII. Subparagraph F. 3., above) to fund the capital expenditure, then DISTRICT may also pay all or a portion of its share off early from any DISTRICT funding source. In that case, the payment amount would be computed from the date requested by DISTRICT. A payoff amount will be determined and approved by both DISTRICT and CITY prior to the delivery of funds. DISTRICT may choose to do

that at any time during the term of the specific debt obligation. A new repayment schedule shall be provided to DISTRICT identifying its remaining monthly and annual obligations for any remaining debt.

I. RECEIPT COLLECTIONS - If DISTRICT chooses to share in the debt repayment obligations, then CITY shall update the payment obligation when determining the necessary annual receipts to be received from DISTRICT in any fiscal year. DISTRICT payment obligation shall be identified in the most current repayment schedule identified above.

CHAPTER VIII. RECEIPTS, BILLINGS, PAYMENTS AND COSTS

A. DEFINITIONS

1. RECEIPTS - Those funds remitted to CITY by DISTRICT to be applied to its share of LRWRP costs set forth in Chapter V.C. above.

2. COSTS - DISTRICT is responsible for reimbursing the CITY for its proportionate share of operations, maintenance liabilities, and replacement costs; debt, and the WCRF set forth in Chapter V.C. above.

3. BILLINGS - On a monthly basis CITY shall prepare a BILLING to DISTRICT. That may be based on the most recently available ending month volume data from DISTRICT totalizing meter or monthly average of previous 12 months at the discretion of the Utility Director or his/her designee. Cost rates shall be determined from the most recent ANNUAL REPORT approved by DISTRICT and CITY.

4. PAYMENTS - The amount remitted to CITY by DISTRICT based on the BILLING stated above.

B. REQUIREMENTS - CITY and DISTRICT shall work together to develop a RECEIPT and PAYMENT system that provides simplicity in the cash management for both CITY to operate the LRWRP and for DISTRICT in meeting its COST obligations of this Agreement. On an annual basis, CITY shall prepare an ANNUAL REPORT that will be the basis for DISTRICT'S future payment stream to CITY. CITY and DISTRICT will work together to best estimate the annual RECEIPTS necessary to minimize following year reconciliation between RECEIPTS and COSTS.

CITY and DISTRICT may modify the reporting or procedures outlined in Chapter VIII., Paragraphs C. or D. from time to time just as long as the new reporting and procedure standards continue to meet the requirements set out in this paragraph.

C. ANNUAL REPORT- To the extent the information is not provided by some other means, pursuant to this Agreement, each year, following the financial close of the preceding fiscal year, CITY shall prepare an ANNUAL REPORT. If needed, then a draft of the ANNUAL REPORT shall be presented to DISTRICT for review and tentative approval. If required, then the ANNUAL REPORT shall include:

1. Wastewater Utility expenditures
2. Treatment Rates (volume, BOD & TSS data)
3. Calculation of allocated costs to DISTRICT
4. System loading information (volume, BOD & TSS data)
5. Summary of payments made, and
6. Other information that may be mutually agreed to in writing for inclusion in the ANNUAL REPORT

D. PROCEDURES - Estimated charges to be assigned to DISTRICT shall include its proportionate share

of any past year un-reimbursed or overpaid extraordinary expenses, together with interest accrued monthly using the applicable H. 15 INTEREST RATE, from the date of payment of such expenses by CITY, and shall be adjusted for any overpayments or underpayments made in the prior year in the same manner as specified for the WCRF in Chapter VI.

CITY shall submit to DISTRICT established rates not later than 60 days prior to the effective date of any rate change. In setting the established rates, CITY shall follow the following guidelines:

1. Rates shall be set to accommodate the PARTIES cash flow requirements.
2. Collections of funds by CITY shall approximate DISTRICT share of costs on a fiscalyear basis.
3. Adjustments may be made during a given fiscal year by mutual agreement to reflect the above two guidelines.
4. Rates shall be consistent with laws, such as Proposition 26, Proposition 218 and other similar requirements.

Billings shall be made in advance on an estimated basis. Bills shall be submitted monthly to DISTRICT with interest accruing beginning the 45th day after the billing date. The interest rate shall be in accordance with CITY Resolution No. 6002(15), Utility Billing Service Rules and Regulations, or any subsequent revision of this resolution.

Billing rates shall be based on recorded DISTRICT volumes and weekly TSS and BOD test results (or estimates if the flow meter or testing equipment is not working properly or has been removed for repairs). Volume of DISTR1CT flow shall be as recorded on the continuous flow metering device. The calculations shall use the procedure developed in the Revenue Program Guidelines for Wastewater Agencies (most recent edition) published by the SWRCB.

