

**DEVELOPMENT AGREEMENT
BY AND BETWEEN THE COUNTY OF SACRAMENTO,
CORDOVA HILLS, LLC, CIELO, LLC,
AND GRANT LINE LLC,
RELATIVE TO
THE CORDOVA HILLS PROJECT**

This Development Agreement (hereinafter "Agreement") is made and entered into this ____ day of _____, 2013, by and between the County of Sacramento, a political subdivision of the State of California (hereinafter "County"), Cordova Hills, LLC, a California limited liability company (hereinafter "Cordova"), and Conwy, LLC, a California limited liability company (hereinafter "Conwy")., Cordova and Conwy are sometimes collectively referred to as "Property Owners" or individually as a "Property Owner." This Agreement is made and entered into pursuant to the authority of Sections 65864 through 65869.6 of the California Government Code. The terms "Cordova" and "Conwy" shall include any of their respective successors in interest, assignees and transferees.

RECITALS

A. To strengthen the public land use planning and development process, to encourage private participation in that process, to reduce the economic risk of development, and to provide maximum utilization of resources, the Legislature enacted Government Code Section 65864 *et seq.* which authorizes the County and any other person having a legal or equitable interest in real property to enter into a development agreement establishing certain vested development rights.

B. Property Owners have a legal or equitable interest in that certain real property legally described in Exhibit "A" and depicted on the map set forth in Exhibit "B", located in the unincorporated area of the County of Sacramento (hereinafter the "Property") sufficient to enter into this Agreement with County.

C. Property Owners desire to create and develop the Cordova Hills Project (hereinafter the "Project") on approximately 2,668.7± acres in the southeast portion of Sacramento County adjacent to the eastern city limits of the City of Rancho Cordova, as depicted on the map attached hereto as Exhibit "C" (hereinafter the "Project Area"). The Cordova Hills Project is a large-scale master-planned mixed-use development, including an integrated university, neighborhood and regional commercial uses, residential uses, and their associated infrastructure.

D. Project Approvals. County has granted Property Owners the following land use entitlement approvals (hereinafter “Approvals”) which are incorporated and made a part of this Agreement:

- (1) **A General Plan Amendment** to move the Urban Policy Area (UPA) boundary east to include approximately 2,366.3 +/- acres of the Project Area.
- (2) **A General Plan Amendment** to amend the Land Use Diagram from General Agriculture to Low Density Residential, Medium Density Residential, Commercial and Office, Recreation, Natural Preserve, and Public/Quasi Public for approximately 2,366.3 +/- acres.
- (3) **A General Plan Amendment** to include a new policy in the Land Use Element to address the provision of limited public water service to serve uses potentially allowed by the Cordova Hills Special Planning Area for 251 acres located in proximity to the Kiefer Landfill, and an Amendment to LU-1 to reference this exception.
- (4) Amend **the General Plan Transportation Diagram** to show new thoroughfares and arterials as shown in the Transportation General Plan Amendment Diagram dated October 17, 2011.
- (5) Amend **the Bikeway Master Plan to add on-street and off-street bikeways** as shown in the Bikeways Master Plan Amendment Diagram dated October 17, 2011.
- (6) **A Zoning Ordinance Amendment** to adopt the Cordova Hills Special Planning Area (SPA) to incorporate the Cordova Hills Master Plan including Design Guidelines and Development Standards. The SPA consists of a total of approximately 2,668.7 +/- acres.
- (7) **A Large Lot Tentative Subdivision Map** to create 155 large lot parcels for the purpose of creating legal parcels corresponding to villages within the Cordova Hills SPA and within the approximately 2,668.7 +/- acre SPA. Included on the Map are requests for abandonment of easements.
- (8) **An Affordable Housing Plan** with two options as presented in the Plan consisting of on-site construction of multi-family units or land dedication.

- (9) Adoption of an **Urban Services Plan** which describes urban services that will be required to serve the Cordova Hills Project Area.
- (10) Adoption of a **Public Facilities Financing Plan** for the Cordova Hills Project that includes Capital Improvement Programs and Financing Plan.
- (11) A **Development Agreement** by and between the County of Sacramento and Property Owners.

E. County and Property Owners contemplate that the development of the Property pursuant to this Agreement and the Approvals will result in significant benefits to County and Property Owners. This Agreement accordingly provides assurances to Property Owners that they will have the ability to develop the Property in accordance with this Agreement. This Agreement also provides assurances to County that it will receive certain public benefits. Specifically, Property Owners have voluntarily agreed to enter into this Agreement with the County which provides various Net Gains and Dedications to County and its residents beyond those attainable through conditions of project approval and mitigation measures. Those Net Gains and Dedications are described in Section 2.3 of this Agreement.

NOW, THEREFORE, the Parties hereto agree as follows:

AGREEMENT

ARTICLE 1

GENERAL PROVISIONS

Section 1.1 Incorporation of Recitals. Recitals A through E are hereby incorporated herein, including all documents referred to in said Recitals.

Section 1.2 Definitions. As used in this Agreement, the following terms, phrases, and words shall have the meanings and be interpreted as set forth in this Section.

Section 1.2.1 “Adjacent Jurisdiction” or “Adjacent Jurisdictions” means individually the City of Elk Grove, the City of Folsom, or the City of Rancho Cordova, and collectively means all three of them.

Section 1.2.2 “Adopting Ordinance” means Sacramento County Ordinance No. _____ dated _____, 2013 and effective _____, 2013, which approves this Development Agreement as required by Government Code Section 65867.5.

Section 1.2.3 “Agreement” means this Development Agreement by and between the County of Sacramento, Cordova Hills, LLC and Conwy, LLC including all terms of the Approvals.

Section 1.2.4 “Approval Conditions” means the terms and conditions of approval attached to the Approvals by action of the Board of Supervisors.

Section 1.2.5 “Approvals” means the plans, maps and other land use approvals approved as described in Paragraph D of the Recitals.

Section 1.2.6 “Board” means the Board of Supervisors of Sacramento County.

Section 1.2.7 “Commission” means the Planning Commission of Sacramento County.

Section 1.2.8 “Connector” means the Capital Southeast Connector Project proposed by the Capital Southeast Connector Joint Powers Authority.

Section 1.2.9 “Connector JPA” means the Capital Southeast Connector Joint Powers Authority.

Section 1.2.10 “Cordova Hills Finance Plan” or “Finance Plan” means the Cordova Hills Public Facilities Finance Plan adopted by the County for the Project, that includes Capital Improvement Programs and the recommended plan of financing of the identified improvements, as such Capital Improvement Programs and financing may be amended from time to time.

Section 1.2.11 “Cordova Hills County Service Area” or “CHCSA” means the governance structure utilized to provide the municipal services to the Project Area as described in Exhibit “I.” The CHCSA will be a county service area formed for the Project pursuant to the County Service Area Law contained in Government Code Sections 25210 et. seq.

Section 1.2.12 “Cordova Hills Special Financing District” or “Cordova Hills Special Financing Districts” shall mean one or more Mello Roos Community Facilities Districts, special taxing districts, special assessment districts, and/or any fee districts formed in the Project Area to implement and fund the Cordova Hills Finance Plan.

Section 1.2.13 “Cordova Hills Urban Services Plan” means the Urban Services Plan adopted by the County for the Project Area, as it may be amended from time to time.

Section 1.2.14 “County” means the County of Sacramento, a political subdivision of the State of California.

Section 1.2.15 “County Code” means the County Code of Sacramento County.

Section 1.2.16 “Developing Parcel” means a parcel of land in the Project Area that is being developed with a residential or commercial use.

Section 1.2.17 “Development Agreement Statute” means Sections 65864 *et seq.* of the Government Code of the State of California.

Section 1.2.18 “Development Agreement Ordinance” means Chapter 12 of the Sacramento County Zoning Code.

Section 1.2.19 “Development Plan Review” shall mean the review required under the Sacramento County Zoning Code and Cordova Hills SPA for non-residential development projects prior to obtaining a building permit.

Section 1.2.20 “Director” means Director of the Community Development Department, County of Sacramento, or his or her designee.

Section 1.2.21 “Effective Date” means the date of approval of the Adopting Ordinance for this Agreement.

Section 1.2.22 “EIR” means the Final Environmental Impact Report certified for the Project by the Board of Supervisors.

Section 1.2.23 “General Plan” means the General Plan, including text and maps, of the County of Sacramento in effect as of the Effective Date.

Section 1.2.24 “Lender” means the holder of any mortgage or the beneficiary of any deed of trust encumbering all or any portion of the Property.

Section 1.2.25 “MMRP” means the Mitigation, Monitoring and Reporting Plan adopted for the Project by the Board of Supervisors.

