



MEETING HANDOUT

Meeting: Board Meeting

Date: February 17, 2017

Item: 7.1 Consideration and Action on Agreement by and between Santa Margarita Water District and Rancho Mission Viejo L.L.C. for the Acquisition of Trampas Reservoir and Buy-in to Regional Facilities

Attached:

- *Exhibit A: The Trampas Reservoir land and easements.*
- *Exhibit B: Dedication Agreement which specifies the specifics of the land and in particular the open space dedication.*

EXHIBIT B

Project: Trampas Reservoir

DEDICATION AGREEMENT

THIS AGREEMENT (“Agreement”) is made this ___ day of February, 2017 by and between SANTA MARGARITA WATER DISTRICT, a California water district formed and existing pursuant to Sections 34000, et. seq. of the Water Code of the State of California called “District,” and RMV COMMUNITY DEVELOPMENT, LLC, a California limited liability company, herein called “RMV.” The District and RMV are sometimes individually referred to as “Party” and collectively as “Parties.”

WHEREAS, RMV is in the process of acquiring ownership of certain real property located in Orange County, and as more particularly described on Exhibit A attached hereto (the “Property”); and

WHEREAS, District desires to acquire the Property for the construction of a reservoir and related facilities for the treatment and storage of water (“Project”).

NOW, THEREFORE, District and RMV agree as follows:

1. Dedication of Property. RMV shall offer to dedicate the Property to District and District shall accept the offer of dedication of the Property, or interest therein, upon the terms and conditions set forth in this Agreement.

2. Obligations of RMV.

2.1 Fee Interest. Upon acceptance by District, RMV shall convey, assign and transfer its fee interest in the Property to District, free and clear of all monetary liens, encumbrances, easements, leases (recorded or unrecorded), bonds, assessments, and unpaid taxes except for (i) liens for non-delinquent property taxes and assessments, and (ii) those liens and encumbrances and easements which, in the sole discretion of District, are acceptable pursuant to Section 6.

2.2 Representations and Warranties of RMV. RMV represents and warrants to District that as of the date of this Agreement and as of the Close of Escrow:

2.2.1 Compliance with Law. To the actual knowledge of RMV, the Property is in material compliance with all applicable Laws and Environmental Laws;

2.2.2 Leases. No leases, licenses, or other agreements allowing any third party rights to use the Property are or will be in force as of the Closing;

2.2.3 Litigation and Investigations. There is no pending or, to the actual knowledge of RMV, threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property, and RMV has received no notice, warning, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are or have been in violation of any Laws or Environmental Laws, or

informing RMV that the Property is subject to investigation or inquiry regarding the violation of any Laws or Environmental Laws.

2.2.4 Access to the Property. RMV shall cause RMV San Juan Watershed, LLC to record an easement at closing for vehicular access to the Property from the public right of way, in the form attached hereto as Exhibit B (“Access Easement”); and

2.2.5 No Insolvency Proceedings. RMV has not (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of substantially all of its assets; or (v) admitted in writing its inability to pay its debts as they come due.

2.2.6 No Other Agreements, Undertakings or Tenancies. RMV will not enter into any agreements or undertake any new obligations (other than the Conservation Easement as set forth in Section 7 below) prior to Close of Escrow which will in any way burden, encumber or otherwise affect the Property without the prior written consent of the District.

2.2.7 Disclosure. RMV has disclosed all material facts concerning the condition of the Property that are known to RMV. RMV shall promptly notify District of any facts that would cause any of the representations contained in this Agreement to be untrue as of the Close of Escrow. If District reasonably concludes that a fact materially and adversely affects the Property, District shall have the option to terminate this Agreement by delivering written notice to RMV and Escrow Agent. If District terminates this Agreement pursuant to this Section, Escrow Agent shall cancel the Escrow and RMV shall be responsible for all costs of escrow.

2.3 Indemnity. RMV agrees to indemnify District and agrees to defend and hold District harmless from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorneys’ fees and expenses, to the fullest extent not prohibited by applicable law, and all other costs and expenses incurred by reason of, or in any manner resulting from (i) the breach of any warranties and representations in Section 2.2, and (ii) all third-party claims for RMV’s intentional acts or willful misconduct related to the Property occurring prior to the Close of Escrow.

2.4 Definitions.

2.4.1 “Environmental Laws” means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as defined subsequently in this Agreement), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now in effect, including without limitation, the Comprehensive Environmental Response,

Compensation, and Liability Act of 1980 (CERCLA) and the Superfund Amendments and Reauthorization Act of 1986 (SARA) [42 U.S.C.A. §§ 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) and the Solid Waste Disposal Act [42 U.S.C.A. §§ 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 U.S.C.A. §§ 1251 et seq.]; the Toxic Substances Control Act (TSCA) [15 U.S.C.A. §§ 2601 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 U.S.C.A. §§ 1801 et seq.]; the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) [7 U.S.C.A. §§ 136 et seq.]; the Clean Air Act (CAA) [42 U.S.C.A. §§ 7401 et seq.]; the Safe Drinking Water Act (SDWA) [42 U.S.C.A. §§ 300f et seq.]; the Surface Mining Control and Reclamation Act of 1977 (SMCRA) [30 U.S.C.A. §§ 1201 et seq.]; the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA or EPCRTKA) [42 U.S.C.A. §§ 11001 et seq.]; the Occupational Safety and Health Act of 1970 (OSHA) [29 U.S.C.A. §§ 655, 657]; the California laws regarding the underground storage of hazardous substances [H & S C §§ 25280 et seq.]; the Hazardous Substance Account Act [H & S C §§ 25300 et seq.]; the California laws regarding hazardous waste control [H & S C §§ 25100 et seq.]; the Safe Drinking Water and Toxic Enforcement Act of 1986 [H & S C §§ 25249.5 et seq.]; the Porter-Cologne Water Quality Control Act [Wat C §§ 13000 et seq.], and any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect that pertains to occupational health or industrial hygiene, and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

2.4.2 “Hazardous Substances” includes without limitation:

(i) Those substances included within the definitions of “hazardous substance,” “hazardous waste,” “hazardous material,” “toxic substance,” “solid waste,” or “pollutant or contaminant” in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Law;

(ii) Those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the Environmental Protection Agency (EPA), or any successor agency, as hazardous substances [40 CFR Part 302];

(iii) Other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations; and

(iv) Any material, waste, or substance that is: a petroleum or refined petroleum product, asbestos, polychlorinated biphenyl, designated as a hazardous substance pursuant to 33 U.S.C.A. § 1321 or listed pursuant to 33 U.S.C.A. § 1317, a flammable explosive, or a radioactive material.

3. Escrow. By this Agreement, District and RMV establish an escrow (“Escrow”) with First American Title Company (the “Escrow Agent”), subject to the provisions of the standard conditions for acceptance of escrow and the terms and conditions in this Agreement, with a signed counterpart of this document to be delivered as escrow instructions to Escrow Agent. In the event of any conflict between the terms of this Agreement and the standard

conditions for acceptance of escrow, the terms of this Agreement shall control. District's agent for matters related to the Closing of Escrow shall be the Executive Director or his designee.

4. Feasibility Period.

4.1 During the period commencing on the date of this Agreement and terminating on May 21, 2017 ("Feasibility Period"), District may undertake at District's expense an inspection of the Property. Said inspection may include: (i) a review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Property; and (ii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property. Within ten (10) days following the full execution of this Agreement by both parties, RMV shall deliver to District copies of surveys, specifications, and other documents pertaining to the physical, geological, or environmental condition of the Property that are owned by or in the possession of RMV.

4.2 If District disapproves of the results of the inspection and review or the results of any Phase I Environmental Report, District may elect, prior to the last day of the Feasibility Period (or any extension thereof), to terminate this Agreement by giving RMV written notification prior to the last day of the Feasibility Period (or any extension thereof). If District fails to properly notify RMV of the intent to terminate this Agreement, District shall be deemed to be satisfied with the results of the inspection and shall be deemed to have waived the right to terminate this Agreement pursuant to this provision.

5. Access.

5.1 Access to the Property during the Feasibility Period shall be given to District, its agents, employees, or contractors during normal business hours upon at least one (1) business day's notice to RMV, at District's own cost and risk, for any purposes, including, but not limited to, inspecting the Property, taking samples of the soil, and conducting an environmental audit (including an investigation of past and current uses of the Property). District shall indemnify and defend RMV against and hold RMV harmless from all losses, costs, damages, liabilities, and expenses, including, without limitation, reasonable attorney fees arising out of District's entry onto the Property or any activity thereon by District or its agents, employees, or contractors prior to the Close of Escrow except to the extent any such losses, costs, damages, liabilities, and expenses arise out of the gross negligence or willful acts of RMV. Any entry onto the Property by District or its agents, employees, or contractors shall be at reasonable times. The provisions of this Section shall survive the Close of Escrow. Notwithstanding anything herein to the contrary, District and RMV agree that District shall not incur any liability hereunder merely by the discovery of an "Existing Adverse Condition" (as defined below) regardless of whether such Existing Adverse Condition, once revealed, negatively impacts the value of the Property or otherwise causes RMV to incur liabilities, costs or expenses. The term "Existing Adverse Condition" shall mean an adverse condition existing on or with respect to the Property that is discovered or revealed by District in the course of its Property inspection hereunder.