Existing billing rates and subsequent billing rates (established during the term of this Agreement) for Volume, TSS and BOD will be calculated in accordance with the above-referenced Resolution No. 6002(15). Subsequent billing rates shall not need to be approved by either PARTY'S board during the term of this Agreement, as long as they are calculated according to the guidelines set forth in the above resolution.

Cost of the flow meter and telemetry equipment and associated infrastructure necessary to fulfill obligations established by this Agreement shall be borne by DISTRICT.

Each year, following the close of the preceding fiscal year, a draft copy of the ANNUAL REPORT shall be presented to DISTRICT for review and tentative approval.

After the completion of CITY external auditor's financial and compliance exam and the publication of CITY "Annual Comprehensive Financial Report" or CITY "Basic Financial Statements" (usually by December 31 following the close of the fiscal year), CITY staff shall meet with DISTRICT representatives to review the final draft of the ANNUAL REPORT.

Once agreement has been reached on the final draft, any difference between the preliminary (September) draft and the final draft, (excess or deficit of payments to actual costs) shall be adjusted and spread over the remaining billing statements within the fiscal year (i.e., February through June).

By April 15th of each year, CITY staff shall coordinate with DISTRICT staff to estimate treatment plant rates to be charged for the next fiscal year. Estimates shall be supported by proposed capital improvements and WCRF impacts. It is understood by both PARTIES rates provided are best estimates based on current CITY staff forecasts and are provided for convenience to DISTRICT staff in preparing its fiscal year budgets.

CHAPTER IX. DISTRICT WASTEWATER RATES

DISTRICT agrees to develop a proposed wastewater rate structure that will comply with applicable federal rules and regulations formulated by the EPA as interpreted by applicable guidelines.

CHAPTER X. MODIFICATIONS

This Agreement is subject to change only by mutual agreement of the PARTIES and by written amendment to this Agreement, approved by CITY and DISTRICT by resolution of their respective governing board or bodies.

CHAPTER XI. RECORDS AND ACCOUNTS

CITY shall keep proper books of records and accounts in which complete and correct entries shall be made of all costs and expenses, receipts and disbursements relating to the acquisition, construction, administration, maintenance, operation and repair of the facilities referred to in the Agreement. Said books and records shall, upon written request, be subject to inspection by any duly authorized representative of DISTRICT. CITY shall make an ANNUAL REPORT available to DISTRICT. The ANNUAL REPORT shall incorporate all receipts and disbursements relating to costs of the LRWRP and payments by DISTRICT. The expense of said report and all record keeping and accounting costs arising from this Agreement shall be the responsibility of DISTRICT.

CHAPTER XII. INSURANCE

CITY shall at all *times* maintain with responsible insurers such insurance against loss or damage to the facilities covered by this Agreement, as is customarily maintained with respect to works of like character. CITY will also maintain with responsible insurers Workers Compensation, liability, and property damage insurance. The premiums on all such insurance, including those resulting from self-insurance, shall be a part of maintenance and operation expenses of the LRWRP.

CHAPTER XIII. MANNER OF GIVING NOTICE

Notices required or permitted hereunder shall be sufficiently given in writing, and if either served personally upon or mailed by registered or certified mail to:

CITY OF LOMPOC
Attn: UTILITY DIRECTOR
100 Civic Center Plaza
Lompoc, CA 93438

MISSION HILLS COMMUNITY SERVICES DISTRICT
Attn: GENERAL MANAGER
1550 East Burton Mesa Blvd.
Lompoc, CA 93436

CHAPTER XIV. ARBITRATION

Except as otherwise provided herein, all controversies arising out of the interpretation or application of this Agreement or the refusal of any PARTY to perform the whole or any part thereof shall be settled by arbitration in accordance with the provisions of this section, and where not provided by this section in accordance with the statutory provisions of the State of California then in force.

The PARTIES shall, in good faith, attempt to resolve any dispute arising out of or relating to this AGREEMENT through negotiations between appointed representatives of the parties; provided, that during those good faith negotiations all applicable statutes of limitations shall be tolled for 90 days, commencing on the date acknowledged, in writing, by the PARTIES. The party or parties bringing forth a dispute shall notify the other party of the nature and details of the dispute and the parties shall meet on at least three occasions during a ninety-day period to discuss and attempt, in good faith, to resolve the dispute. The parties may be mutual agreement extend the time period of that tolling to attempt to negotiate, in good faith, a final resolution of the dispute. If the matter is not resolved through negotiation as determined by either PARTY, the PARTIES may agree on one arbitrator provided by JAMS, but in the event that they cannot so agree, the controversy shall be submitted to a board of three arbitrators, which shall be appointed, one by CITY, one by DISTRICT and the third by the first two. The PARTY desiring arbitration acting jointly or severally, as the case may be, shall notify any PARTY by a written notice stating the following: (1) that it desires arbitration, (2) the controversy to be arbitrated, and (3) whether it desires arbitration by one arbitrator or a board of three arbitrators. Within 15 days after receipt of said notice desiring one arbitrator, the other PARTY shall reply in writing whether it agrees to one arbitrator or demands a board of three arbitrators.