Section 1.2.26 “Net Gains and Dedications” means the “non-nexus” or “beyond nexus requirements” types of benefits voluntarily provided to County by Property Owners that are, in whole or in part, in excess of that legally required for the Project as CEQA mitigation, but which are made legally binding by this Agreement. The Net Gains and Dedications are enumerated in Section 2.3 of this Agreement.

Section 1.2.27 “Operational Agreements” means an agreement entered into by the County with an Adjacent Jurisdiction to further define the responsibilities,

obligations, duties and specific financial mechanisms necessary to implement the intent and provisions of a Reciprocal Funding Agreement.

Section 1.2.28 “PDA” or “Park Development Agreement” means an agreement to be entered into by Property Owner with the CHCSA or County for the development and improvement of the public parks described in the Cordova Hills SPA and Finance Plan.

Section 1.2.29 “Project” means development of the Property as described in the certified EIR for the Project, and thereafter approved by action of the Board of Supervisors pursuant to the Approvals, including the incorporated exhibits thereto.

Section 1.2.30 “Project Area” means the real property depicted in Exhibit “C.”

Section 1.2.31 “Property Owners” means Cordova Hills, LLC and Conwy, LLC, and their respective successors in interest, assigns and transferees.

Section 1.2.32 “Property” means the real property described and depicted in Exhibits “A” and “B.”

Section 1.2.33 “R-2 Parcel” means a parcel of land in the Project Area that has been designated for “Recreation-2” land uses by the Cordova Hills SPA.

Section 1.2.34 “Reciprocal Funding Agreement” means an agreement entered into by the County with an Adjacent Jurisdiction to address providing mitigation for the cross jurisdictional roadway impacts created by the new development projects within each jurisdiction’s boundaries.

Section 1.2.35 “Technical Approval” means that all County reviewing bodies have completed their review and the infrastructure improvement plans are ready for the County Engineer’s signature. All necessary signed easements have been reviewed by County staff and have been submitted for recordation prior to signature. Final approval will be granted upon: 1) Twenty (20) working days review by County; 2) The infrastructure improvement plans comply with state or federated mandated standards that may have changed subsequent to technical approval; and 3) consistency with improvement plans with respect to adjacent existing conditions (utilities and development). Applicable County development fees shall be paid at the fee rates at the time of final approval of the infrastructure improvement plans.

Section 1.2.36 “Village” or “Villages” means the villages as depicted and described in the Cordova Hills SPA and/or Master Plan.

Section 1.2.37 “Zoning Code” means the Zoning Code of Sacramento County in effect as of the Effective Date.

Section 1.3 Additional Defined Terms. If any of this Agreement's capitalized terms are not defined above, then such terms shall have the meaning otherwise ascribed to them in this Agreement.

Section 1.4 Exhibits. This Agreement refers to the following exhibits, which are attached hereto and hereby incorporated into this Agreement by reference.

Exhibit

<u>Designation</u>	<u>Description</u>
A	Legal Description of the Property
B	Map of the Property
C	Map of the Project Area
D-1	Diagram Showing AG-80 Deed Restriction Area
D-2	Form of AG-80 Deed Restriction
E-1	Form of Trail Easement to be dedicated
E-2	Diagram Showing Trail Corridor Parcel
F	Diagram of Project's Park Sites
G	Form of Kiefer Landfill Notice
H	Form of Avigation Easement for Mather Airport
I	Municipal Public Services to be provided by the Cordova Hills LSD
J	Development Impact Fees, Exactions and Dedications
K	Trail Network Diagram
L	Form of Connector Project Disclosure
M	Map of East Carson Creek Property

Section 1.5 Citation. This Agreement shall be known as and may be cited as the "Cordova Hills Development Agreement."

Section 1.6 Parties to Agreement. The parties to this Development Agreement are: the County of Sacramento, Cordova Hills, LLC and Conwy, LLC.

Section 1.7 Term of Agreement. This Agreement shall commence upon the Effective Date, and shall be in force for a period of thirty (30) years thereafter (the "Initial Term"), unless extended or terminated as provided herein.

Section 1.7.1 Option to Extend. Property Owner shall have the right to extend this Agreement on its same terms and conditions, taking into account any amendments mutually agreed upon following the Effective Date. Property Owner shall have the right to extend this Agreement for two (2) successive periods of five (5) years each (each an "Extension Term"), upon giving County at least ninety (90) days written notice of each extension of this Agreement prior to the expiration of the Initial Term or the immediately preceding Extension Term, as applicable. Property Owners shall not be in uncured breach under this Agreement at the time they give County a notice of extension of the Agreement.

Section 1.8 Consistency with General Plan. In granting the Approvals described herein, the Board of Supervisors expressly found that the Approvals are consistent with the General Plan, as amended, and further found that this Agreement is also consistent with the General Plan, as amended.

Section 1.9 Amendment to Agreement. This Agreement may be amended from time to time by mutual consent of the parties, provided it is amended in the manner set forth in Government Code Section 65868 and the Development Agreement Ordinance. Either party may propose an amendment to this Agreement at any time. Any amendment to this Agreement shall be in writing and executed by the parties or their successors in interest. If the amendment only applies to a portion of the Property, then the only parties required to the amendment shall be the County and the then current owners of that portion of the Property affected by the amendment, provided that such amendment does not adversely affect the rights and obligations of the then current owners of the remainder of the Property under this Agreement.

Section 1.10 Assignment. Property Owners have the right to sell, assign, or transfer their respective interests in all or portions of the Property subject to this Agreement. The conditions and covenants set forth herein shall run with the land and the benefits and burdens of this Agreement shall bind and inure to the successors of the parties. An individual Property Owner shall provide County with timely written notice of any sale, assignment or transfer of any portion of the Property after such sale, assignment or transfer. So long as a Property Owner provides County with timely written notice of a sale, assignment or transfer, upon any such sale, assignment or transfer that Property Owner shall be released and relieved of and from all further liability and responsibility for the obligations under this Agreement relating to the Property, or any portion thereof,

so sold, assigned or transferred, arising subsequent to the date of the sale, assignment or transfer.

Section 1.11 Private Project. The parties confirm and agree that the development of the Property with the Project is a private project by the Property Owners; County has no interest therein except as authorized in the exercise of its governmental functions.

Section 1.12 No Joint Venture or Partnership. County and Property Owners hereby renounce the existence of any form of joint venture or partnership between County and Property Owners and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making County and Property Owners joint venturers or partners.

Section 1.13 Consideration. The County and Property Owners acknowledge and agree that the County's agreement to perform and abide by the obligations of County set forth herein, including the issuance of the Approvals, is material consideration for Property Owners' agreement to perform and abide by the obligations of Property Owners set forth herein.

Section 1.14 Automatic Termination as to Residential Lots/ Notice of Termination as to Other Parcels. This Agreement shall automatically be terminated, without any further action by any party or need to record any additional document, with respect to any single-family residential lot within a parcel designated by the Approvals for residential use, upon completion of construction and issuance by County of a final occupancy permit for a dwelling unit upon such single-family residential lot and conveyance of such improved residential lot and dwelling unit to a bona-fide good faith purchaser thereof. In connection with its issuance of a final inspection for such single-family residential lot and dwelling unit, County shall confirm that all improvements which are required to serve the residential lot, as determined by County, have been accepted by County and that the dwelling is ready for occupancy by the homebuyer. Termination of this Agreement for any single-family residential lot as provided for in this Section 1.14 shall not in any way be construed to terminate or modify any assessment district, fee district, public financing district, special tax district, tax and/or any Mello Roos Community Facilities District lien affecting such lot at the time of termination. With regard to other parcels or lots which are not improved individual single-family residential lots, upon a Property Owner's request with respect to any such non-single family residential parcel or lot at the Property that has had a building constructed upon it, County shall record a notice of termination that the Agreement has been terminated as to that lot or parcel. The aforesaid notice may specify, and Property Owners agree, that termination shall not affect in any manner any continuing obligation to pay an item specified by this Agreement. Termination of this Agreement as to an individual parcel or lot with a building constructed upon it shall not affect Property Owners' rights or obligations under any of the Approvals applicable to the remainder of the Project at the Property.

ARTICLE 2

PROPERTY OWNERS' OBLIGATIONS

Section 2.1 Property Development. If the Property is developed, it shall be developed according to the Approvals. Except as may be specifically provided elsewhere in this Agreement, Property Owners have no affirmative obligation to commence development of the Property or to develop it at a specified rate once the development has commenced. No modification of the County's ordinances, resolutions, policies, rules or regulations adopted after the Effective Date, which purport to limit the rate of development over time or to govern the sequence of development of land within the Project Area, shall apply to the Property. The provisions of this subparagraph apply to modifications adopted or imposed by the County Board of Supervisors, or through the initiative or referendum process.