5.2 In addition to the provisions of Section 4.1, District and its agents, employees, or contractors shall have the right, from the date of this Agreement until the Closing Date, to contact any federal, state, or local governmental authority or agency to investigate any matters relating to the Property. RMV agrees to cooperate reasonably with District and its agents, employees, or contractors in the inspection of the Property and agrees to deliver to District all information in RMV's possession or control pertaining to the condition of the Property, including engineering and environmental reports, studies, tests, monitoring results, and related documentation.

6. Title.

6.1 Immediately following the execution of this Agreement by both Parties, District shall cause Escrow Agent to issue to District (with a copy to RMV) a preliminary report for an ALTA Standard Policy of Title Insurance, setting forth all liens, encumbrances, easements, restrictions, conditions, pending litigation, judgments, administrative proceedings, and other matters affecting RMV's title to the Property ("Preliminary Report"), together with copies of all documents relating to title exceptions referred to in the Preliminary Report.

6.2 Following the full execution of this Agreement by both Parties, District may cause a survey and/or an ALTA Survey of the Property to be prepared by a registered surveyor or professional engineer ("Survey"). RMV agrees to deliver to District, promptly following the full execution and delivery of this Agreement, copies of any survey of the Property in the possession of RMV.

6.3 District shall approve or disapprove, in writing to RMV with a copy to Escrow Agent, each exception shown on the Preliminary Report and each encroachment, overlap, or boundary line dispute, or any other matter that materially and adversely affects title to the Property or that violates any law, rule, or regulation reflected on the Survey (each an "Exception") within twenty (20) business days following the receipt of the Preliminary Report or the Survey, whichever is later. District's failure to object within the twenty (20) day period shall be deemed to be an approval of the Exceptions. The Exceptions approved by District hereunder shall be referred to as the "Approved Exceptions."

6.4 If any Exception is disapproved (each a "Disapproved Exception"), RMV shall have the right, but not the obligation, within thirty (30) days following expiration of the twenty (20) day period provided under Section 6.3 above, to cause each Disapproved Exception to be discharged, satisfied, released, or terminated, as the case may be, of record, and in a form that is reasonably satisfactory to District and Escrow Agent, all at RMV's sole cost and expense. If RMV is unable or unwilling to obtain a discharge, satisfaction, release, or termination of any Disapproved Exception within the period specified above, then this Agreement shall automatically terminate ten (10) business days after expiration of the 30-day period for curing the Disapproved Exceptions or after RMV advises District in writing that RMV is unable or unwilling to cause such discharge, satisfaction, release, or termination, whichever occurs first, unless within such 10-business-day period District waives in writing such Disapproved Exception, in which event such Disapproved Exception shall be deemed an Approved Exception under this Agreement. If this Agreement terminates pursuant to the foregoing sentence, then RMV shall pay all charges of the Escrow Agent in connection with this transaction, including the

charges of the surveyor and environmental engineering company; and the Parties shall be relieved of all further obligations and liabilities to each other under this Agreement except as otherwise provided herein, and all funds and documents deposited with Escrow Agent shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing Party. Anything above to the contrary notwithstanding, it is understood and agreed that District's indemnity obligations under Section 5 shall not terminate upon termination of this Agreement pursuant to this or any other provision hereof.

7. Open Space Parcel; Restrictions on Use; Temporary Construction Easement.

7.1 Open Space Parcel. The real property depicted on Exhibit D attached hereto ("Open Space Parcel"), shall be subject to the following:

7.1.1 Consistent with the Phased Dedication Program appearing in the Implementation Agreement for the Southern Orange County Subregion HCP (dated January 10, 2007 and executed by and between Rancho Mission Viejo, LLC, the County of Orange, the District and the US Fish and Wildlife Service), RMV and the District shall coordinate for the execution and recordation of a Declaration of Irrevocable Covenant ("I/C") against the Open Space Parcel, which I/C shall be recorded on or before District's commencement of grading or grubbing (whichever occurs first) in relation to development of the Trampas Reservoir;

7.1.2 Not later than three (3) years following the recordation of the I/C, RMV and the District shall coordinate for the preparation and recording of an Amendment to and Spreader of RMV Conservation Easement, in the form attached hereto as Exhibit E ("Conservation Easement"), which recordation shall result in and/or confirm the enrollment of the Open Space Parcel as part of the HCP Habitat Reserve; and

7.1.3 Upon its enrollment in the HCP Habitat Reserve, the use of the Open Space Parcel shall be restricted in accordance with the Conservation Easement and the Implementation Agreement. Prohibited uses on these parcels are more particularly described in the Conservation Easement, the relevant portion of which is set forth in Exhibit C to the Deed. For purposes of clarification, the parties acknowledge and agree that cellular communication towers and related improvements/facilities are not permitted uses within the HCP Habitat Reserve.

7.1.4 RMV reserves for itself permanent, nonexclusive easements in gross over the Open Space Parcel for vehicular and pedestrian access on, over and across those portions of the Open Space Parcel not improved with permanent structures, for maintenance, monitoring and security purposes.

7.2 Restrictions on Use of Property. The use of the Property (exclusive of the Open Space Parcel) shall be restricted to the construction and operation of a reservoir and related facilities for the pumping, transmission, treatment and/or storage of water, as well as communication facilities, and shall not be used for any other purpose, which restriction is set forth in the grant deed, the form of which is attached hereto as Exhibit F ("Deed").

7.3 Temporary Construction Easement. Concurrent with the recordation of the Deed, RMV will grant to District an easement in the form attached hereto as Exhibit G

(“Construction Easement”) to facilitate construction of the reservoir and ancillary facilities on the Property in, on, over, under, across, and through a portion of RMV’s property adjacent to the Land (the “Construction Easement Area”), which Construction Easement and Construction Easement Area are more particularly described in and shall be governed by the terms and conditions set forth in the Construction Easement Agreement attached hereto as Exhibit G and incorporated by this reference (the “Construction Easement Agreement”), including the obligation to quitclaim the Construction Easement Agreement upon completion of construction.

8. Close of Escrow.

8.1 Title. Simultaneously with the Close of Escrow, Escrow Agent shall issue an ALTA Standard Policy of Title Insurance (formerly referred to as a CLTA Title Policy) (“Title Policy”) in the amount of \$ _____, subject only to (i) liens for real property taxes, bonds, and assessments not then due, and (ii) the Approved Exceptions.

8.2 RMV’s Deposits into Escrow. RMV shall deposit with Escrow Agent on or prior to the Close of Escrow the following documents:

- (i) The Deed executed and acknowledged by RMV, conveying to District good and marketable fee simple title to the Property, subject only to the Approved Exceptions;
- (ii) The Access Easement;
- (iii) The Construction Easement Agreement;
- (iii) all funds required to be placed in escrow by RMV; and
- (iv) RMV’s approval of the draft of Escrow Agent’s closing statement.

8.3 District’s Deposits into Escrow. District shall deliver to Escrow (i) signed originals of the Access Easement and Construction Easement Agreement and (ii) a signed original acceptance of the Deed. District shall further deliver approval of the draft of Escrow Agent’s closing statement.

8.4 Closing Date. The conveyance of the Property to District and the closing of this transaction (“Close of Escrow”) shall take place on or prior to June 1, 2017 (“Closing Date”).

8.5 Closing Statements. No more than two days prior to the Closing Date, Escrow Agent shall deliver to District and to RMV, for their respective approvals, drafts of Escrow Agent’s closing statement showing all receipts and disbursements of the Escrow.

8.6 Closing Instructions. On the Closing Date (or any extension thereof), Escrow Agent shall close Escrow as follows:

- (i) record the Conservation Easement, if not recorded;

- (ii) record the Grant Deed (marked for return to District) with the Orange County Recorder;
- (iii) record the Access Easement;
- (iv) record the Construction Easement Agreement;
- (v) issue the Title Policy;
- (vi) prorate taxes, assessments, rents, and other charges as provided in Section 8.7 below;
- (vii) prepare and deliver to both District and RMV one signed copy of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow;
- (viii) If Escrow Agent is unable to simultaneously perform all of the instructions set forth above, Escrow Agent shall notify District and RMV and retain all funds and documents pending receipt of further instructions jointly issued by District and RMV.

8.7 Closing Costs and Prorations. RMV shall pay the following closing costs and prorations through the Close of Escrow:

- (i) All governmental conveyancing fees and taxes due upon transfer of the Property, except that no documentary transfer tax will be payable with respect to this transaction, pursuant to Revenue and Taxation Code Section 11922;
- (ii) The recording charges in connection with recordation of the Deed; except that this Deed is entitled to be recorded without a fee pursuant to Government Code Section 27383 because the Deed is for the benefit of a public agency;
- (iii) All charges in connection with issuance of the Title Policy in the amount of \$[_____];
- (iv) All costs associated by environmental reports, including the Phase I Environmental Site Assessment Report, and any further testing and reports which may be reasonably necessary as a result of such report;
- (v) All charges in connection with removing any Disapproved Exceptions pursuant to Section 6.4 and to cure any defect in vesting in order to satisfy the condition set forth in Section 9(v); and
- (vi) All fees and charges levied by Escrow Agent.