If either PARTY demands a board of three arbitrators, within 30 days after the receipt of said notice, the other PARTY shall appoint its nominee. Within 15 days after the last PARTY has appointed its nominee, the two nominees shall appoint the third. None of the arbitrators shall be a resident of, or taxpayer in, or own property in the area served by, or have a place of business in, or be employed in or by, or have any contract with, or be an officer or employee of, or otherwise have a conflict of interest in or with, any PARTY. The arbitrator or arbitration board shall hold at least one hearing and at least 10 days before said hearing shall give each PARTY written notice thereof. The arbitration shall be restricted to matters relative to that stated in the notice requesting arbitration. The arbitration board shall have no authority to add to or present evidence. Upon conclusion of the hearing or hearings, the arbitrator or arbitration board shall reduce its findings of fact, conclusions of law and the award in writing, and shall sign the same and deliver one signed copy thereof to each PARTY. Such award shall be final and binding upon both PARTIES. In cases with an arbitrations board, a majority finding shall govern if the arbitrator's determination is not unanimous. Each PARTY shall pay its own expenses, including the expenses of the arbitrator that it nominates. The expenses of use of a single arbitrator or of the third arbitrator in an arbitration board, and the administrative costs of the arbitration proceedings, shall be shared equally.

Any controversy, which is solely a technical issue would could be resolved by an engineer's findings and which, under this section may be submitted to arbitration, the PARTIES may agree in writing to submit the issue to an agreed upon engineer who shall be the sole arbitrator. Such engineer shall be a California licensed civil engineer and member of the American Society of Civil Engineers and shall be disinterested as hereinbefore in this section required of arbitrators on an arbitration board. The engineer shall proceed in the same manner and shall make findings, conclusions and an award in the manner provided herein for an arbitration board.

CHAPTER XV. ADJUSTMENT OF CAPACITY BETWEEN PARTIES AND PARTICIPATION OF ADDITIONAL PARTIES AT A LATER DATE

Any Serviced Party, including DISTRICT, with a written agreement with CITY for wastewater treatment at the LRWRP may reduce or acquire additional service capacity from CITY or transfer service capacity to itself or another Serviced Party upon such terms and conditions as all PARTIES hereto may agree upon. No service capacity provided in this Agreement, as amended, shall be increased or decreased pursuant to this Agreement unless CITY shall first determines that change would not affect the LRWRP to the detriment of CITY or any other Serviced Party; provided, that if the change is a result of ADU Increases, then the provisions of Paragraph A. of Chapter III shall apply . If, because of annexation, consolidation, reorganization, or other cause, responsibility for the disposal of wastewater from a particular area is transferred from one Serviced Party to another Serviced Party or to a party that may become a Serviced Party, then the service capacity shall be transferred to the receiving Serviced Party accordingly on a date to be determined by the PARTIES and the service capacity charges for that transferred Service to correspond therewith. Any party effecting a transfer shall notify CITY such responsibility shall be transferred and may recommend to CITY the amount of service capacity which should be transferred, which recommendation shall be advisory only. The amount of service capacity to be transferred shall be determined by CITY but in no case shall the service capacity of a PARTY be reduced without the agreement of such PARTY.

No such transfer shall become effective until the transferor and transferee Serviced Parties, as applicable, shall execute appropriate amendments to their service agreements with CITY reserving to such transferee Service Party the additional service capacity and deducting such service capacity from the service capacity of the transferor Service Party and obligating the transferee Service Party to make the additional payments and relieving such transferor Service Party of the obligation to pay the proportionate part of the annual service charge represented by the service capacity transfer.

The PARTIES hereto contemplate the possibility other agencies may apply for or request capacity rights in the LRWRP after the date of execution of this Agreement. The PARTIES hereto agree, in the event and to the extent capacity is available in the LRWRP, CITY may provide for capacity to another party to the extent such capacity is available and not allocated to by this Agreement to the PARTIES hereto. ln the event CITY contracts with another party to use additional available capacity, such agreement shall be on terms that are fair and equitable to all PARTIES hereto, and such agreement shall specifically provide:

1. The new Serviced Party shall pay a capital outlay charge to CITY computed in the same manner as the capital outlay charge has been computed for the PARTIES hereto.
2. The new Serviced Party shall pay its share of maintenance, operation, administration, replacement, and extraordinary costs in the same manner as provided for the PARTIES hereto in Chapter V., Paragraph C. of this Agreement. That is, said additional new Serviced Party shall pay to CITY its proportionate share of maintenance, operation, administrative, replacement, and extraordinary costs in the same ratio as the ratio of the volume and strength its wastewater bears to the total volume and strength of wastewater treatment and disposal during an applicable period. Said payment shall serve to reduce the costs of the other PARTIES hereto proportionately.