Section 2.2 Waiver. Property Owners knowingly and specifically waive their right or rights to challenge by any legal action or other proceeding, at any time during the duration of this Agreement, the question of whether or the extent to which there is any nexus or rough proportionality between any obligation imposed on Property Owners by the Approvals or by this Agreement. Property Owners further agree, and knowingly and specifically waive, their right or rights to challenge by any legal action or other proceeding, at any time during the duration of this Agreement, County's ability to impose any fee, assessment, tax, charge, or land dedication provided for within this Agreement. Property Owners nonetheless reserve their rights to challenge the budget, the method or manner of calculation and amount of any fee, assessment, tax or charge. Notwithstanding the foregoing, the provisions contained in this Section 2.2 shall not apply or be interpreted to preclude or be a waiver of the rights of Property Owners to challenge any financing plan or public financing mechanism created for the proposed Capital Southeast Connector project or any component thereof on the grounds of insufficient nexus or on the method and manner of calculating any fee, tax, assessment or other monetary imposition levied on the land within the Cordova Hills Project or on the Property Owner. Any challenge or protest made pursuant to this Section 2.2 shall not be deemed a breach or an Event of Default (as defined in Section 5.1 below) under this Agreement.

Section 2.3 Net Gains and Dedications. Property Owners have offered, and County has accepted, the Net Gains and Dedications described in this Section. County and Property Owners agree the items described herein are contributions that are in whole or in part of excess of those which County could otherwise require of property Owners as CEQA mitigation. The following Net Gains and Dedications offered by Property Owner are made binding by this Agreement:

Section 2.3.1 University/College Campus Center. The 223+/- acre site in Cordova Hills Project designated for a university/college campus center or other institution of higher learning shall be used solely for the design, development and operation of an institution(s) of higher education which awards college-level degrees and

is accredited, or in the process of obtaining accreditation, or has an established plan to obtain accreditation within a reasonable timeframe from an accrediting agency recognized by the U.S. Department of Education. A reasonable time frame shall be to the satisfaction of the County Executive. If such an institution(s) of higher education does not locate on this land by the end of the thirty (30) year Initial Term of this Development Agreement, then the land shall be transferred at no cost to the County for use consistent with its zoning under the Cordova Hills Master Plan, free of any monetary liens and encumbrances. In addition, Property Owners will reduce the obligation the land has to pay for its share of the onsite and offsite infrastructure improvements that benefit this land at the time its ownership is transferred to County by foregoing their rights to any eligible credits and/or reimbursements outstanding at that time for improvements installed by Property Owners. It is further agreed that any future owners of the university/college campus center land shall not have to pay any development impact fees for any of the infrastructure improvements for which the Property Owners have foregone their rights to credits or reimbursements when the land was transferred to the County.

Section 2.3.1.1 University/College Campus Land Use Designation. Property Owners covenant and agree with County that at no time during the thirty (30) year Initial Term of this Agreement will the Property Owners seek or apply for a change in the land use designation for the real property designated for a university/college campus center land use in the Cordova Hills Master Plan.

Section 2.3.1.2 Reporting on University Development Status. On an annual basis beginning one year after this Agreement becomes effective and continuing each year thereafter, the Property Owners shall provide a written report to the Director of the County Community Development Department and to the Board of Supervisors that describes the progress made each year by the Property Owners to attract an institution of higher education as the user of the university/college campus center property identified in the Cordova Hills Master Plan. This annual reporting requirement shall cease once an institution of higher education has applied for the first building permit to construct a structure on the university/college campus center property identified in the Cordova Hills Master Plan.

Section 2.3.1.3 University Escrow Account. In order to demonstrate their further commitment to obtaining an institution of higher education for the university/college campus center land use at the Project, Property Owners agree that if ownership of the land at the university/college campus center has not been transferred to an institution of higher education and a building permit issued for the first structure thereon by the time building permits for One Thousand (1,000) Dwelling Unit Equivalents ("DUEs") residential building permits have been issued at the Project, then the Property Owners will deposit the sum of TWO MILLION DOLLARS (\$2,000,000) with County to be held in an interest bearing escrow account (the "Escrow Account") by County. In the event that the land at the university/college campus center has not been transferred to an institution of higher education and a building permit issued thereon for the first structure by the time building permits for an aggregate total of One Thousand

Seven Hundred Fifty (1,750) DUEs have been issued at the Project, then Property Owners shall deposit the additional sum of TWO MILLION DOLLARS (\$2,000,000) with County to be held in the Escrow Account. In the event that the land at the university/college campus center has not been transferred to an institution of higher education and a building permit issued thereon for the first structure by the time building permits for an aggregate total of Two Thousand Nine Hundred Eighty-Five (2,985) DUEs have been issued at the Project, then Property Owners shall deposit the additional sum of TWO MILLION DOLLARS (\$2,000,000) with County to be held in the Escrow Account. Once the ownership of the university/college campus center land has been transferred to an institution of higher education and that institution has applied for a building permit for the first structure thereon, the Property Owners shall have no obligation to make any further payments into the Escrow Account. The funds then in the Escrow Account (principal plus interest) shall be released by the County to the institution of higher education for its use for campus related operations and development of the land at the university/college campus center at the time the institution applies for a building permit for the first structure at the university/college campus center land. If prior to the expiration of the Initial Term of this Development Agreement the ownership of the university/college campus center land has been transferred to an institution of higher education by the Property Owners, but the institution has not yet applied for a building permit for the first structure on the land, then the County shall retain control of the funds in the Escrow Account and release them to the institution of higher education only when the institution applies for a building permit for that first structure. Should the Initial Term of this Development Agreement expire without the Property Owners transferring ownership of the land at the university/college campus center to an institution of higher education, then the funds in the Escrow Account shall be released to the County when the ownership of the land at the university/college campus center is transferred to the County pursuant to Section 2.3.1 above. The County agrees that in such an event it will utilize the funds from the Escrow Account only for the purpose of attracting an institution of higher education and assisting that institution with locating, constructing and operating at the university/college campus center land and for no other purpose.

Section 2.3.1.4 University/College Campus Center Infrastructure.

Property Owners agree that backbone infrastructure to the frontage of the university/college campus center land will be included within the Phase 1 development of the Project, as depicted on Figure 9.1 in the Cordova Hills Master Plan.

Section 2.3.2 East County Regional Trail System. Property Owners shall offer for dedication to County a public recreational trail easement in the form attached hereto as Exhibit "E-1" through a one hundred fifty feet (150 ft.) wide trail corridor envelope at the real property along the bank of Carson Creek described in Exhibit "E-2." Property Owners and County acknowledge that County intends to prepare a Trail Alignment Plan for eastern Sacramento County and that a trail corridor is likely to be considered adjacent to the Property, but the width of the public trail and its exact physical location within the real property described in Exhibit E-2 is unknown on the Effective Date of this Agreement. No final trail location can be established by County absent required public

hearings before the Board of Supervisors and the County's compliance with the California Environmental Quality Act in conjunction with said hearings and the future County adoption of a Trail Alignment Plan and the actual determination of the width of the public recreational trail. While the exact size and physical location of the trail is unknown on the Effective Date of this Development Agreement, County and Property Owners agree that the physical location of the trail will generally be adjacent to the east bank of Carson Creek and will follow along the property boundaries of the parcel identified in Exhibit E-2 in the trail corridor envelope so as to avoid dividing the parcel into smaller portions on each side of the trail corridor that would interfere with the ability to utilize the parcel for the agricultural uses allowed under its AG-80 zoning designation. County further agrees and recognizes that the actual grant of the trail easement may, if necessary, include a reservation by the Property Owners of a right of ingress and egress across the easement area for livestock, vehicles, farm equipment and pedestrians in order to facilitate the continued agricultural use of the parcel identified in Exhibit E-2. An offer of dedication for a public trail easement in the trail corridor envelope will be executed by Property Owners and delivered to County once all of the following have occurred: (a) the County and Property Owners have mutually agreed upon the width and specific location of the public recreational trail easement adjacent to the Property (b) the County Board of Supervisors has held public hearings and formally adopted a Trail Alignment Plan and complied with the California Environmental Quality Act with regard to the Trail Alignment Plan; and (c) the public recreational trail easement contemplated by the Trail Alignment Plan includes a connection to the urban trail system at the eastern boundary of the Cordova Hills Project, which connection will be narrower than the width of the public recreational trail within the one hundred fifty feet (150 ft.) wide trail corridor envelope. It is acknowledged by County that only the dedication of an easement for the trail area is being offered by Property Owners pursuant to this Agreement, and that in the event any state and federal permits might be needed for County to construct and maintain a public recreational trail in the trail corridor, then County will be responsible, at its sole cost and expense, for obtaining and complying with the terms and conditions of any necessary permits and then building the trail.