8.8 Real Estate Taxes, Bonds, and Assessments. RMV shall pay real property taxes at the Close of Escrow based on the most current real property tax bill available, including any additional property taxes that may be assessed after the Close of Escrow, regardless of when notice of those taxes is received or who receives the notice. RMV may seek reimbursement from the Orange County Tax Assessor's office for any property taxes that have been assessed for a

period after the Close of Escrow as District is a public agency exempt from payment of such taxes. District further agrees to cooperate with RMV to provide any necessary information to the Assessor's office in connection with such request for refund. All installments of any bond or assessment that constitutes a lien on the Property at the Close of Escrow shall be paid by RMV.

8.9 Possession. Possession of the Property shall be delivered to District at the Close of Escrow.

9. Acceptance. The acceptance of the Property by District and the Closing of Escrow (as defined in Section 8) are subject to the satisfaction of the following no later than the Closing Date:

(i) District's approval of the condition of the Property as provided in Section 4 and title to the Property as provided in Section 6. In addition, RMV shall remove any debris or trash from the Property prior to the Close of Escrow;

(ii) The representations and warranties of RMV set forth in Section 2.2 shall be true and accurate as of the Closing Date;

(iii) RMV's performance of all obligations under this Agreement;

(iv) No adverse material change shall have occurred with respect to the condition of the Property from the end of the Feasibility Period through the Closing Date; and

(v) Escrow Agent being prepared to issue the Title Policy on the Close of Escrow, subject only to the Approved Exceptions.

10. This Agreement and Escrow may be terminated by District upon three (3) days written notice to RMV and Escrow Agent if the conditions to closing set forth in Section 9 have not been fulfilled on or before the Closing Date. Upon termination by District pursuant to this Section 12, RMV shall be responsible for all costs and expenses of Escrow Agent.

11. As used in this Agreement, notice includes but is not limited to, the communication of any notice, request, demand, approval, statement, report, acceptance, consent, waiver and appointment. All notices must be in writing. Notice is given either (i) when delivered in person to the person or company intended named below, (ii) when delivered via facsimile with confirmation from the receiving party via return fax; or (iii) when sent via reputable overnight courier (such as Federal Express), addressed by name and addressed to the party or persons intended, as follows:

District:

SANTA MARGARITA WATER DISTRICT
Attn: General Manager

Post Office Box 7005
Mission Viejo, California 92690-7005

With a copy to:

Best Best & Krieger LLP
Attn: Scott Smith
18101 Von Karman Avenue
Suite 1000
Irvine, CA 92612

RMV:

RMV COMMUNITY DEVELOPMENT, LLC
Attn: Senior Vice-President, Planning & Entitlement
28811 Ortega Highway
San Juan Capistrano, California 92675

With a copy to:

Paskerian, Block, Martindale & Brinton LLP
Attn: Devon W Block
16A Journey, Suite 200
Aliso Viejo, CA 92656

until such time as a party gives notice of the change of address in accordance with the terms of this section.

12. This Agreement shall not be changed, modified or amended except upon the written consent of the Parties hereto.

13. This Agreement is the result of negotiations between the Parties and is intended by the Parties to be a final expression of their understanding with respect to the matters herein contained. This Agreement supersedes any and all other prior agreements and understandings, oral or written, in connection therewith. No provision contained herein shall be construed against the District solely because it prepared this Agreement in its executed form.

14. RMV, their assigns and successors in interest, shall be bound by all the terms and conditions contained in this Agreement, and all the parties thereto shall be jointly and severally liable thereunder.

15. This Agreement is not binding until executed by the Executive Director of the District.

16. Notwithstanding any other provision of this Agreement or any other agreement between any of the Parties hereto, once the Property is conveyed to and accepted by the District, the District shall have no obligation to return the Property to the RMV under any circumstances, except in the sole and exclusive discretion of the District.

17. This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

[signature page follows]

IN THE WITNESS THEREOF, the Parties have caused this Agreement to be executed by their duly-authorized representatives on the date and year set forth below.

SANTA MARGARITA WATER DISTRICT,
a California water district

RMV COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

By: _____
President

By: RMV Community Development Company,
Inc., a California corporation
Its: Sole Member

By: _____
Secretary

By: _____
Donald L. Vodra,
President and Chief Operating Officer

By: _____
Richard M. Broming,
Senior Vice President – Planning
and Entitlement

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B
FORM OF ACCESS EASEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

Santa Margarita Water District
P.O. Box 7005
Mission Viejo, CA 92690-7005

[Space Above This Line For Recorder's Use
Only]

Mail Tax Statements to:
MARGARITA
Santa Margarita Water District
Section 6103
P.O. Box 7005
Mission Viejo, CA 92690-7005

\$100 / Rev.

This document is recorded for the benefit of SANTA
WATER DISTRICT. The recording fee is exempt under
of the Government Code.

DOCUMENTARY TRANSFER TAX: \$0.00 (Less than
& Tax Code Section 11911)

(Signature)

GRANT OF ACCESS EASEMENT
TO
SANTA MARGARITA WATER DISTRICT
(Trampas Reservoir)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

RMV SAN JUAN WATERSHED, LLC,
a California limited liability company, hereinafter referred to as "**Grantor**,"

does hereby grant to

SANTA MARGARITA WATER DISTRICT,
a California water district, hereinafter referred to as "**Grantee**,"

a non-exclusive easement and right of way for ingress and egress purposes ("**Easement**") in,
over, under, through and across certain real property located in the County of Orange, State of
California, and more particularly identified as follows:

See Exhibit A, attached hereto and incorporated herein by this reference
(the “**Easement Area**”).

The location of the Easement Area is generally depicted in the attached Exhibit B (said Exhibit incorporated herein by this reference).

1. Use of the Easement Area. Use of the Easement Area, and exercise of the easement rights granted herein, shall include obtaining, maintaining and accomplishing ingress to and egress from those parcels of real property more particularly described and depicted in the attached Exhibit C (said Exhibit incorporated herein by this reference) (collectively, the “**Benefited Parcels**”). Notably, Grantee intends to develop, operate and maintain a water reservoir upon the Benefited Parcels (the “**Trampas Reservoir**”), and the Easement is necessary in order to facilitate Grantee’s construction, use and maintenance of the Trampas Reservoir. Accordingly, and during the term of this Grant of Easement (*see* Section 2, below), Grantee, its managers, directors, officers, representatives, contractors, service providers, licensees, lessees and agents (collectively, “**Beneficiaries**”) shall have the following rights relative to the Easement Area:

- The right to enter upon and pass and repass over and along the Easement Area at such times and for such purposes as may be deemed necessary or otherwise convenient by the Beneficiaries in relation to their development, operation, use and maintenance of the Trampas Reservoir upon the Benefited Parcels (including, but not limited to, the right to transport personnel, trucks, cars, equipment and materials over, through and across all portions of the Easement Area); and
- The right to improve and maintain the Easement Area in order to facilitate the Beneficiaries’ use of the Easement Area in accordance with the terms, conditions and provisions of this Grant of Easements.

2. Term of Grant of Easement. The Easement shall commence upon the Effective Date hereof (as defined in Section 9.b, below). The Easement shall terminate upon the development and opening of a permanent, public right-of-way that serves the Benefited Parcels. Specifically, upon the construction and government acceptance of a dedicated right-of-way that (i) connects the Benefited Parcels with another public right-of-way and (ii) provides access rights that are of equivalent or greater value/benefit than the Easement (the “**New Public Right-of-Way**”), then Grantee and the other Beneficiaries shall cease use of the Easement and use the New Public Right-of-Way for access to and from the Benefited Parcels. Following the opening of the New Public Right-of-Way, and promptly upon the request of Grantor, Grantee shall prepare, execute and deliver to Grantor a quitclaim deed that reflects the termination and release of Grantee’s easement interest in the Easement Area.

3. Grantor’s Right to Terminate Easement. Notwithstanding any provision herein to the contrary, Grantor shall have the right to terminate the Easement in the event that (i) Grantee abandons construction of the Trampas Reservoir prior to completion (provided that suspension of construction to address unforeseen site conditions or to defend litigation related to construction will not be deemed abandonment), (ii) Grantee, following completion of the Trampas Reservoir,

thereafter abandons, discontinues or otherwise ceases to utilize the Benefited Parcels as a water reservoir or (ii) Grantee utilizes the Benefited Parcels (or any substantial portion thereof) for uses or purposes other than a water reservoir and related facilities, including facilities for the treatment of water, provided, however, that minor areas of the Benefited Parcels may be used by the Grantees for other legal purposes, including communications facilities. Should Grantor elect to terminate the Easement following the occurrence of any of the foregoing events, Grantor shall deliver written notice of said election to Grantee. Whereupon, Grantor shall have the right to prepare, execute and record a notice signifying that the Easement has been terminated (and, upon the recordation of said notice, the Easement shall be deemed terminated in its entirety). Moreover, upon the written request of Grantor, Grantee shall prepare, execute and deliver to Grantor a quitclaim deed that reflects the termination and release of Grantee's easement interest in the Easement Area (provided, however, that the execution and delivery of said quitclaim deed shall not be a prerequisite to Grantor's right to terminate the Easement).

4. Obligation to Restore Easement Areas. After completion of any work performed by Grantee or its agents, contractors or employees which disturbs the surface of the Easement Area or any adjoining lands owned by Grantor, Grantee shall, at its sole cost and expense, restore the surface of such area as close as reasonably possible to its original character (as existing/measured at the time of the disturbance), which restoration work shall be commenced promptly and pursued to completion with reasonable diligence.