3. In addition to 1., above, the new Serviced Party shall share in the repayment of any outstanding bond debt attributable to the betterment of the LRWRP. That share shall be in relation to the capacity share of the LRWRP provided to the new Service Party. For example, if a new Serviced Party obtains rights to have 1 MGD processed at the LRWRP, it would be obligated to pay for any ongoing remaining debt of the LRWRP in the ratio of the 1 MGD to the LRWRP'S capacity of 5.0 MGD. Similarly, the new Serviced Party shall share in future debt incurred for additions, improvements, or other capital expenditures according to its capacity share.

CHAPTER XVI. TERM OF AGREEMENT

This Agreement shall continue in effect as long as the LRWRP is owned and operated by CITY, in its sole discretion; provided, that if no residential units have been built in the Burton Ranch Development on or before December 31, 2030, then this Agreement shall become null and void. If the settlement agreement entered into between the parties relating to the County of Santa Barbara Superior Court Case No. 20CV02225, is not executed, then this Agreement
shall also become null and void.

CHAPTER XVII. SEVERABILITY AND INTEGRATION

If any section, subsection or term of this Agreement, or the application thereof, to either PARTY, or to any other person or circumstance is for any reason held invalid and it does not have a significant financial or operational impact on a PARTY, then it shall be deemed severable and the validity of the remainder of the agreement or the application of such provision to the other PARTY, or to any other person or circumstance shall not be affected thereby. In such event, each PARTY hereby declares that it would have entered into this Agreement and each section, subsection, sentence, clause, phrase and word thereof irrespective of the fact that one or more section, subsection, sentence, clause, phrase or word, or the application thereof to either PARTY or any other person or circumstance be held invalid. However, any provision which is deemed to be invalid and would have a significant financial or operational impact on a party hereto shall give rise to the party harmed by such invalidity to utilize the arbitration provision herein to seek an equitable solution/remedy to such determination.

This Agreement contains the entire agreement between the PARTIES regarding wastewater services for the Burton Ranch Development and its terms supersede all prior discussions or agreements between them, except the Annexation Agreement shall continue to be in full force and effect.

CHAPTER XVIII. EFFECTIVE DATE OF AGREEMENT

This Agreement shall be effective upon being fully executed and approved by all signatories below. This Agreement may be executed with electronic signatures in accordance with Government Code §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature

CHAPTER XIX. ATTACHMENTS

The Combined Amortized Share Debt Schedules are attached as Attachment 1.

CHAPTER XX. EXECUTION

In witness hereof, DISTRICT has executed this Agreement with the approval of its Board of Directors and CITY has executed this Agreement in accordance with the approval of its City Council. This Agreement may be executed in counter form.

CITY OF LOMPOC
a California Municipal Corporation
P.O. Box 800 I
Lompoc, California 93438

By:_____
Jenelle Osborne, Mayor

DATE: _____, 2023

MISSION HILLS COMMUNITY
SERVICES DISTRICT
1550 East Burton Mesa Road
Lompoc, California 93436

By: _____
Steve Dietrich, Board President

DATE: _____, 2023

ATTEST:

_____
Stacey Haddon, City Clerk

APPROVED AS TO CONTENT

_____
Charles Berry, Utility Director

APPROVED AS TO FORM:

_____
Jeff Malawy, City Attorney

EXHIBIT “A”

ANNEXATION AGREEMENT
(Immediately behind this page)

Attachment 1

Combined Amortized Share Debt Schedules
(Immediately behind this page)

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is entered into this _ day of _____, 2023, by and among the CITY of Lompoc (the "CITY"),the Mission Hills Community Services District (the "DISTRICT") and The Towbes Group, Inc, a California corporation, Harris Grade Partners, LP, a California limited partnership, MJ Land, LLC, a California limited liability company, Lompoc Ranch Joint Venture, Joe A Signorelli, Jr., Stacey Lee Signorelli, and Gus Thomas Signorelli (collectively the "DEVELOPER") . (Each of the foregoing being sometimes referred to herein as a "Party" and collectively referred to herein as "Parties").