Section 2.3.3 Affordable Housing Ordinance.

a) Property Owners shall comply with the approved Cordova Hills Affordable Housing Plan and the provisions contained therein for affordable housing units. Property Owners agree to construct affordable housing units for rental as set forth in the Affordable Housing Plan in exchange for a ten percent (10%) reduction in the County's design review fees for each affordable housing project intended for rental. The Property Owners and County expressly intend that this financial contribution qualifies as an exception to the Costa-Hawkins Act pursuant to California Civil Code Section 1954.53(a)(1)(B)(2).

b) Property Owners and County agree that the Zoning Code and/or County Code include County's Affordable Housing Ordinance in effect at the time of the Project Approvals. The Parties agree that, in the event said ordinance is repealed

or modified such that Property Owner's affordable housing obligations are reduced, either as to the number of affordable housing units required or the affordable housing fees to be paid, or both, Property Owners may elect to perform to the reduced obligations in effect at the time of development, provided the election must encompass the whole of the lesser obligations and not selected portions thereof. Notwithstanding anything to the contrary contained in this Agreement, if the County's Affordable Housing Ordinance is repealed or is no longer in effect at the time of approval of a small lot subdivision map, the Property Owners shall have no further obligation to comply with the Cordova Hills Affordable Housing Plan.

Section 2.3.4 Transportation Services and Transportation Management Association. Property Owners shall support establishment of a special financing mechanism in the Project Area to fund the transit system and transportation management association services described in, and consistent with, the Cordova Hills SPA, the Cordova Hills Urban Services Plan and the Cordova Hills Public Facilities Financing Plan. Such financing mechanism shall be established and the resulting annual service charge, fee or special tax approved prior to the recordation of the first final small lot subdivision map or issuance of any building permit within the Project Area, whichever may occur first. Notwithstanding the foregoing, grading permits may be issued within the Project Area prior to implementation of the financing mechanism. Property Owner shall cause to be formed a Transportation Management Association ("TMA") prior to the issuance of the first residential building permit within the Project Area. The TMA will be funded and operated by the CHCSA. The following TMA services will be provided to all businesses with the Project:

- Commute Trip Reduction
- Commuter Financial Incentives
- Flextime Support
- Guaranteed Ride Home Services

The TMA services will also be provided to the residents through the CHCSA. These additional services for both residents and businesses may include, but shall not be limited to:

- Marketing and promotion
- Parking management
- Rideshare matching and vanpool coordination
- Shared parking coordination
- Transit services
- Special event transport management
- Telework support
- Transit improvements
- Transportation access guides
- Wayfinding and multi-modal navigation tools

Section 2.3.5 Transit TMA and Special Tax. A special tax or a comparable property related assessment, fee or charge shall be imposed on each residential unit and each commercial property, and a university/college campus center fee shall be established to fund the transit system and TMA services as outlined in the Cordova Hills Urban Services Plan and SPA Master Plan.

Section 2.3.6 Sports Park. Prior to the approval of the first small lot tentative subdivision map within the Project Area, the Property Owners shall enter into a Park Development Agreement (“PDA”) with the CHCSA or County, as applicable, to address the phasing and construction of a 50-acre park site (the “Sports Park”) located in the southwestern portion of the Project Area. The Property Owners will comply with the following stipulations:

- a) Property Owners, or the then current owners of the Sports Park site, shall dedicate a 50 acre site, as shown on the Cordova Hills SPA Land Use Plan, for future use in developing the Sports Park. Prior to the issuance of the 500th residential permit or two (2) years from the issuance of the first residential building permit, whichever comes first, the Property Owners, or the then current owners of such site shall dedicate and convey the Sports Park site to the County or CHCSA, as applicable.
- b) The full cost of improvements of the 50 acre Sports Park site shall be included in the Cordova Hills Finance Plan. The full cost of maintenance shall be included in the Cordova Hills Urban Services Plan. The financing mechanisms for funding the cost of park improvements and maintenance as recommended in the Financing Plan and Urban Services Plan shall be implemented prior to the recordation of the first final small lot subdivision map or issuance of any building permit within the Project Area, whichever may occur first. Notwithstanding the foregoing, grading permits may be issued within the Project Area prior to implementation of the financing mechanisms.
- c) The PDA shall specify all park amenities that will be constructed on the 50-acre site in accordance with the Cordova Hills SPA and Finance Plan, including a Sports Park phasing construction plan. The PDA shall include the following phasing construction stipulations:
 - 1) Ten (10) acres of the 50-acre Sports Park site shall be constructed and ready for general public use prior to the issuance of the 1,500th residential building permit within the Project Area.
 - 2) An additional ten (10) acres of the 50-acre Sports Park site shall be constructed and ready for public use prior to the issuance of the 3,000th residential building permit within the Project Area

- 3) The 50-acre Sports Park shall be fully constructed and in operation prior to the issuance of the 5,500th residential building permit.

Section 2.3.7 Community, Neighborhood and Misc. Parks. Property Owners or their successors and assigns, as applicable, shall enter into individual PDAs with the County or CHCSA, as applicable, to address park site construction within each sub-area prior to recordation of the first final small lot subdivision map in such sub-area. The Project will create a need for a total of 106.9 acres of active parks within the Cordova Hills community. The Cordova Hills Master Plan includes 99.1 acres designated as active parks. Cordova Hills also includes 150.6 acres of land designated as "Recreation-2" that allows parks and passive open space uses. The Property Owners, or their successors and assigns, as applicable, will comply with the following stipulations:

- a) Property Owners or their successors and assigns, as applicable, shall dedicate all park parcels to the County or CHCSA, as applicable, at the time required in Section 2.3.8 below. These parcels include all community parks and neighborhood parks identified in the Cordova Hills SPA Land Use Master Plan for a total of 49.1 acres. Additional park acreage can be provided in the paseo/basin areas.
- b) All parks shall be planned, engineered and constructed by the Property Owners, or their successors and assigns, as applicable, unless the individual owner and the CHCSA or County, as applicable, agree otherwise.
- c) Park conceptualization, master planning, environmental work, construction documentation and development shall adhere to CHCSA or County, as applicable, park design, engineering and development standards.
- d) CHCSA or County, as applicable, shall retain final approval authority for all parks design, engineering, development, maintenance, programming and post-construction operations. The development of each park shall commence no later than upon issuance of 51% of the residential building permits in each individual Village.
- e) CHCSA or County, as applicable, and the individual owner shall establish the owner's maintenance/warranty obligations and the duration of those in the PDA.
- f) Funding for all maintenance and operations of CHCSA or County owned and maintained properties shall be provided through one or more of the Cordova Hills Special Financing Districts, which shall be established and the associated annual service charges, fees, assessments or special taxes approved prior to the recordation of the first final small lot subdivision map or issuance of any building permit within the Project Area, whichever may occur first. Notwithstanding the foregoing, grading permits may be issued within the Project Area prior to implementation of the financing mechanisms.

- g) In cases where the individual developer is responsible for improving the dedicated properties, CHCSA or County, as applicable will assume ownership of dedicated properties only after they are improved by the individual developer per CHCSA or County Guidelines, and have been accepted by CHCSA or County. In cases where the CHCSA or County is making the park improvements itself, then the CHCSA or County, as applicable, will accept ownership of the dedicated properties prior to their improvement. In addition, prior to acceptance of any dedicated properties, funding for the maintenance for that dedicated property shall be funded in full by an adopted Mellor Roos Community Facilities District or another public finance mechanism.
- h) A cumulative total of 7.8 acres of the “Recreation-2” acres suitable to serve as active park space shall be identified to the satisfaction of the County or CHCSA, as applicable, and included in the PDA for improvement as active parks. The Cordova Hills Finance Plan includes funding for the park development costs of the 7.8 acres of the “Recreation-2” land that will be developed as active parks.

Section 2.3.8 Recreation Facilities. As final small lot subdivision maps are recorded for the areas containing a park site as shown on Exhibit F attached hereto, Property Owners shall dedicate the park site(s) shown on each such final map. Notwithstanding the foregoing, upon recordation of the first final map, Property Owners shall offer to dedicate the site identified as the “Sports Park” on Exhibit F.

Section 2.3.9 Kiefer Landfill and Recycling Facility. Property Owners shall disclose to the purchasers of land in the Project the existence and operation of the Kiefer Landfill in the form attached hereto as Exhibit “G.”