5. Obligation to Obtain Necessary Approvals. Prior to engaging in any activity upon the Easement Area, Grantee shall, at its sole cost and expense, apply for and obtain all necessary permits, authorizations, licenses and approvals which are or may be required from any body, agency, or department and relating to Grantee's use of the Easement Area.

6. Rights Retained by Grantor; Other Grantee Rights. Grantee acknowledges and agrees that the Easement granted herein is non-exclusive, access and use having been provided to others in the past and which access and use will continue. Grantor retains the right to grant or permit additional easements, licenses or other rights over, on or through the Easement Area; provided, however, that any such future grant or permission shall not unreasonably interfere with or otherwise prohibit or obstruct Grantee's use and enjoyment of its rights under this Grant of Easement. Grantee shall have the right to use gates in all of Grantor's fences which presently or hereafter cross the Easement Area, and to remove, trim, cut and clear away any trees and brush in the Easement Area whenever in Grantee's reasonable judgment the same shall be necessary for the convenient and safe exercise of the rights granted hereby.

7. Indemnification.

a. By Grantee. Grantee hereby agrees to indemnify, protect, defend and hold harmless Grantor, its successors and assigns, including their respective affiliates, directors, members, managers, employees, agents and assignees (collectively, the "**Grantor Indemnitees**") from any and all claims, actions, causes of action, demands, rights, damages, costs, losses, expenses, and compensation whatsoever arising out of or related to any use of the Easement Area by the Beneficiaries, including without limitation, any entry by Grantee or any agent, representative, servant, employee or contractor of Grantee or any of its/their equipment; provided, however, that Grantee shall have no obligation to so indemnify and hold harmless the

Grantor Indemnitees with respect to any liability to the extent resulting from the Grantor Indemnitees' gross negligence or willful misconduct, in which event the loss shall be borne by Grantee and the Grantor Indemnitees in proportion to their degree of negligence or fault. Payment shall not be a condition precedent to recovery under the foregoing indemnity.

b. By Grantor. Grantor hereby agrees to indemnify, protect, defend and hold harmless Grantee, its successors and assigns, including their respective officials, directors, members, managers, employees, agents and assignees (collectively, the "**Grantee Indemnitees**") from any and all claims, actions, causes of action, demands, rights, damages, costs, losses, expenses, and compensation whatsoever arising out of or related to any Grantor's use of the Easement Area, including without limitation, any entry by Grantor or any agent, representative, servant, employee or contractor of Grantee or any of its/their equipment; provided, however, that Grantor shall have no obligation to so indemnify and hold harmless the Grantee Indemnitees with respect to any liability to the extent resulting from the Grantee Indemnitees' gross negligence or willful misconduct, in which event the loss shall be borne by Grantor and the Grantee Indemnitees in proportion to their degree of negligence or fault. Payment shall not be a condition precedent to recovery under the foregoing indemnity.

8. No Assignment. Grantee shall not assign its rights under this Grant of Easement to any individual or entity, other than a successor public agency, without the prior written consent of Grantor which will not be withheld unreasonably.

9. General Provisions.

a. Covenants Running with the Land. Grantor and Grantee acknowledge and agree that the rights conferred by this Grant of Easement are intended to, and do, constitute covenants that run with the land and shall inure to the benefit of and be binding upon the parties and their respective grantees, heirs, successors and assigns.

b. Effective Date. This Grant of Easement shall be effective upon the date that is set forth above the signature line identified for Grantor on the final page of this instrument.

c. Authorized Representative. Each individual signing on behalf of a party to this Grant of Easement states that he or she is the duly authorized representative of the signing party and that his or her signature on this Grant of Easement has been duly authorized by, and creates the binding and enforceable obligation of, the party on whose behalf the representative is signing.

d. Attorney's Fees. In the event of any dispute between the parties regarding the enforcement or effect of this Grant of Easement, the non-prevailing party in any such dispute shall pay the prevailing party's reasonable attorney's fees and costs actually incurred. In the event that neither party wholly prevails, the court may apportion the costs or fees as the court deems appropriate.

e. Further Cooperation. Each of the signatories to this Grant of Easement agrees to execute such other documents and to perform such other acts as may be reasonably necessary or desirable to further the expressed and intended purposes of this Grant of Easement.

f. Controlling Law. This Grant of Easement shall be governed by and interpreted in accordance with the laws of California.

[THIS SPACE INTENTIONALLY LEFT BLANK; SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, this instrument has been executed this _____ day of _____, 20__ (the "**Effective Date**").

"GRANTOR"

RMV SAN JUAN WATERSHED, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company
Its: Authorized agent and manager

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

ACKNOWLEDGMENT

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)
) ss.
COUNTY OF ORANGE)

On _____, 201__ 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

CERTIFICATE OF ACCEPTANCE

The undersigned, being the duly appointed agent of **SANTA MARGARITA WATER DISTRICT**, a public corporation ("District"), Orange County, California, pursuant to its Resolution No. 88-10-2, does hereby accept on behalf of District, the grant of all interests in real estate for public purposes as described in the attached Grant of Access Easement dated the _____ day of _____, _____, by and between District and "Grantor" and does hereby certify District consents to the recordation of the attached Grant of Access Easement.

DATED: _____

SANTA MARGARITA WATER DISTRICT

By: _____

Secretary

(SEAL)

EXHIBIT "A" TO ACCESS EASEMENT

LEGAL DESCRIPTION OF THE EASEMENT AREA

(To Be Attached)

EXHIBIT “B” TO ACCESS EASEMENT

DEPICTION OF THE EASEMENT AREA

(To Be Attached)

EXHIBIT “C” TO ACCESS EASEMENT

DESCRIPTION OF THE BENEFITED PARCELS

(To Be Attached)

EXHIBIT C

DEPICTION OF OPEN SPACE PARCEL

EXHIBIT D

FORM OF CONSERVATION EASEMENT

**RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:**

Rancho Mission Viejo
28811 Ortega Highway
San Juan Capistrano, California 92675
Attention: Laura Coley Eisenberg

**AMENDMENT TO
AND SPREADER OF
RMV CONSERVATION EASEMENT
(Subarea _____ Open Space)**

THIS AMENDMENT TO AND SPREADER OF RMV CONSERVATION EASEMENT (“**Amendment**”) is dated as of _____, 20____, and entered into by and between _____ (“**Grantor**”), and THE RESERVE AT RANCHO MISSION VIEJO, a California non-profit public benefit corporation (“**Grantee**”).

THE PARTIES ENTER INTO THIS AMENDMENT based upon the following facts, intentions and understandings.

A. Grantor and Grantee are parties to that certain Conservation Easement Deed, dated January 14, 2010, and recorded in the Official Records of the County of Orange on January 14, 2010 as Instrument No. 2010000021606 (“**RMV Conservation Easement**”). The terms, covenants, conditions and restrictions of the RMV Conservation Easement are hereby incorporated by reference; and, unless otherwise defined herein, the capitalized terms used herein shall have the meaning given to them in the RMV Conservation Easement.

B. Section 3 of the RMV Conservation Easement contemplates the annexation of additional property thereto; including the additional property more particularly described on **Exhibit A**, and depicted on **Exhibit B**, both of which are attached hereto and incorporated herein by this reference (the “**Additional Conservation Easement Area**”).

C. The annexation of the Additional Conservation Easement Area to the RMV Conservation Easement fulfills certain requirements of the Habitat Conservation Plan for the Southern Subregion of Orange County (“**Southern Subregion HCP**”) as set forth in the Implementation Agreement entered into on January 10, 2007 between Rancho Mission Viejo, LLC (“**RMV**”), the County of Orange (“**County**”), the Santa Margarita Water District

(“**SMWD**”) and the U.S. Fish and Wildlife Service (“**USFWS**”) in that the Additional Conservation Easement Area is part of the land to be included in the Habitat Reserve for the Southern Subregion HCP (“**Habitat Reserve**”).

D. Grantor previously recorded a Declaration of Irrevocable Covenant (“**Covenant**”) [by Instrument No. _____ recorded _____, 201___, in the Official Records of Orange County] over the Additional Conservation Easement Area pursuant to the Phased Dedication Program set forth in the Implementation Agreement for the Southern Subregion HCP. In accordance with its terms, the Covenant shall automatically terminate upon the recordation of this Amendment.

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

1. Annexation of the Additional Conservation Easement Area. The RMV Conservation Easement Area is hereby amended and expanded to include the Additional Conservation Easement Area; and the Additional Conservation Easement Area is and shall be and remain subject to the terms, covenants, restrictions and conditions of the RMV Conservation Easement.

2. Miscellaneous.

a. Except as amended hereby, the RMV Conservation Easement shall remain unmodified and in full force and effect and is hereby ratified and confirmed by the parties hereto.

b. The date of this Amendment set forth above is for reference purposes only. The effective date of this Amendment shall be the date this Amendment is recorded in the Official Records of the County of Orange, California.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized representatives as of the date first above written.