RECITALS

A. WHEREAS, on or about May 18, 2000, CITY and DISTRICT entered into an Annexation Agreement ("Annexation Agreement") wherein, among other things, CITY would pursue annexation into its geographical boundaries a defined area now commonly known as Burton Ranch, depicted herein as **Exhibit 1**, and whereby DISTRICT would have the exclusive right to provide potable water and wastewater services to Burton Ranch upon annexation to CITY and DISTRICT; and

B. WHEREAS, on or about May 4, 2006, the Santa Barbara County Local Agency Formation Commission, hereinafter LAFCO, approved the requested annexation of Burton Ranch to be included within CITY's boundaries, and, also into DISTRICT'S service area.

C. WHEREAS, DEVELOPER, proposes to develop Burton Ranch with up to approximately 476 single family and multi-family homes pursuant to that certain Burton Ranch Specific Plan adopted February 2006 and as further amended and modified from time to time; (Project) and

D. WHEREAS, DEVELOPER intends to begin grading of the Project in early 2024 and construction of the first phase of the Project in or about fall 2024, with subsequent phases staggered thereafter; and

E. WHEREAS, in 2006, DISTRICT and DEVELOPER entered into a development agreement ("District Development Agreement") for DISTRICT to provide potable water and wastewater services to Burton Ranch, and which expired in 2014; and

F. WHEREAS, in 2007, DEVELOPER and CITY entered into a development agreement ("City Development Agreement") regarding development of Burton Ranch and which pursuant to subsequent amendments is effective until May 31, 2024; and

G. WHEREAS, following expiration of the District Development Agreement, DEVELOPER and DISTRICT attempted negotiations regarding terms for the DISTRICT to provide potable water and wastewater services to Burton Ranch but such negotiations were unsuccessful; and

H. WHEREAS, in 2019, a dispute arose between the Parties wherein CITY generally contended that DISTRICT does not have the ability to provide water and wastewater services to Burton Ranch and/or that the cost of the DISTRICT providing such services would make the Project infeasible; and

I. WHEREAS, on or about July 2, 2020, CITY filed a civil complaint against DISTRICT in the Santa Barbara County Superior Court, case number 20CV02225 (the "Action"), alleging, *inter alia*, that DISTRICT does not have the capacity to provide potable water and wastewater services to the proposed Burton Ranch project and sought to provide said services itself; and

J. WHEREAS, on or about February 9, 2021, CITY filed a Second Amended (and currently operative) Complaint alleging four causes of action: (1) Breach of Contract regarding the DISTRICT'S ability to perform under the Annexation Agreement ;(2) Recission of the Annexation Agreement based on Mistake of Fact regarding the DISTRICT'S ability to perform under the Annexation Agreement; (3) Recission of the Annexation Agreement based on Public Policy alleging the DISTRICT was preventing needed housing from being constructed; and (4) Declaratory Relief seeking the court resolve whether the CITY has the authority to provide water and wastewater services to Burton Ranch; and

K. WHEREAS, DISTRICT categorically disputes each and every one of CITY's contentions in the Action and asserts that it can provide potable water and wastewater services to Burton Ranch as needed (the recitals in I., J. and K. are hereinafter referred to as the "Dispute"); and

L. WHEREAS, CITY and DISTRICT have engaged in extensive litigation and formal discovery, but agreed to stay such efforts while participating in settlement negotiations;

M. WHEREAS, CITY, DISTRICT and DEVELOPER have engaged in extensive and good faith negotiations regarding providing water and wastewater services to the Burton Ranch, and

N. WHEREAS, CITY owns, operates and maintains a Regional Wastewater Reclamation Plant ("Treatment Plant") in order to provide services to properties within its service area, and if available capacity exists, then to others by agreement; and

O. WHEREAS, CITY can and will have the capacity within its Treatment Plant to treat wastewater from anticipated, full development of the Project and

P. WHEREAS, DISTRICT owns and operates potable water wells and water and is prepared to provide water services to Burton Ranch and construct infrastructure necessary for such service pursuant to the terms and conditions set forth in a separate agreement by and among DISTRICT and DEVELOPER; and

Q. WHEREAS, DISTRICT agrees to provide wastewater services to Burton Ranch pursuant to the terms and conditions set forth in a separate agreement and enter into agreement with the CITY to treat such wastewater at the Treatment Plant; and

R. WHEREAS, the Parties desire to enter into this Agreement to settle the Dispute, conclude the Action, and to agree that the CITY will provide wastewater treatment services to DISTRICT for purposes of treating wastewater from Burton Ranch and DISTRICT will provide wastewater and potable water services to Burton Ranch; and

S. NOW, THEREFORE, for good and valuable consideration, CITY, DEVELOPER and DISTRICT mutually agree as follows:

SETTLEMENT AND RELEASE AGREEMENT

Now therefore, in consideration of the foregoing Recitals and the other good and valuable consideration discussed herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. That the Parties hereby fully incorporate by this reference the recitals set forth above.