Section 2.3.10 Recycling. Property Owners shall provide adequate space on all commercial parcels and multi-family residential parcels for the separate collection of recyclable material in the solid waste collection areas and otherwise comply with the business recycling ordinance of the Sacramento Regional Solid Waste Authority.

Section 2.3.11 Avigation Easement. Upon recordation of each final large lot map, Property Owners shall grant County an avigation easement for the operation of the Mather Airport in the form attached hereto as Exhibit “H” over the land shown on the applicable final large lot final map.

Section 2.3.12 Capital Southeast Connector Project. At the time of entering into this Agreement, the Capital Southeast Connector Project (the “Connector”) has not yet been incorporated into the Transportation and Circulation Element of the County General Plan and no finance plan and no construction schedules have been adopted for the Connector. Should the Board of Supervisors amend the General Plan to incorporate the Connector, then the following provisions shall take effect:

Section 2.3.12.1 Roadway, Traffic Signal and Intersection Improvements. The Connector shall not delay, or otherwise interfere in any manner, with the timing or phasing of construction of the Cordova Hills Project. Notwithstanding the status of the Connector, the Property Owners may construct any required roadway, traffic signal and/or intersection improvements for the Cordova Hills Project consistent with the Mitigation and Monitoring Plan adopted for the Cordova Hills Project. However, if an improvement required for the Connector has been determined to constitute appropriate substitute CEQA mitigation for an improvement required for the Cordova Hills Project and construction of the Connector improvement is commenced prior to the commencement of construction of the Cordova Hills improvement, then Property Owners shall not be required to construct the Cordova Hills improvement.

Section 2.3.12.2 Connector Cooperation. Property Owners agree to participate on a fair share basis in any finance plan or public financing mechanism enacted by County or by the Capital Southeast Connector Joint Powers Authority in their future implementation of the Connector, provided that the development of the Cordova Hills Project is not delayed or restricted thereby and that the Property Owners are given a full credit against any fees, charges, taxes or assessments imposed by any Connector finance plan or public funding mechanism enacted by the County or Capital Southeast Connector Joint Powers Authority. The credit shall be for the total dollar amount of the design and construction costs Property Owners have expended or funded for roadway, traffic signal and intersection improvements along the route of the Connector that were designed and/or built to Connector standards and benefit the alignment of the Connector as incorporated in the County's General Plan. If, for any reason, the Property Owners are not provided with such a credit, then County shall not collect any fee, charge, tax or assessment from Property Owners required for the Connector and Property Owners shall be allowed to continue the development of the Property. Property Owners reserve their rights to challenge the method or manner of calculation and the amount of any fee, assessment, tax or charge enacted to fund the Connector. The waiver provisions contained in Section 2.2 of this Agreement shall not apply or be interpreted to preclude or be a waiver of the rights of Property Owners to challenge any financing plan or public financing mechanism created to fund the Connector or any component thereof on the grounds of insufficient nexus or on the method and manner of calculating any fee, tax, assessment or other monetary imposition levied on the land within the Cordova Hills Project or on the Property Owners to fund the Connector.

Section 2.3.12.3 Connector Frontage Improvements. Property Owners shall irrevocably offer to dedicate to the County up to 100 feet of right-of-way east of the centerline of Grant Line Road to the satisfaction of the Department of Transportation. Property Owners shall install frontage improvements along Grant Line Road for the length of the Project's frontage east of the centerline based on the Design Standards for the Connector. Alternatively, the Property Owners may install interim improvements to the satisfaction of the Department of Transportation. Frontage improvements shall be constructed for the full length between major intersections or up

to the Project's boundary at the earlier of the segment widening threshold or development of 50% (by total length of the associated frontage) of the parcels located immediately adjacent to the affected frontage. For instance, the entire frontage along Grant Line Road east of the centerline between Chrysanthy Boulevard and University Boulevard must be constructed once 50% of the Cordova Hills Project's developable land frontage in this area is developed. This condition in no way precludes trigger conditions due to advancement of projects within the interior of the Cordova Hills Project Area. Cash-in-lieu of improvements may be considered as satisfying the frontage improvement requirement.

Section 2.3.12.4 Connector Setback Line. All subdivision and/or parcel maps with land adjacent to Grant Line Road shall include an irrevocable setback line consistent with a future one hundred foot (100 ft.) right-of-way line to accommodate the Connector project. That dedication area shall be the basis for development/building setbacks along the segment of Grant Line Road from the Project's southerly boundary to Chrysanthy Boulevard. In addition, the Property Owners shall reserve an additional ten feet (10 ft.) of right-of-way east of the one hundred feet (100 ft.) of right-of-way that is being dedicated east of the centerline of Grant Line Road between Chrysanthy Boulevard and the Project's northern boundary at Glory Lane, which combined dedication area and reservation area shall be the basis for development/building setbacks along the segment of Grant Line Road from Chrysanthy Boulevard to Glory Lane. County and Property Owners agree that the value of lands subject to the foregoing reservation shall be based upon the value of comparable unentitled lands then being paid by the Connector JPA at the time the land subject to this reservation is acquired for the Connector project. The foregoing reservation shall state that the Property Owners and the public agency for whose benefit the reservation is being provided shall have a period of five (5) years following approval of the applicable parcel map or final subdivision map within which to enter into a binding agreement for the acquisition of the reserved land area shown on the map, which area may be acquired in fee title or easement at the discretion of the public agency. County shall designate the public agency in whose favor the reservation is to be provided at the time of County approval of the final parcel map or final subdivision map, otherwise the reservation shall be made in favor of the County.

Section 2.3.12.5 Connector Access. Property Owners acknowledge that the proposed access for the Cordova Hills Project to Grant Line Road via University Avenue and Chrysanthy Boulevard may be modified in the future with grade separated interchanges by the Connector, while the access to Grant Line Road at North Loop Road may be modified in the future with implementation of the Connector via an extension of Town Center Boulevard from North Loop Road to Douglas Road, provided that a right-turn in to North Loop Road from Grant Line Road and a right-turn out from North Loop Road to Grant Line Road shall always be provided. Any potential future changes to the access points to and from Grant Line Road at University Avenue, Chrysanthy Boulevard and North Loop Road, and any extension of Town Center

Boulevard, are not a part of the Cordova Hills Project and will be subject to future CEQA review and approval by the appropriate authority.

Section 2.3.12.6 Access Coordination. The Property Owners shall have the right to coordinate with the Capital Southeast Connector Joint Powers Authority ("Connector JPA") and the Sacramento County Department of Transportation in the development of any grade separated interchanges at University Boulevard and Chrysanthy Boulevard and any alternative access design for the North Loop Road intersection with Grant Line Road. Prior to physical implementation of the Connector with grade separated interchanges at University Boulevard and Chrysanthy Road and any alternative access configuration at North Loop Road and Grant Line Road, full at-grade access to Grant Line Road may be maintained at all three intersections.

Section 2.3.12.7 Connector Interchanges. The Property Owners shall provide a reservation for the additional land needed for the Connector project interchanges at the at-grade intersections of Grant Line Road with University Boulevard and Chrysanthy Boulevard. County and Property Owners agree that the value of lands subject to the reservation for the proposed Connector project interchanges shall be based upon the value for comparable unentitled lands then being paid by the Connector JPA at the time the land subject to the reservation is acquired for the Connector project. The reservation area limit shall be the basis for development/building setbacks. The foregoing reservation shall state that the Property Owners and the public agency for whose benefit the reservation is being provided shall have a period of five (5) years following approval of the applicable final parcel map or final subdivision map within which to enter into a binding agreement for the acquisition of the reserved land area shown on the map, which area may be acquired in fee title or easement at the discretion of the public agency. County shall designate the public agency in whose favor the reservation is to be provided at the time of County approval of the final parcel map or final subdivision map, otherwise the reservation shall be made in favor of the County.

If the Connector is included in the General Plan before a final map is recorded for any portion of the Cordova Hills Project that includes an access point along Grant Line Road, the County shall have the right to require revisions to address the Connector project in final maps so long as the revisions are in substantial compliance with the previously approved tentative maps as allowed by Section 66474.1 of the Government Code (the Subdivision Map Act), and further provided that: (a) the County's revision shall not convert a reservation into an irrevocable offer of dedication; and (b) the County, the Connector JPA and Property Owners shall work together on any redesign of the Grant Line Road access points.

Section 2.3.12.8 Disclosure of Connector Project. Should the County amend the General Plan to include the Connector project, then Property Owners shall disclose to the purchasers of land in the Project Area the future Capital Southeast Connector Project in the form attached hereto as Exhibit "L" and shall

advise their successors-in-interest to disclose the Connector Project to subsequent purchasers of land in the Project Area.