“Grantor”

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

By:_____

By:_____

“Grantee”

THE RESERVE AT RANCHO MISSION VIEJO,
a California non-profit public benefit corporation

By:_____

President

By:_____

Secretary

EXHIBIT E

FORM OF CONSTRUCTION EASEMENT AGREEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

Santa Margarita Water District
P.O. Box 7005
Mission Viejo, CA 92690-7005

[Space Above This Line Is For Recorder's Use
Only]

Mail Tax Statements to:
Margarita Water District
exempt under Section 6103
P.O. Box 7005
Mission Viejo, CA 92690-7005
\$100 / Rev.

This document is recorded for the benefit of SANTA Santa
MARGARITA WATER DISTRICT. The recording fee is
of the Government Code.

DOCUMENTARY TRANSFER TAX: \$0.00 (Less than
& Tax Code Section 11911)

(Signature)

**GRANT OF TEMPORARY CONSTRUCTION EASEMENT
TO
SANTA MARGARITA WATER DISTRICT
(Trampas Reservoir)**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

RMV SAN JUAN WATERSHED, LLC,
a California limited liability company, hereinafter referred to as "**Grantor**",
does hereby grant to

SANTA MARGARITA WATER DISTRICT,
a California water district, hereinafter referred to as "**Grantee**."

a temporary, non-exclusive easement for construction-related purposes (“**Temporary Construction Easement**”) in, over, under and across those portions of real property located in the County of Orange, State of California, and more particularly identified as follows:

The area legally described in the attached Exhibit A and depicted in the attached Exhibit B, as said Exhibits are incorporated herein by this reference (the “**Easement Area**”).

1. Use of the Easement Areas. Use of the Easement Area, and exercise of the easement rights granted herein, shall be limited solely to those activities which are related to and necessary for Grantee’s development of a water reservoir and related infrastructure (the “**Trampas Reservoir**”) on lands owned by Grantee and located adjacent to the Easement Area. Specifically, during the Term of this Temporary Construction Easement (as defined below), Grantee shall have the following rights relative to the Easement Area:

a. The right to enter upon and pass and repass over and along the Easement Area for the construction, reconstruction, enlargement, repair and maintenance of such improvements as are required for, or otherwise necessitated by, the development of the Trampas Reservoir and related infrastructure upon those parcels of real property located in the County of Orange, State of California, and more particularly described in Exhibit C, said Exhibit attached hereto and incorporated herein by this reference (the “**Grantee Parcels**”); and

b. The right to transport personnel, trucks, cars, equipment and materials over, through and across all portions of the Easement Area for purposes of facilitating the development and implementation of the Trampas Reservoir upon the Grantee Parcels.

Grantor acknowledges that the foregoing rights include grading, storage of equipment and materials, and other construction-related activities upon the Easement Area. Notwithstanding any provision herein to the contrary, Grantee agrees that any activities conducted by Grantee upon the Easement Area pursuant to this Temporary Construction Easement shall be done (i) in good and workman-like manner, (i) in accordance with standards customarily employed in the industry and (iii) in compliance with all governmental laws, rules and regulations.

2. Term of Temporary Construction Easement. The Temporary Construction Easement shall commence on the Effective Date hereof (as defined below) and shall automatically terminate and expire upon (i) the date construction of the Trampas Reservoir is completed or (ii) the fourth anniversary of the Effective Date, whichever date shall first occur (the “**Term**”). Upon the expiration of the Term, all of the rights and benefits of Grantee in, to and under the Temporary Construction Easement shall automatically terminate and be of no further force and effect.

3. Obligation to Restore Easement Areas. After completion of any work performed by Grantee or its agents, contractors or employees which disturbs the surface of the Easement Area or any other land owned by Grantor and/or its affiliates, Grantee shall, at its sole cost and expense, restore the surface of such area as close as reasonably possible to its original character (as existing/measured at the time of the Effective Date of this Temporary Construction Easement).

4. Obligation to Obtain Necessary Approvals. Prior to engaging in any activity upon the Easement Area, Grantee shall, at its sole cost and expense, apply for and obtain all necessary permits, authorizations, licenses and approvals which are or may be required from any body, agency, or department relating to Grantee's use of the Easement Area. Notwithstanding the foregoing, Grantee will have the benefit of any permits and approvals, and mitigation provided in connection therewith, that have been obtained by Grantor.

5. Rights Retained by Grantor. The easement rights acquired by Grantee pursuant to this instrument are acquired subject to the right of Grantor, its successors and assigns to use the surface and subsurface of the land within the Easement Area to the extent that such use is compatible with the full and free exercise of the Temporary Construction Easement by Grantee; provided, however, that no fences, block walls, or other structures or other improvements shall be constructed upon, over and along the Easement Areas without the prior written consent of Grantee, which consent shall not be unreasonably withheld or delayed.

6. Indemnification.

a. By Grantee. Grantee hereby agrees to indemnify, defend (with counsel acceptable to Grantor), release and hold harmless Grantor, its successors and assigns, including their respective affiliates, partners, directors, members, officers, shareholders, agents, representatives, contractors and employees (collectively, the "**Grantor Representatives**"), and each of them, and their property from all loss, liability, damages, claims, costs and expenses (including attorneys' fees and court costs) arising directly or indirectly out of the acts or omissions, intentional or otherwise, of Grantee, or its elected and appointed officials, officers, employees, agents, contractors and representatives (collectively, the "**Grantee Representatives**") in connection with the use of the Easement Area by Grantee and/or the Grantee Representatives or any material breach of this Temporary Construction Easement by Grantee; provided, however, that nothing contained in this paragraph shall operate to relieve Grantor from any loss, liability, damages, claims, costs or expenses to the extent determined by a court of competent jurisdiction to have been proximately caused by the willful misconduct or negligent acts or omissions of Grantor, the Grantor Representatives, or any of them. Payment shall not be a condition precedent to recovery under the forgoing indemnity.

b. By Grantor. Grantor hereby agrees to indemnify, defend (with counsel acceptable to Grantee), release and hold harmless Grantee and the Grantee Representatives, and each of them, and its and their property from all loss, liability, damages, claims, costs and expenses (including attorneys' fee and court costs) arising directly or indirectly out of the acts or omissions, intentional or otherwise, of Grantor or the Grantor Representatives in connection with the use of the Easement Areas by Grantor and/or the Grantor Representatives or any material breach of this Temporary Construction Easement by Grantor; provided, however that nothing contained in this paragraph shall operate to relieve Grantee from any loss, liability, damages, claims, costs or expenses to the extent determined by a court of competent jurisdiction to have been proximately caused by the willful misconduct or negligent acts or omissions of Grantee, the Grantee Representatives, or any of them. Payment shall not be a condition precedent to recovery under the forgoing indemnity.

7. No Assignment. Grantee shall not assign its rights under this Grant of Temporary Construction Easement to any individual or entity without the prior written consent of Grantor.

8. General Provisions.

a. Covenants Running with the Land. Grantee and Grantor acknowledge and agree that the rights conferred by this Temporary Construction Easement are intended to, and do, constitute covenants that run with the land and shall inure to the benefit of and be binding upon the parties and their respective grantees, heirs, successors and assigns.

b. Effective Date. This Temporary Construction Easement shall be effective upon the date that is set forth above the signature line identified for Grantor on the final page of this instrument.

c. Authorized Representative. Each individual signing on behalf of a party to this Temporary Construction Easement states that he or she is the duly authorized representative of the signing party and that his or her signature on this Temporary Construction Easement has been duly authorized by, and creates the binding and enforceable obligation of, the party on whose behalf the representative is signing.

d. Attorney's Fees. In the event of any dispute between the parties regarding the enforcement or effect of this Temporary Construction Easement, the non-prevailing party in any such dispute shall pay the prevailing party's reasonable attorney's fees and costs actually incurred. In the event that neither party wholly prevails, the court may apportion the costs or fees as the court deems appropriate.

e. Further Cooperation. Each of the signatories to this Temporary Construction Easement agree to execute such other documents and to perform such other acts as may be reasonably necessary or desirable to further the expressed and intent purpose of this Temporary Construction Easement.

IN WITNESS WHEREOF, this instrument has been executed this _____ day of _____, 20__ (the "**Effective Date**").

"Grantor"

RMV SAN JUAN WATERSHED, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company
Its: Authorized agent and manager

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

ACKNOWLEDGMENT

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)
) ss.
COUNTY OF ORANGE)

On _____, 201____ 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

CERTIFICATE OF ACCEPTANCE

The undersigned, being the duly appointed agent of **SANTA MARGARITA WATER DISTRICT**, a public corporation ("District"), Orange County, California, pursuant to its Resolution No. 88-10-2, does hereby accept on behalf of District, the grant of all interests in real estate for public purposes as described in the attached Grant of Temporary Construction Easement dated the _____ day of _____, _____, by and between District and "Grantor" and does hereby certify District consents to the recordation of the attached Grant of Temporary Construction Easement.