2. Water and Wastewater Facilities Development Agreement. That DISTRICT and DEVELOPER have engaged in good faith negotiations resulting in a Water and Wastewater Facilities Development Agreement ("District Agreement" - a copy of which attached hereto as **Exhibit 2** and incorporated by this reference), whereby DISTRICT shall provide potable water services and wastewater services to Burton Ranch, and which shall be executed by DISTRICT and DEVELOPER concurrently with this Agreement.

3. Wastewater Services Agreement. The CITY and DISTRICT have engaged in good faith negotiations resulting in a Wastewater Services Agreement (a copy of which attached hereto as **Exhibit 3** and incorporated by this reference) and which shall be executed by CITY and DISTRICT concurrently with this Agreement.

4. Entitlements. Upon execution of the Agreement, DEVELOPER and CITY will continue to work diligently, cooperatively, and expeditiously, as reasonably possible, to process any applications for amendment to existing Project entitlements and additional Project entitlements, including any analysis required by the California Environmental Quality Act ("CEQA), needed to effectuate the Burton Ranch Development ("Revised Project Entitlements".) DEVELOPER recognizes and acknowledges that the CITY is under no obligation to approve the Revised Project Entitlements, or any environmental review document prepared in connection with the application, and CITY reserves all of its discretion and the full measure of its police powers to evaluate, approve, conditionally approve, or deny the Revised Project Entitlements on their merits in accordance with applicable procedures, standards and requirements.

5. Dismissal. That within 7 days of the court issuing an Order retaining or declining to retain jurisdiction pursuant to Paragraph 11 below or within thirty (30) days after full

execution of this Agreement whichever is the first to occur, the DISTRICT and CITY shall jointly file with the Superior Court a dismissal of the Action with prejudice.

6. CITY Release. That the CITY, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as "District Releasees and Developer Releasees Releasees"), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys' fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

7. Mutual Indemnification. Intentionally Omitted.

8. DISTRICT Release. That the DISTRICT, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties and the their respective past, present, and future elected officers, owners, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as "CITY Releasees and DEVELOPER Releasees"), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys' fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

9. DEVELOPER Release. That the DEVELOPER, on behalf of itself and its elected officers, administrators and assigns, past, present, and future officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, assigns, insurance companies, and attorneys, agree to, and hereby do, release, remise and forever discharge the other parties hereto and their respective past, present, and future elected owners, officers, directors, principals, agents, employees, representatives, associates, affiliates, successors, representatives, insurance companies, and attorneys, (hereinafter referred to as "CITY Releasees and DISTRICT Releasees"), of and from any and all rights, claims, demands, causes of action, suits, debts, liens, contracts, agreements, promises, liabilities, defenses, claims for subrogation, contribution, or indemnity (express or implied), set-offs, recoupments, attorneys' fees, costs, and expenses, of every type and nature whatsoever, which they now have, could have had, or may hereafter have, which have or may have

arisen, or may in the future arise, based upon, arising out of, or relating in any way to the Dispute.

10. Waiver of California Civil Code § 1542. That as further consideration and inducement for this compromised settlement, the Parties hereby knowingly waive any and all rights that they may have under the provisions of California Civil Code §1542 concerning the Claim and the Action and the allegations asserted therein, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTION OF THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

11. Court Retains Jurisdiction per California Civil Code § 664.6. CITY and DISTRICT agree that their respective obligations to each other under this Agreement and the concurrently executed Wastewater Services Agreement are fully incorporated hereto and are to be interpreted in a manner consistent with each other with the intent of providing water and wastewater services to Burton Ranch. Although the Wastewater Services Agreement may be enforced by binding arbitration, CITY and DISTRICT specifically request their respective obligation to each other under this Agreement and the Wastewater Services Agreement be enforced pursuant to Code of Civil Procedure Section 664.6. CITY and DISTRICT intend this stipulation for settlement to be binding and enforceable and that this writing may be used as evidence of that intent. CITY and DISTRICT further agree that within (5) business days after full execution of this Agreement and the Wastewater Services Agreement, counsel for the CITY shall prepare and circulate for execution by CITY and DISTRICT a Stipulation and [proposed] Order for the court to retain jurisdiction over CITY and DISTRICT to enforce their respective obligations pursuant to this Agreement and the Wastewater Services Agreement, and will construe such agreements pursuant to and under the laws of the State of California. If the court refuses retain jurisdiction, such shall not effect this Agreement and it and the Exhibits hereto will remain in full force and effect.

12. Attorneys' Fees. That in the event either Party is forced to commence an action to enforce the terms of this Agreement, the prevailing party in such an action, as determined by the Court, shall be entitled to receive its reasonable attorneys' fees incurred, as well as all litigation expenses.