Section 2.3.13 Neighborhood Electric (or comparable) Vehicle Program (NEV). The infrastructure for the NEV program will be built out as the community builds out. NEV lanes along University Blvd and North Loop Road shall be built as these roadways are built. NEVs (or comparable technologically appropriate vehicles) shall comprise at least ten percent (10%) of the fleet vehicles used by the CHCSA. The University/College Campus Center will be encouraged to attain the same level of commitment.

Section 2.3.14. AG-80 Deed Restriction. Prior to the recordation of the first final small lot subdivision map, Property Owners shall record a deed restriction on certain lands situated in the floodplain along Carson Creek at the eastern boundary of the Property as more particularly described in Exhibit "D-1" attached hereto, in the form set forth in Exhibit "D-2" attached hereto. Such deed restriction shall be enforceable by County and will preclude all uses other than those allowable under the AG-80 zoning in the area subject to the deed restriction. County and Property Owners acknowledge and agree that unique situations may occur where future property lines require minor variations from the legal description contained in Exhibit D-1. For that reason, future property lines created with development of the Project may include minor variations from the legal description contained in Exhibit D-1. Any such minor variations shall be reviewed by County as part of the mapping or development review process and shall be found acceptable to the County in the exercise of its reasonable discretion.

Section 2.3.15 External Shuttle Service. Property Owners and County acknowledge that a shuttle service is an important part of both the Cordova Hills Master Plan and its Air Quality Mitigation Plan (which is enforceable through the MMRP), and that the Cordova Hills Financing Plan provides the necessary funding needed by the CHCSA to implement and operate the external shuttle service between the Project Area and the Mather Field/Mills Light Rail Station in Rancho Cordova. County and Property Owners agree that at the time the Five Hundredth (500th) residential building permit has been issued, the CHCSA should evaluate and determine whether providing the external shuttle service during the morning Peak Commute Hours of 6:30 AM to 9:30 A.M. and during the afternoon P.M. Peak Commute Hours of 3:30 P.M. to 6:30 PM would be feasible and appropriate. Matters to be evaluated should include the total number of residents in the Project Area, the potential ridership at the Project Area, the costs of providing the external shuttle service, and the financial resources available for funding the external shuttle service. The CHCSA, acting through the Board of Supervisors as its governing body, shall have the right to determine whether shuttle service should be commenced at Five Hundred (500) residential building permits or at a later threshold. Property Owners reserve their right to participate in any hearings by the CHCSA board concerning commencement of the external shuttle service, but waive any right to protest the CHCSA board's action. In any event the County and the Property Owners further agree that external shuttle service should be commenced by the CHCSA no later than the

issuance of the One Thousandth (1,000th) residential building permit within the Project Area. This external shuttle service will provide direct service between the Cordova Hills park and ride lot (as shown on the land use plan) and the Mather Field/Mills Light Rail Station. The operating specifications for the frequency of this external shuttle service are listed below once the One Thousandth (1,000th) residential building permit has been issued at the Project Area:

Hours of Operation: 6AM – 7PM
Days of Operation: Weekdays
Peak Frequency: 60 minutes
Off Peak Frequency: 60 minutes
Scheduling: Timed transfers with LRT & RT service

(a) Prior to the issuance of the Three Thousandth (3,000th) residential building permit within the Project Area, the Property Owners and the County agree that the CHCSA should increase the frequency of operation of the external shuttle service during the a.m. and p.m. peak commuting hours between the Cordova Hills park and ride lot (as shown on the land use plan) and Mather Field/Mills Light Rail Station. The transit service should be maintained for the life of the Project. The operating specifications of this external shuttle service are listed below:

Hours of Operation: 6AM – 7PM
Days of Operation: Weekdays
Peak Frequency: 15 minutes
Off Peak Frequency: 60 minutes
Scheduling: Timed transfers with LRT & RT service

Section 2.3.16 Internal Shuttle Service. The Property Owners and County acknowledge that an internal shuttle service also is an important part of both the Cordova Hills Master Plan and Air Quality Mitigation Plan, and that the Cordova Hills Financing Plan provides the necessary funding needed by the CHCSA to implement and operate the internal shuttle service at its discretion. Prior to issuance of the Three Thousandth (3,000th) residential building permit within the Project Area, the County and Property Owners agree that the CHCSA should commence operation of the internal shuttle service between the Project's Transit Center off the planned extension of Chrysanthy Boulevard, and loop around the developed portions of phases 1 and 2 of the Project in a single direction on the following schedule:

Hours of Operation 6AM – 9PM
Days of Operation: Everyday
Peak Frequency: 15 minutes
Off Peak Frequency: 30 minutes.
Length of Route: Approximately 4.3 miles (70% of final route)

(a) Prior to the issuance of the Five Thousandth (5,000th) residential building permit within the Project Area, the Property Owners and County agree that the CHCSA should increase the length of the internal shuttle service route to the final planned internal route length around the developed portions of phases 1 and 2 of the Project in a single direction on the following schedule:

Hours of Operation: 6AM – 9PM

Days of Operation: Everyday

Peak Frequency: 15 minutes

Off Peak Frequency: 30 minutes

Directions Vehicles Run: 1

(b) Prior to the issuance of the Seven Thousand Five Hundredth (7,500th) residential building permit within the Project Area, the Property Owners and County agree that the CHCSA should expand the internal shuttle service to run vehicles in both directions of the internal loop around the developed portions of phases 1 and 2 of the Project on the following schedule:

Hours of Operation: 6AM – 9PM

Days of Operation: Everyday

Peak Frequency: 15 minutes

Off Peak Frequency: 30 minutes

Directions Vehicles Run: 2

Length of Route: Approximately 6.1 miles (final planed route)

(c) Ongoing transit operations and maintenance costs are assumed to be partially funded through a University/College Campus Center subsidy. Until a university or other institution of higher learning develops, the special tax on residential and non-residential development allotted to pay for transit costs would increase above what is shown in the Cordova Hills Urban Services Plan.

Section 2.3.17 Park and Ride Lot. Property Owners shall dedicate the joint sports park parking lot/park and ride lot as depicted in the SPA to the CHCSA or County prior to the issuance of the One Thousandth (1,000th) residential building permit. The park and ride lot, as shown in the Cordova Hills SPA Land Use Plan and required by the Approval Conditions shall be constructed and fully operational no later than the issuance of the One Thousand Five Hundredth (1,500th) residential building permit. However, the construction of the park and ride lot's sixty-four (64) parking spaces may be phased subject to the approval of the County and/or the CHCSA.

Section 2.3.18 Trail Network. The Cordova Hills Project contains a comprehensive trail network with trails that are located in a variety of areas, including along roadway frontages, in open space areas, and in areas designated for development. A general depiction of the overall pedestrian and bike trail network is shown on Exhibit "K" attached hereto.

(a) Trails as part of roadway frontage improvements.

(1) Dedication of Trails within roadway frontage improvements.

As shown on Exhibit K, a number of segments of the trail system are situated within or adjacent to the right-of-way of roadways. Those trail segments shall be dedicated to the County or the CHCSA, as applicable, concurrently with an irrevocable offer of dedication for the applicable roadway segment.

(2) Construction of Trails as part of the roadway frontage improvements. Trails situated within or adjacent to roadway segments shall be improved and constructed concurrently with, and as part of, the construction of the frontage improvements for the roadway segment.

(3) Funding for Trails within roadway frontages. Property Owners who build trails situated within the frontage of roadway right of way shall receive a fee credit or reimbursement for their construction costs if the trail was included as part of the fee credit or reimbursement program adopted for the applicable roadway segment. If there is no reimbursement program for the trail within the frontage of a roadway segment, then the Property Owners responsible for building the roadway frontage improvements shall bear the cost of the trail.

(b) Trails within R-2 Parcels.

(1) Dedication of Trails within R-2 Parcels. As shown on Exhibit K, a number of segments of the trail system are situated within land that is designated for "Recreation-2" uses by the Cordova Hills SPA ("R-2 Parcels"). Property Owners agree that fee title to R-2 Parcels shall be transferred to the County or CHCSA, as applicable, at the time the first final small lot subdivision map for an adjacent Developing Parcel is recorded, or upon the County's completion of Development Plan Review for an adjacent Developing Parcel that does not need to be further subdivided. Consequently, there will be no need to separately offer to dedicate a trail area within an R-2 Parcel because it is already on lands in public ownership. No subdivision infrastructure improvements shall be required as a condition to the recordation of a final map for any R-2 Parcel.