DATED: _____

SANTA MARGARITA WATER DISTRICT

By: _____

Secretary

(SEAL)

EXHIBIT "A" TO CONSTRUCTION EASEMENT

LEGAL DESCRIPTION OF THE EASEMENT AREA

(To Be Attached)

EXHIBIT “B” TO CONSTRUCTION EASEMENT

DEPICTION OF THE EASEMENT AREA

(To Be Attached)

EXHIBIT “C” TO CONSTRUCTION EASEMENT

DESCRIPTION OF THE BENEFITED PARCELS

(To Be Attached)

EXHIBIT F

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND RECORDED MAIL TO:

Attn: _____

MAIL TAX STATEMENTS TO:

Attn: _____

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

THE UNDERSIGNED GRANTOR(S)
DECLARE(s):

DOCUMENTARY TRANSFER TAX is
\$ _____ CITY TAX
\$ _____

computed on full value of property conveyed, or
 computed on full value less value of liens or
encumbrances remaining at time of sale,

Unincorporated area City of

APN: Portion of _____

GRANT DEED

FOR GOOD AND VALUABLE CONSIDERATION, RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, **RMV COMMUNITY DEVELOPMENT, LLC**, a California limited liability company ("**Grantor**"), hereby grants to **SANTA MARGARITA WATER DISTRICT**, a California water district formed and existing pursuant to Sections 34000, *et seq.* of the Water Code of the State of California ("**Grantee**"), the lots, tracts, or parcels of land or real property lying, being, and situated in unincorporated Orange County, State of California, more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with certain improvements thereon and fixtures affixed thereto and certain privileges, easements, tenements and appurtenances thereon as set

forth in that certain Dedication Agreement dated _____, 2017 (the "Agreement") entered into by and between Grantor and Grantee (collectively, the "**Property**").

A. GRANTOR'S RESERVED RIGHTS.

1. Oil and Mineral Rights. Grantor hereby reserves for Grantor, its successors and assigns, together with the right to grant and transfer all or a portion of the same, any and all subsurface rights to oil, minerals, natural gas and other hydrocarbons by whatsoever name known, geothermal steam and all products derived from any of the foregoing that may be within or under the Property, together with the perpetual right of drilling, mining, exploring and operating therefore and storing in and removing the same from the Property or any other land, including the right to whipstock or directionally drill and mine from lands other than the Property, oil or gas wells and borings into, through or across the subsurface of the Property and to bottom such whipstocked or directionally drilled wells and borings under and beneath or beyond the exterior limits thereof, and to redrill, equip, maintain, repair, deepen and operate any such wells or mines; but without, however, the right to enter the Property or the right to drill, mine, store, explore or operate through the surface or the upper five hundred (500) feet of the subsurface of the Property subject to restriction of State of California Division of Safety of Dams permit for Trampas Reservoir.

2. Water Rights. Grantor hereby reserves for Grantor, its successors and assigns, any and all riparian, appropriative, overlying or other water and water rights and any and all interests in such water, including surface water, subsurface underflow, and percolating groundwater appurtenant or relating to the Property, such rights and interests having previously been granted by RMV Community Development, LLC, to the Rancho Mission Viejo Mutual Water Company ("**MWC**") in the Deed of Water Rights recorded on April 23, 2012, as Instrument No. 2012000230675 of Official Records. Notwithstanding the foregoing, Grantee will be entitled to full use and utilization of runoff (surface or subsurface) tributary to a water reservoir, as finally constructed, with no cost to District and no benefits of membership in the MWC.

3. Signal Transmission. Grantor hereby reserves for Grantor, its successors and assigns, nonexclusive easements in gross within and through the airspace above and within the Property for the transmission, receipt or distribution of audio, video and any other data signals requisite for the transmission of intelligence by electrical, light wave and/or radio frequencies; provided, neither the transmission, receipt or distribution of audio, video and any other data signals shall unreasonably interfere with Grantee's development or use of the Property.

4. Development Rights. Grantor further reserves its development rights under the governmental entitlements/approvals it has received pertaining to the Ranch Plan Property (of which the Property has been a part) including but not limited to its rights under the Ranch Plan PC. Grantor shall have no obligation to assign or otherwise transfer any of said rights to Grantee, other than as may be required to construct and operate a regional water reservoir.

5. Access Easements. Grantor further reserves permanent, nonexclusive easements in gross over the Open Space Parcel (as defined in Section B.2 below) for vehicular and

pedestrian access on, over and across those portions of the Open Space Parcel not improved with permanent structures, for maintenance, monitoring and security purposes. Said rights of access shall also include the right to pass through any and all security gates, entrance ways and facilities constructed and maintained by Grantee, its successors or assigns within the Open Space Parcel.

B. RESTRICTIONS ON USE OF REAL PROPERTY.

The Property is located within an area owned by Grantor and its affiliated entities (collectively, "RMV") which is commonly known as the "**Ranch Plan Property**," which is described/depicted on Exhibit B attached hereto and incorporated herein by reference. The Ranch Plan Property has been comprehensively planned over many years and has received several governmental approvals including, but not limited to: 1) approval by the Orange County Board of Supervisors on November 8, 2004 of General Plan Amendments, the Ranch Plan Planned Community Zoning (the "**Ranch Plan PC**"), with its associated "**PC Text**," and a Development Agreement, all of which include provision for needed residential and commercial uses, and the future preservation of open space uses on over 16,000 acres of the Ranch Plan Property ("**Future RMV Habitat Reserve Dedication Areas**"), and 2) approval by the County and the US Fish and Wildlife Service ("**USFWS**") of the Southern Subregion Habitat Conservation Plan ("**Southern Subregion HCP**") dated January 10, 2007 that provides a comprehensive conservation strategy including designation of the Future RMV Habitat Reserve Dedication Areas for eventual inclusion as part of the HCP Habitat Reserve. The use restrictions and covenants set forth in this Paragraph B and in the following Paragraph C are critical to implementation of the Ranch Plan PC and the Southern Subregion HCP in an integrated fashion and will greatly benefit the entire Ranch Plan Property (the "**Benefited Area**").

Pursuant to this section, the "**Ranch Plan**" is defined by the entitlements and approvals thereof including the above-referenced General Plan Amendments, Ranch Plan PC and Development Agreement, all as amended by certain settlement agreements with the cities of San Clemente and Mission Viejo and a settlement agreement with certain resource organizations (NRDC, Sierra Club, Endangered Habitats League, Sea & Sage Audubon and Laguna Greenbelt) dated December 8, 2004, June 9, 2005 and August 16, 2005, respectively. Additional entitlements and approvals defining the Ranch Plan include the Southern Subregion HCP, the San Juan Creek and Western San Mateo Creek Watersheds Special Area Management Plan ("**SAMP**") approved by the US Army Corps of Engineers ("**USACE**") dated March 16, 2007, the Master Streambed Alteration Agreement approved by the California Department of Fish and Game ("**CDFG**") dated September 29, 2008, and various existing approvals by the San Diego Regional Water Quality Control Board ("**SDRWQCB**")."

1. Use of Property. The Property shall be used for a water reservoir, pumping facilities and conveyance facilities, treatment facilities, related infrastructure, communications equipment and open space purposes, and for no other purpose. Notwithstanding the foregoing, the Open Space Parcel (as defined below) shall be restricted pursuant to B.2(b) below.

2. Open Space Parcel.

(a) Prior to or concurrent with the recordation of this Grant Deed, a Conservation Easement shall be recorded covering that portion of the Property described on Exhibit D (the "Open Space Parcel") which shall result in and/or confirm the enrollment of the respective parcels as part of the HCP Habitat Reserve pursuant to the Implementation Agreement for the Southern Subregion HCP which was entered into on January 10, 2007 by and between Rancho Mission Viejo, the County of Orange, SMWD and the USFWS.

(b) Upon its enrollment in the HCP Habitat Reserve, the use of the Open Space Parcel shall be restricted in accordance with the Conservation Easement and the Implementation Agreement for the Southern Subregion HCP. Prohibited uses on these parcels are more particularly described in the Conservation Easement, the relevant portion of which is set forth in Exhibit C attached hereto and incorporated herein by reference.

3. Restrictions Run with the Land. The use restrictions set forth in 1 and 2 above (collectively, the "**Use Restrictions**") shall run with the land and be binding upon any person or entity who/that acquires any right, title or interest in or to any portion of the Property and shall be enforceable by the assigns of and successors-in-interest to Grantors. Every person or entity who hereafter owns or acquires any right, title or interest in or to any portion of the Property is and shall be conclusively deemed to have consented and agreed to the Use Restrictions contained herein, whether or not any reference to this Grant Deed is contained in the instrument by which such person acquired an interest in such portion of the Property.

C. GRANTEE'S ADDITIONAL POST-CLOSING COVENANTS.

1. Grantee's Covenants — General. Grantee agrees that it shall not itself, nor counsel others to, directly or indirectly, initiate, aid, request, encourage, file, fund or participate in any administrative hearing, litigation or other action related in any way to the approval and/or implementation of the Ranch Plan project on the Ranch Plan Property, provided, however, that nothing contained herein will prevent the governing board of Grantee from exercising its discretionary powers as a water district.

2. Grantee's Covenants — Habitat Reserve. Grantee acknowledges that, upon its enrollment in the HCP Habitat Reserve as described in Paragraph B.2 hereof, the Open Space Parcel will be subject to the Habitat Reserve Management Program ("**HRMP**"). Pursuant to the HRMP, various habitat monitoring and management actions will be undertaken by RMVLT and RMV on these open space parcels pursuant to their obligations under the Southern Subregion HCP. In conjunction with this transaction, Grantor/RMV reserves (a) the right to enter upon the open space parcels to carry out the HRMP and every other permitted use under the Southern Subregion HCP, and (b) the right to enforce the terms and conditions of the Conservation Easement. Grantee agrees to cooperate with RMVLT and RMV to the fullest extent to allow their respective obligations to be fulfilled on the open space parcels. Grantor/RMV shall have no obligation to assign or otherwise transfer any of its rights as permittee under the Southern Subregion HCP to Grantee.