13. Waiver of Costs. The Parties agree to bear their own costs and to waive any and all claims to costs, expenses, or fees that arise out of or relate to the Action, except as explicitly stated herein.

14. Compromise of Disputed Claim. That the Parties understand and agree that this Agreement is the compromise of a disputed claim, and that this compromise and release is

not to be construed as an admission of liability on wrongdoing on the part of any Party, which is expressly denied.

15. Understanding/Explanation. That the Parties affirm and acknowledge that they have read the terms of this Agreement and that they understand its words, terms and their effect, and they further appreciate and agree that this is a full and final compromise and release of any and all claims, demands or causes of action whether known or unknown concerning the Controversies and the subject matter set forth in the Action. The Parties further acknowledge, warrant and agree that each has had an opportunity to receive independent advice from legal counsel regarding the meaning of any and all terms in this Agreement prior to his execution of the Agreement.

16. Severability. In the event that any material part of this Agreement is determined by a court of competent jurisdiction to be unlawful and unenforceable, then the entire Agreement shall be deemed void and the parties shall be returned to the same position as they were in before this Agreement being executed and becoming effective.

17. No Promises. That each Party acknowledges that no agent, attorney or representative for the other Party has made any promises, representations or warranties, except as stated herein, to induce them to enter into this Agreement.

18. Authority to Enter Into Agreement. That each Party hereto acknowledges and agrees that it has the authority to execute and deliver this Agreement and that this Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with the terms hereof. Each person signing this Agreement in a representative capacity represents and warrants that he or she is authorized to make the attendant representations for the Party on whose behalf he or she is signing, that such Party agrees to be bound by the terms and conditions of this Agreement, and that, prior to executing this Agreement, such Party has taken all actions necessary for this Agreement to be enforceable against it. The CITY warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the Lompoc CITY Council prior to the CITY's execution of this Agreement. The DISTRICT warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the DISTRICT's Board of Directors prior to the DISTRICT's execution of this Agreement. The DEVELOPER warrants and represents that this Agreement, and all exhibits and terms stated herein, were reviewed and approved by the entities and persons that comprise the DEVELOPER prior to the DEVELOPER's execution of this Agreement.

19. Integration. That this Agreement contains the entire agreement between the Parties hereby and its terms supersede all prior discussions or agreements between them, except the Annexation Agreement shall continue to be in full force and effect. If any part of this Agreement is determined to be unenforceable, the remaining provisions shall be enforced. Any modification to this Agreement shall be in writing and executed by all Parties.

20. Governing Law. That this Agreement is governed by and shall be interpreted under the laws of the State of California.

21. Construction. That the language in all parts of this Agreement in all cases shall be construed in accordance with its fair meaning, as if prepared by all of the Parties to this Agreement and not strictly for or against any of the Parties. The legal doctrine of construction of ambiguities against the drafting party shall not be employed in any interpretation of this Agreement. This Agreement is deemed to have been drafted jointly by the Parties such that any uncertainty or ambiguity is not to be construed against any one of the parties hereto.

22. Headings. That the headings and titles to paragraphs and sections within this Agreement are for reference and convenience only. They shall not enter into the interpretation hereof, and shall not be construed to modify or effect the written language contained within the paragraphs and sections of the Agreement.

23. Counterparts and Electronic Signatures. This Agreement may be executed by the Parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the same counterpart. In accordance with Government Code §16.5, the Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement, will be considered signed when the signature of a party is delivered by electronic transmission, including by counterparts. Such electronic signature will be treated in all respects as having the same effect as an original signature.

24. Press Release. That upon execution of this Agreement by all Parties, the CITY, DEVELOPER and DISTRICT shall jointly draft and agree upon an official press release that respects the interests of both parties without giving credit, blame or advantage to one Party of the other.

[*Signature Pages Follow*]

SETTLEMENT AND RELEASE AGREEMENT

WE HAVE EXECUTED THIS AGREEMENT ON THE DATE BELOW WRITTEN, EFFECTIVE UPON EXECUTION AND DELIVERY BY ALL PARTIES.