(2) Construction of Trails within R-2 Parcels. Trails situated within R-2 Parcels shall be constructed by the first Property Owner(s) with a Developing Parcel that begins development adjacent to the R-2 Parcel. The trail segment to be constructed must be for the length of the Developing Parcel's common boundary with the R-2 Parcel. Other conditions for the construction of the trail within the neighboring R-2 Parcel shall be as set forth in the tentative map conditions of approval for the Developing Parcel. Notwithstanding the foregoing, in cases where a Property Owner has to construct a drainage detention basin within an R-2 Parcel, that Property Owner shall also build the trail segment associated with that drainage detention basin. Property Owners shall have the right to post a bond for the completion of trails within R-2 Parcels.

(3) Funding for Trails within R-2 Parcels. Funding for the construction of trails within R-2 Parcels shall come from the fee imposed on the Project Area under the Cordova Hills Financing Plan, as described and identified in Chapter 11 thereof. Where Property Owners construct a trail within an R-2 Parcel, they shall be entitled to a cash reimbursement or a fee credit against the fee imposed by the Cordova Hills Financing Plan for the construction cost of trails, subject to the credit and reimbursement policies of the fee program adopted to fund trail construction by the County or CHCSA, as applicable.

(c) Trails within Developing Parcels.

(1) Dedication of Trails within Developing Parcels. Portions of the trail network are also situated within lands that are designated for residential or commercial types of uses by the Cordova Hills SPA ("Developing Parcels"), as depicted on Exhibit K. The locations of trails situated within Developing Parcels that are not going to be further subdivided shall be identified during the Development Plan Review process. At Developing Parcels which are going to be further subdivided, then the location of trails shall be identified no later than upon approval of an individual small lot tentative map. Fee title for the trail area shall be irrevocably offered for dedication by Property Owners to the County or CHCSA, as applicable, at the time of recordation of the first final small lot subdivision map for the Developing Parcel, or portion thereof, that contains the trail. In cases where a Developing Parcel does not need to be further subdivided for development purposes, Property Owners shall be responsible for identifying the trail area during the County's Development Plan Review process for that Developing Parcel and irrevocably offering to dedicate fee title for the trail area to the County or CHCSA, as applicable, at the time of County's completion of its Development Plan Review for such Developing Parcel.

(2) Construction of Trails within Developing Parcels. Trails within Developing Parcels shall be constructed by Property Owners and commenced no later than upon issuance of the first building permit if no further subdivision map is required for that Developing Parcel. At Developing Parcels where further subdivision mapping is necessary, then the trail construction shall be as set forth in the tentative small lot map conditions of approval for such a Developing Parcel. Property Owners shall have the right to post a bond for the completion of trails within Developing Parcels.

(3) Funding for Trails within Developing Parcels. Funding for the construction of trails within Developing Parcels shall come from the fee imposed on the Project Area under the Cordova Hills Financing Plan, as described and identified in Chapter 11 thereof. Where Property Owners construct a trail within a Developing Parcel, they shall be entitled to a cash reimbursement or a fee credit against the fee imposed by the Cordova Hills Financing Plan for the construction cost of trails, subject to the fee credit and reimbursement policies of the fee program adopted to fund trail construction by the County or CHCSA, as applicable.

(d) Paseos.

(1) Paseo dedication not required. The paseos described in the Cordova Hills SPA are not part of the trail network and therefore are not shown on Exhibit K. Locations of the paseos within Developing Parcels that are not going to be further subdivided shall be identified by Property Owners during the Development Plan Review process. At Developing Parcels which are going to be further subdivided, the locations of paseos shall be identified no later than upon approval of each individual small lot tentative subdivision map. Property Owners may elect to make an irrevocable offer of dedication for paseos to the County or the CHCSA, as applicable, or the Property Owners may elect to transfer a paseo's fee title to a homeowners' association or other appropriate entity in situations where maintenance of the paseo will be the obligation of the homeowners' association or other entity. In the event fee title to a paseo is transferred to a homeowners' association or other entity instead of to the County or CHCSA, then a right of public use of the paseo shall be provided by the Property Owners.

(2) Construction of Paseos within Developing Parcels. Property Owners shall have the obligation to construct the paseos in Developing Parcels as described in the conditions of approval for the applicable tentative small lot subdivision maps that will contain the individual paseos.

(3) Funding for Paseos within Developing Parcels. Property Owner shall bear the cost of construction for the paseos within Developing Parcels.

Section 2.3.19 Conservation Easement at East Carson Creek Property. County and Property Owners agree that prior to the time the first building permit to construct any type of building within the Project Area is issued, the Property Owners shall have previously acquired ownership of that parcel of real property located adjacent to the east side of the Project Area commonly identified as Sacramento County Assessor's Parcel Number 073-0050-051 (the "East Carson Creek Property") and encumbered it with a recorded conservation easement in favor of County. The County and Property Owners shall reasonably agree upon the form and contents of such conservation easement, and further acknowledge and agree that the conservation easement shall specifically allow Property Owners to use the East Carson Creek Property for purposes of mitigating the environmental impacts of the Project, including, but not limited to, mitigation for the loss of agricultural lands, for the loss of Swainson's Hawk habitat, for the loss of open space, and for the loss of wetlands and other jurisdictional waters of the United States under the federal Clean Water Act. The geographic location of the East Carson Creek Property is generally shown on Exhibit "M" attached hereto and incorporated herein by reference.

Section 2.4 Cross Jurisdictional Roadway Impacts. County will attempt to negotiate and enter into reciprocal funding agreements and operational agreements with

the City of Rancho Cordova, the City of Folsom and the City of Elk Grove (individually an “Adjacent Jurisdiction” and collectively the “Adjacent Jurisdictions”) so that land development projects in the County or in the Adjacent Jurisdictions that have California Environmental Quality Act (CEQA) identified impacts and associated mitigation measures for transportation facilities located entirely within the other jurisdiction (“cross jurisdictional roadway impacts”) shall be required to participate on a fair share basis in funding to address and mitigate for those cross jurisdictional roadway impacts.

Property Owners shall identify and incorporate into the financing mechanisms of the Cordova Hills Financing Plan the fair share funding necessary to address and mitigate for the Project’s cross jurisdictional roadway impacts. County and Property Owners agree and acknowledge that such fair share funding may be subject to change and adjustment depending on the terms of the Reciprocal Funding Agreements and Operational Agreements the County may eventually enter into with each of the Adjacent Jurisdictions for cross jurisdictional roadway impacts.

Property Owners and County acknowledge that at the time of entering into this Development Agreement, the County and the Adjacent Jurisdictions have not yet entered into any Reciprocal Funding Agreements or Operational Agreements in order to address and mitigate for cross jurisdictional roadway impacts. The Property Owners will not be required to fund, nor shall the County collect, any roadway impact fees for cross jurisdictional roadway impacts (“Fees” or “Fee”) proposed in the Cordova Hills Financing Plan for transportation facilities located entirely within the other jurisdiction until such time as the County and the Adjacent Jurisdiction enter into a Reciprocal Funding Agreement and Operational Agreement as further defined in this Section of the Development Agreement. County agrees that the development of the Cordova Hills Project will not be delayed, limited or otherwise restricted for reasons associated with the County’s negotiation of the terms and provisions of Reciprocal Funding Agreements and Operational Agreements with the Adjacent Jurisdictions.

When determining a Cordova Hills plan area fee for impacts in other jurisdictions and, contingent upon the outcome of any Reciprocal Funding Agreements and Operational Agreements, County shall take into account funding that may be received by the County from the Adjacent Jurisdictions for the mitigation of their CEQA identified impacts on the onsite internal roadway system being provided to serve the Cordova Hills Project that are not included in the Sacramento County Transportation Development Fee (“SCTDF”) and adjust the Cordova Hills plan area fee accordingly.

Section 2.4.1 Timing of Agreement. Within eighteen (18) months after the County Board of Supervisors approves the Approvals for the Cordova Hills Project, the County Department of Transportation shall make a progress report to the Board of Supervisors concerning the status of its efforts to enter into Reciprocal Funding Agreements and Operational Agreements with the Adjacent Jurisdiction(s) for roadway improvements located entirely within the Adjacent Jurisdiction(s). The County and the respective Adjacent Jurisdiction(s) shall have until July 1, 2015 to enter into Reciprocal

Funding Agreement(s) and Operational Agreement(s) for the improvement of roadways wholly within the Adjacent Jurisdiction(s). The County shall have the right to extend that July 1, 2015 completion date for up to an additional six (6) months if the County determines that adequate progress has been made on negotiating the terms and provisions of the Reciprocal Funding Agreement(s) and Operational Agreement(s) with the Adjacent Jurisdiction(s) and the County Department of Transportation believes the agreements can be consummated within said additional six (6) month period. If the County and Adjacent Jurisdiction(s) do not enter into Reciprocal Funding Agreement(s) and Operational Agreement(s) between the County and the Adjacent Jurisdiction(s) prior to the expiration of the aforementioned timeframe, then the Property Owners will not be required to fund, nor shall the County collect, any Fees for cross jurisdictional roadway impacts within the Adjacent Jurisdiction. In such an event, the Property Owners will be relieved of any obligation to fund the original roadway improvement and the development of the Project may proceed without the roadway improvement.