3. Effect of Covenants. The covenants set forth above in 1 and 2 are for the benefit of the Benefited Area and shall run with the Property and be binding upon any person or entity

who/that acquires any right, title or interest in or to any portion of the Property and shall be enforceable by the assigns of and successors-in-interest to Grantors. Every person or entity who hereafter owns or acquires *any* right, title or interest in or to any portion of the Property is and shall be conclusively deemed to have consented and agreed to the covenants contained herein, whether or not any reference to this Grant Deed is contained in the instrument by which such person acquired an interest in such portion of the Property. In the event of any violations of these covenants, Grantor and/or its assigns and successors shall have all rights and remedies available at law and in equity.

D. BY ACCEPTING THIS DEED (AS EVIDENCED BY THE RECORDING OF THIS DEED IN THE OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA), GRANTEE ACKNOWLEDGES AND AGREES TO ALL OF THE FOLLOWING:

1. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT FOR GRANTOR'S REPRESENTATIONS AND WARRANTIES TO GRANTEE (WHICH SURVIVE FOR A SPECIFIED PERIOD OF TIME) IN SECTION 11.1 OF THE AGREEMENT ("**GRANTOR'S WARRANTIES**"), THIS DEED IS MADE AND IS DELIVERED WITHOUT REPRESENTATION, COVENANT, OR WARRANTY OF ANY KIND (WHETHER EXPRESS, IMPLIED, OR, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, STATUTORY) BY GRANTOR. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS DEED, GRANTEE AGREES TO ACCEPT THE PROPERTY ON AN "AS IS" AND "WHERE IS" BASIS, WITH ALL FAULTS, AND WITHOUT ANY REPRESENTATION OR WARRANTY, ALL OF WHICH GRANTOR HEREBY DISCLAIMS, EXCEPT FOR GRANTOR'S WARRANTIES. EXCEPT FOR GRANTOR'S WARRANTIES, GRANTEE ACKNOWLEDGES THAT NO WARRANTY OR REPRESENTATION IS MADE BY GRANTOR AS TO FITNESS FOR. ANY PARTICULAR PURPOSE, MERCHANTABILITY, DESIGN, QUALITY, CONDITION, OPERATION OR INCOME, COMPLIANCE WITH DRAWINGS OR SPECIFICATIONS, ABSENCE OF DEFECTS, ABSENCE OF HAZARDOUS OR TOXIC SUBSTANCES, ABSENCE OF FAULTS, FLOODING, OR COMPLIANCE WITH LAWS AND REGULATIONS INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO HEALTH, SAFETY, AND THE ENVIRONMENT. GRANTEE ACKNOWLEDGES THAT GRANTEE ENTERED INTO THE AGREEMENT TO TAKE TITLE TO THE PROPERTY WITH THE INTENTION OF MAKING AND RELYING UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC USE, COMPLIANCE, AND LEGAL CONDITION OF THE PROPERTY AND THAT GRANTEE IS NOT NOW RELYING, AND WILL NOT LATER RELY, UPON ANY REPRESENTATIONS AND WARRANTIES MADE BY GRANTOR OR ANYONE ACTING OR CLAIMING TO ACT, BY, THROUGH OR UNDER OR ON GRANTOR'S BEHALF CONCERNING THE PROPERTY. ADDITIONALLY, GRANTEE AND GRANTOR HEREBY AGREE THAT (A) EXCEPT FOR GRANTOR'S WARRANTIES, GRANTEE IS TAKING THE PROPERTY "AS IS" WITH ALL LATENT AND PATENT DEFECTS AND THAT EXCEPT FOR GRANTOR'S WARRANTIES, THERE IS NO WARRANTY BY GRANTOR THAT THE PROPERTY IS FIT FOR A PARTICULAR PURPOSE, (B) EXCEPT FOR GRANTOR'S WARRANTIES, GRANTEE IS SOLELY RELYING UPON ITS EXAMINATION OF THE PROPERTY, AND (C) GRANTEE TAKES THE PROPERTY UNDER THIS DEED UNDER THE EXPRESS UNDERSTANDING THAT THERE ARE NO EXPRESS OR IMPLIED WARRANTIES (EXCEPT FOR THE LIMITED WARRANTIES OF TITLE SET FORTH IN THIS DEED AND THE GRANTOR'S WARRANTIES).

2. WITH RESPECT TO THE FOLLOWING, GRANTOR SHALL NOT

HAVE ANY LIABILITY, OBLIGATION OR RESPONSIBILITY OF ANY KIND AND GRANTOR HAS MADE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND:

- (I) THE CONTENT OR ACCURACY OF ANY REPORT, STUDY, OPINION OR CONCLUSION OF ANY SOILS, TOXIC, ENVIRONMENTAL OR OTHER ENGINEER OR OTHER PERSON OR ENTITY WHO HAS EXAMINED THE PROPERTY OR ANY ASPECT THEREOF;
- (H) THE CONTENT OR ACCURACY OF ANY OF THE ITEMS (INCLUDING, WITHOUT LIMITATION, THE PROPERTY INFORMATION (THE "**PROPERTY INFORMATION**")) DELIVERED TO GRANTEE PURSUANT TO GRANTEE'S REVIEW OF THE CONDITION OF THE PROPERTY; OR
- (iii) THE CONTENT OR ACCURACY OF ANY PROJECTION, FINANCIAL OR MARKETING ANALYSIS OR OTHER INFORMATION GIVEN TO GRANTEE BY GRANTOR OR REVIEWED BY GRANTEE WITH RESPECT TO THE PROPERTY.

3. GRANTEE IS A SOPHISTICATED REAL ESTATE INVESTOR AND IS, FAMILIAR WITH THE PROPERTY AND ITS SUITABILITY FOR GRANTEE'S INTENDED USE.

4. GRANTEE HAS MADE ITS OWN INDEPENDENT INVESTIGATION OF THE PROPERTY, THE PROPERTY INFORMATION AND THE PRESENCE OF HAZARDOUS MATERIALS ON THE PROPERTY AS GRANTEE DEEMS APPROPRIATE. ACCORDINGLY, EXCEPT FOR GRANTOR'S WARRANTIES, GRANTEE HEREBY EXPRESSLY WAIVES AND RELINQUISHES ANY AND ALL RIGHTS AND REMEDIES GRANTEE MAY NOW OR HEREAFTER HAVE AGAINST GRANTOR, ITS SUCCESSORS AND ASSIGNS, PARTNERS, SHAREHOLDERS, OFFICERS AND/OR DIRECTORS, WHETHER KNOWN OR UNKNOWN, WHICH MAY ARISE FROM OR BE RELATED TO (A) THE PHYSICAL CONDITION, QUALITY, QUANTITY AND STATE OF REPAIR OF THE PROPERTY AND THE PRIOR MANAGEMENT AND OPERATION OF THE PROPERTY, (B) THE PROPERTY INFORMATION, (C) THE PROPERTY'S COMPLIANCE OR LACK OF COMPLIANCE WITH ANY FEDERAL, STATE OR LOCAL LAWS OR REGULATIONS, AND (D) ANY PAST, PRESENT OR FUTURE PRESENCE OR EXISTENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR WITH RESPECT TO ANY PAST, PRESENT OR FUTURE VIOLATION OF ANY RULES, REGULATIONS OR LAWS, NOW OR HEREAFTER ENACTED, REGULATING OR GOVERNING THE USE, HANDLING, STORAGE OR DISPOSAL OF HAZARDOUS MATERIALS, INCLUDING, WITHOUT LIMITATION, (I) ANY AND ALL RIGHTS AND REMEDIES GRANTEE MAY NOW OR HEREAFTER HAVE UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980 ("**CERCLA**"), THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986, THE RESOURCE CONSERVATION AND RECOVERY ACT, AND THE TOXIC SUBSTANCE CONTROL ACT, ALL AS AMENDED, AND ANY SIMILAR STATE, LOCAL OR FEDERAL ENVIRONMENTAL LAW, RULE OR REGULATION, AND (II) ANY AND ALL CLAIMS, WHETHER KNOWN OR UNKNOWN, NOW OR HEREAFTER EXISTING, WITH RESPECT TO THE REAL PROPERTIES UNDER SECTION 107 OF CERCLA (42 U.S.C.A. §9607). AS USED HEREIN, THE TERM "**HAZARDOUS MATERIAL(S)**" INCLUDES, WITHOUT LIMITATION, ANY HAZARDOUS OR TOXIC MATERIALS, SUBSTANCES OR WASTES, SUCH AS (1) ANY MATERIALS, SUBSTANCES OR