Date _____, 2023

DEVELOPERS

Harris Grade Partners, LP, a California limited partnership

By: Martin Farrel Homes, Inc., a California corporation, its General Partner

_____

By: Jon Martin, President

MJ Land, LLC, a California limited liability company

_____

By: Donald Jensen, Managing Member

Lompoc Ranch Joint Venture, a California partnership

_____

By: John Gherini, Managing Partner

The Towbes Group, Inc., a California corporation

_____

By: Michelle Konoske, President

_____

Joe A. Signorelli

_____

Stacey Lee Signorelli

_____

Gus Thomas Signorelli

CITY OF LOMPOC

Date: _____, 2023

By:_____

Its: _____

MISSION HILLS COMMUNITY
SERVICES DISTRICT

Date: _____2023

By:_____

Its: _____

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Date: _____, 2023

By: _____
Stephen R. Onstot
Attorneys for the CITY of Lompoc

HENSLEY LAW GROUP

Date: _____, 2023

By: _____
Mark D. Hensley
Attorneys for Mission Hills Community Services District

Exhibit 1
Burton Ranch Development Area

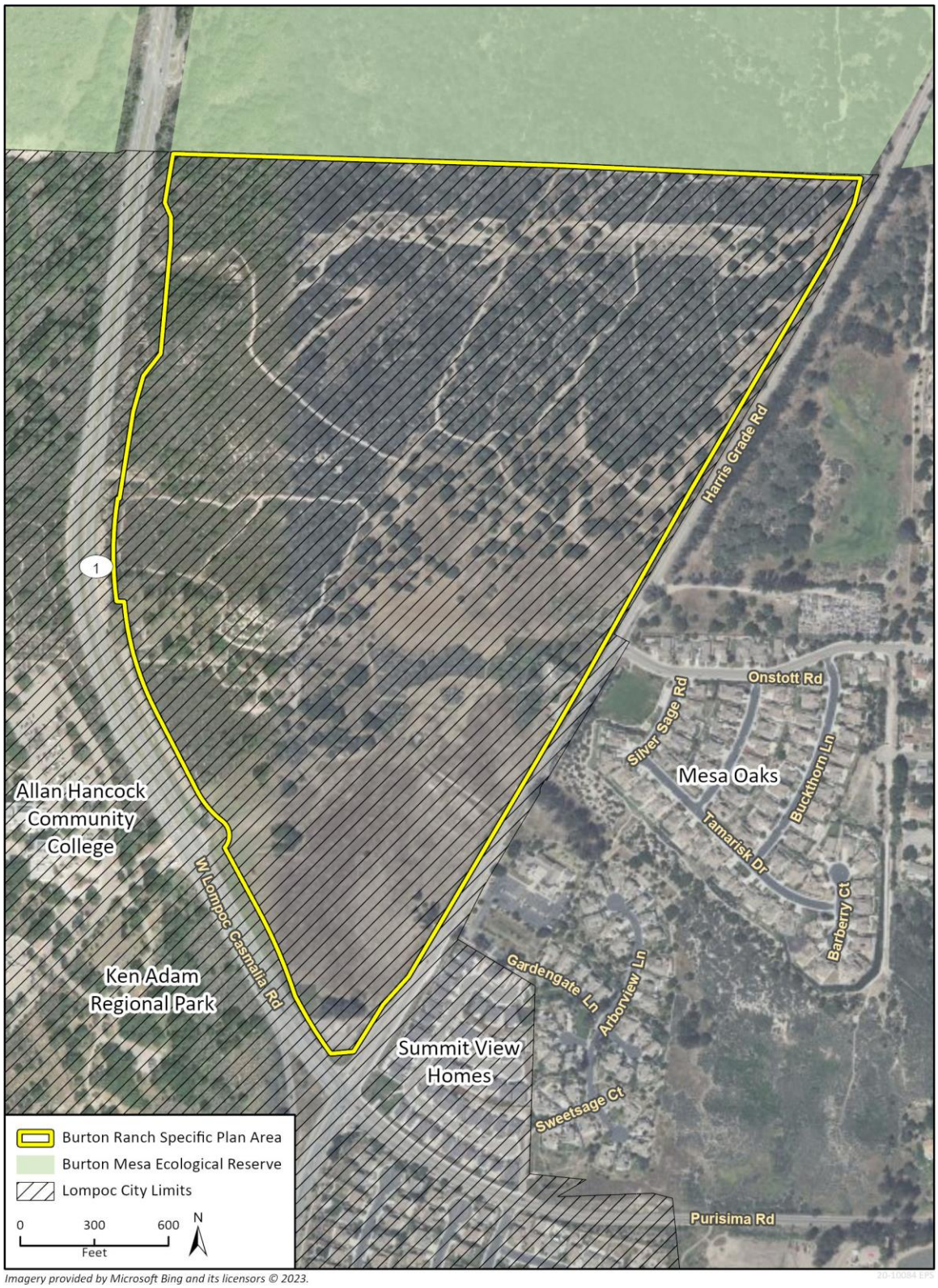

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Exhibit 2
Water and Wastewater Facilities Services Agreement

[SEPARATE DOCUMENT TO BE ATTACHED]

Exhibit 3
Wastewater Services Agreement

[SEPARATE DOCUMENT TO BE ATTACHED]