WASTES WHICH ARE TOXIC, IGNITABLE, CORROSIVE OR REACTIVE AND WHICH ARE REGULATED BY ANY LOCAL GOVERNMENTAL AUTHORITY, OR ANY AGENCY OF THE UNITED STATES GOVERNMENT, (2) ANY OTHER MATERIAL, SUBSTANCE, OR WASTE WHICH IS DEFINED OR REGULATED AS A HAZARDOUS MATERIAL, EXTREMELY HAZARDOUS MATERIAL, HAZARDOUS WASTE OR TOXIC SUBSTANCE PURSUANT TO ANY LAWS, RULES, REGULATIONS OR ORDERS OF THE UNITED STATES GOVERNMENT, OR ANY LOCAL GOVERNMENTAL BODY, (3) ASBESTOS, (4) PETROLEUM AND PETROLEUM BASED PRODUCTS, (5) FORMALDEHYDE, (6) POLYCHLORINATED BIPHENYLS (PCBS), AND (7) FREON AND OTHER CHLOROFLUOROCARBONS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, GRANTEE HEREBY ASSUMES ALL RISK AND LIABILITY RESULTING OR ARISING FROM, OR RELATING TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR, OR OPERATION OF, THE PROPERTY. NOTWITHSTANDING THE FOREGOING, GRANTOR WILL ASSIGN TO GRANTEE THE BENEFIT OF ANY INDEMNIFICATION RIGHTS WITH RESPECT TO HAZARDOUS MATERIALS PLACED ON THE PROPERTY BY THE EXISTING TENANT, WHICH OPERATES A SAND AND GRAVEL OPERATION, PROVIDED, GRANTEE SHALL COOPERATE AND CONFER WITH GRANTOR IN ANY ENFORCEMENT ACTION, IT BEING UNDERSTOOD THAT SUCH INDEMNITY WOULD ALSO COVER ADJACENT LANDS NOT BEING TRANSFERRED TO GRANTEE.

5.

THE ACKNOWLEDGMENTS, WAIVERS, RELEASES AND AGREEMENTS BY GRANTEE SET FORTH IN PARAGRAPHS D.1 THROUGH 5, INCLUSIVE, ABOVE SHALL BE ACKNOWLEDGMENTS, WAIVERS, RELEASES, AGREEMENTS AND COVENANTS RUNNING WITH THE LAND FOR THE BENEFIT OF GRANTOR, SHALL BE BINDING UPON GRANTEE'S SUCCESSORS AND ASSIGNS AND ALL FUTURE OWNERS OF ANY PART OF THE PROPERTY FOR THE BENEFIT OF GRANTOR, SHALL SURVIVE THE DELIVERY AND THE RECORDATION OF THIS DEED AND ANY FUTURE DEEDS OF THE PROPERTY FOR THE BENEFIT OF GRANTOR AND SHALL NOT BE DEEMED MERGED INTO SUCH DEEDS UPON THEIR DELIVERY, ACCEPTANCE AND RECORDATION SO THAT EACH FUTURE OWNER OF THE PROPERTY SHALL BE DEEMED TO HAVE MADE ALL SUCH ACKNOWLEDGMENTS, WAIVERS, RELEASES, AGREEMENTS AND COVENANTS FOR THE BENEFIT OF GRANTOR CONCURRENTLY WITH SUCH FUTURE OWNER'S TAKING TITLE TO THE PROPERTY.

IN WITNESS WHEREOF, the Grantor has executed this Grant Deed as of the ____ day of _____, 2017.

GRANTOR:

RMV COMMUNITY DEVELOPMENT, LLC,
a Delaware limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company
its authorized agent and manager

By: _____
Donald L. Vodra,
President - Chief Operating Officer

By: _____
Elise Millington,
Senior Vice President & CFO

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)
)ss.
COUNTY OF ORANGE)

On _____, 201_ 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

CERTIFICATE OF ACCEPTANCE

The undersigned, being the duly appointed agent of **SANTA MARGARITA WATER DISTRICT**, a public corporation ("District"), Orange County, California, pursuant to its Resolution No. 88-10-2, does hereby accept on behalf of District, the grant of all interests in real estate for public purposes as described in the attached Grant Deed dated the _____ day of _____, _____, by and between District and "Grantor" and does hereby certify District consents to the recordation of the attached Grant Deed.

DATED: _____

SANTA MARGARITA WATER DISTRICT

By: _____

Secretary

(SEAL)

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)
)ss.
COUNTY OF ORANGE)

On _____, 201_ 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

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION

All that real property in the Unincorporated Territory of the County of Orange, State of California described as:

EXHIBIT B TO GRANT DEED

DEPICTION OF THE RANCH PLAN PROPERTY

[To be attached at Closing]

EXHIBIT C TO GRANT DEED

PROHIBITED USES - OPEN SPACE PARCELS

[ATTACHED]

Excerpt from SSHCP Conservation Easement regarding Prohibited Uses

All activities on or uses of the Property inconsistent with the purpose of this Conservation Easement are prohibited, including the following

- (a) Fuel modification zones adjacent to development;*
- (b) Commercial and industrial uses;*
- (c) Row crop agricultural practices;*
- (d) Residential uses;*
- (e) Active recreation not provided for in Section 11.2 of the HCP (e.g., mountain biking is a Compatible Use), including golf and athletic fields;*
- (f) Collection or removal of any native plant, animal or microorganism, unless authorized for monitoring or research under the HRMP, or for other purposes authorized by the County or RMV Reserve Managers for their respective portions of the Habitat Reserve and consistent with relevant state and/or federal permits, authorizations or agreements;*
- (g) Deliberate introduction of any non-native plant or wildlife species or microorganism not authorized under the HRMP;*
- (h) Disturbance, collection, or removal of cultural resources unless conducted under a survey, salvage or research program authorized by the County or RMV Reserve Managers for their respective portions of the Habitat Reserve and consistent with relevant state and/or federal permits, authorizations or agreements;*
- (i) Collection of rocks, soils and fallen trees unless conducted under a survey, salvage or research program authorized by the, County or RMY Reserve Managers for their respective portions of the Habitat Reserve consistent with the HRMP;*
- (j) Collection of cultural artifacts unless authorized by the County or appropriate state/federal agency;*
- (k) Any activities that are incompatible with or may disturb or disrupt ongoing HRMP activities;*
- (l) Use offirearms or weapons, hunting or trapping (unless carried out pursuant to the HRMP) and fireworks;*

- (m) *Wood fires outside designated fire rings, and wood fires anywhere in the Habitat Reserve during extreme fire conditions;*
- (n) *Cigarette, cigar, pipe or other smoking;*
- (o) *Vehicle operations off designated roads, with the exception of farming equipment within designated agricultural areas and activities related to maintaining grazing, such as fence repairs;*
- (p) *Hiking, mountain biking and equestrian activities off designated trails;*
- (q) *Swimming and/or wading in lakes, ponds and creeks, unless conducted as part of activities authorized by the HRMP (e.g., monitoring or research of aquatic species);*
- (r) *All pets off leash (6-foot maximum leash), all pets outside designated locations or off designated trails and failure to dispose of pet waste other than in trash receptacles;*
- (s) *Alcohol consumption, except as specifically authorized by the RMV Reserve Manager for specific special outdoor gatherings;*
- (t) *Dumping of ashes, trash, garbage or other unsightly, offensive or toxic material or the storage or use of biocides and agricultural chemicals except as such biocides and/or chemicals may be necessary: (i) implement the AMP; or (ii) to support the allowed agricultural uses;*
- (u) *Nurseries,*
- (v) *Construction offices;*
- (w) *Maintenance yards;*
- (x) *Commercial stables (except the St. Augustine's Training Center and Stables or successors in its current location);*
- (y) *Research and development facilities (except for the uses at the Northrop Grumman-Capistrano Test Site permitted by the lease);*
- (z) *Waste disposal operations and associated uses (except the Recycling and Recovery facility as described in Section 3.7 of the Settlement Agreement,.*
- (aa) *Storage facilities;*
- (bb) *Mining and quarrying of materials;*
- (cc) *Materials recycling and recovery facilities (except for the Recycling and Recovery Facility described in Section 3.7 of the Settlement Agreement);*

- (dd) New, expanded and/or relocated citrus or other orchard crops (not including the additional 50 acres of orchards allowed pursuant to Section 4.2(b) of the Settlement Agreement);*
- (ee) New, expanded and/or relocated dry farming;*
- (ff) Irrigated crops (except citrus or other orchard crops as provided above);*
- (gg) Packing plants (except when located within allowed orchards);*
- (hh) Any uses or activities that are not Existing Agricultural/Ranching Practices as defined in section 1.3 of the Settlement Agreement, except as expressly authorized by the Settlement Agreement;*
- (ii) Caretaker or employee housing and related facilities except as authorized by Sections 3.8 and 4.2(a) of the Settlement Agreement;*
- (jj) Feed lots;*
- (kk) Active recreation and related facilities except Existing Agricultural/Ranching Practices;*
- (ll) Passive public recreation except as authorized in the HCP; (mm) Fire station or permanent wildland fire training facility; (nn) Fuel modification zones;*
- (mm) Exploration, excavating, dredging, drilling, extraction, removal, production, storage, transport of hydrocarbon substances or minerals on the surface of or below and within a depth of 500 feet of the surface of, the Property. [Exploration and extraction of such substances below a depth of 500 feet of the surface of the Property is not prohibited provided that said activities do not compromise or impair the integrity of the protected habitat and species resources located on the Property.]*
- (nn) Without the prior written consent of Grantee and the Service, which consent may be withheld, separating the water rights appurtenant to the Property.*

EXHIBIT D

OPEN SPACE PARCEL DESCRIPTION