Section 2.4.2 Agreements and Cost Sharing. Property Owners acknowledge that if an Adjacent Jurisdiction enters into a Reciprocal Funding Agreement with the County, then a separate Operational Agreement between the County and the Adjacent Jurisdiction is also required to further define the responsibilities, obligations, duties, and specific financial mechanisms to implement the intent and provisions of the Reciprocal Funding Agreement. If Reciprocal Funding Agreements and Operational Agreements are not approved by the time development of the Cordova Hills Project commences, any resulting shortfall or funding deficit shall not be made an obligation of the Property Owners or any subsequent future developer of the Cordova Hills Project, and the development of the Project may continue unimpeded.

The Property Owners agree to cooperate with the County and the Adjacent Jurisdictions. Property Owners shall pay their fair share of the cost of any consultants retained by County and Property Owners' fair share of the County's labor costs associated with the process, preparation, and execution of such Reciprocal Funding Agreements and Operational Agreements. County agrees that all such costs paid by Property Owners shall be a component of the costs to be identified for potential reimbursement in the Cordova Hills Special Planning Area fee program.

Section 2.5 Compliance with Conditions. The Property Owners shall comply with all conditions adopted by ordinance for the rezoning of the property to the Cordova Hills Special Planning Area (SPA). Amendments to the conditions of approval adopting the Cordova Hills Special Planning Area (SPA) zoning ordinance and/or amendments to the SPA zoning ordinance shall not automatically trigger an amendment to the Development Agreement, unless the Board of Supervisors determines that the amendment requires modifications to the Development Agreement.

Section 2.6 Police Services Plan. Prior to the recordation of the first final parcel map, Property Owners shall cooperate with the County Sheriff's Department, in consultation with the City of Rancho Cordova, in the creation and implementation of a

police services plan approved by the County for providing adequate levels of police services for the needs of the Cordova Hills Project Area during the early phases of development.

Section 2.7 Sunrise/Jackson Intersection. County and Property Owners agree that Property Owners shall be responsible for modifying and improving the intersection of Sunrise Boulevard and the Jackson Highway (State Route 16) so as to preserve its Level of Service “E” condition in the manner and at the time set forth in the Approval Conditions by providing an eastbound through lane, an eastbound through-right turn shared lane, and an eastbound left turn lane; a northbound left turn lane, two northbound through lanes, and a right turn lane; one westbound through lane, a westbound right turn lane, and a westbound left turn lane; a southbound through lane, a southbound left turn lane, and a southbound right turn lane. In addition, County and Property Owners agree that County will be responsible for processing and obtaining all state and federal permits necessary for the construction of the intersection improvements, while Property Owners will be responsible for providing and paying for all mitigation required by those permits. County and Property Owners further agree that the County will contribute Eight Hundred Thousand Dollars (\$800,000) from the Sacramento County Transportation Development Fee (“SCTDF”) revenues derived from the Project Area to assist with the construction costs of the intersection improvements, with the Property Owners being responsible for paying all construction costs in excess of the amount being provided by County from the SCTDF revenues. It is also agreed that there shall be no delay or suspension of the development of the Cordova Hills Project if the County is unable to obtain any of the necessary federal and state permits by the time the construction of this intersection improvement is required to commence by the Approval Conditions. Property Owners shall have a right to reimbursement or fee credits consistent with Section 4.20 of this Development Agreement.

ARTICLE 3

COUNTY OBLIGATIONS

Section 3.1 Vested Rights of Property Owners. County agrees that the right to develop the Project Area at the Property in a manner consistent with the Approvals is vested in the Property Owners by this Agreement without further action by Property Owners for the duration of this Agreement, and any extensions thereof. The permitted development shall be as set forth in the Approvals. After this Agreement expires, Property Owners’ vested rights, as described herein, shall expire, whether or not the permitted uses allowed by the Approvals have been fully exercised.

Section 3.2 Cooperation Between County and Property Owners. County shall cooperate in good faith with Property Owners in securing all state and federal permits that may be required for the development of the Project. Property Owners shall be responsible for applying for and obtaining approvals and permits required from other governmental agencies having jurisdiction over, or providing services to, the Project Area.

Section 3.3 Inspections. County shall have the right to inspect the Property at any time without prior notice in order to ensure compliance with applicable regulations and this Agreement.

Section 3.4 Inapplicability of Subsequent Legislation. Except for any referendum of the Adopting Ordinance, if an ordinance, resolution or other measure is enacted, whether by action of the Board, by voter initiative, or otherwise, that would prevent the development of the Property consistent with the Approvals and this Agreement, including moratoria, County herein agrees that such ordinance, resolution or other measures shall not apply to the Property or limit the development of the Property as set forth in this Agreement and in the Approvals.

Section 3.5 Cordova Hills Local Services District. In light of the size of the Project, the magnitude of the infrastructure to be provided, and the wide range of ongoing municipal services, many of which are unique to the Project Area, the County and the Property Owners acknowledge the necessity to implement a distinct municipal governance structure for the Project Area. County covenants and agrees that it will apply for and diligently pursue the necessary approvals from the Sacramento Local Agency Formation Commission for the establishment of a county service area to the mutual satisfaction of Property Owners and County (the "CHCSA") for the purpose of supporting urban development pursuant to the Cordova Hills SPA and providing ongoing municipal public services at the Project Area consistent with the Cordova Hills Urban Services Plan and as described in Exhibit "I" attached hereto and incorporated herein by reference.

Section 3.5.1 Formation of CHCSA. Property Owners shall advance funds and cooperate with County's efforts to form and implement the CHCSA at the Project Area.

Section 3.5.2 Timing of CHCSA Financing Mechanisms. The financing mechanisms required to fund the services provided by the CHCSA as outlined in the Cordova Hills Urban Services Plan and described in Exhibit "I" shall be implemented and the resulting annual special taxes, fees, and/or service charges shall be approved prior to the recordation of the first final small lot subdivision map or issuance of any building permit within the Project Area, whichever may occur first. Notwithstanding the foregoing, grading permits may be issued within the Project Area prior to implementation of the financing mechanisms.

Section 3.5.3 Funding for Initial Operation of CHCSA. Property Owners shall provide funding for the establishment of the CHCSA and its initial costs of operation and services until the CHCSA collects revenues within the Cordova Hills Special Financing Districts, which, if such revenues are being collected through the levy of special taxes or assessments, shall be deemed to have occurred upon payment of the

second installment of such taxes and/or assessments in the fiscal year in which service costs are first fully funded through such levy.

ARTICLE 4

PROJECT DEVELOPMENT

Section 4.1 Permitted Uses and Development Standards. The permitted uses, density or intensity of use, height and size of buildings and provisions for reservation and dedication of land for public purposes shall be those set forth in the Cordova Hills SPA ordinance and this Agreement.

Section 4.2 Vested Rights. During the Initial Term of this Agreement, and any extensions thereof, County grants Property Owners the vested right (“Vested Right”) to develop the Project in a manner that is consistent with the Approvals, and all development rights, obligations, terms and conditions specified therein. There shall be no change, modification, amendment or addition to the rules, regulations and official policies, including the County General Plan in effect on the Effective Date of this Agreement, the County Zoning Code in effect on the Effective Date of this Agreement, the County Code, and all other relevant codes, ordinances, resolutions, programs, policies, rules, and regulations in effect as of the Effective Date of this Agreement (collectively the “Collective Standards”) that govern the development of the Project Area. Notwithstanding the foregoing, the County Building Code and the County Improvement Standards for public infrastructure applicable to the Project shall be those in effect at the time of development of the parcel or building or item of public infrastructure in question. The design standards for the development of the Project Area shall be those set forth in the Cordova Hills SPA Ordinance enacted as part of the Approvals. The Property Owners’ Vested Rights may not be changed or modified by the County except as may be expressly permitted by, and in accordance with, the terms and conditions of this Agreement, unless otherwise expressly consented to in writing by Property Owners. Nothing set forth above in this Section 4.2 shall be interpreted to preclude or prohibit future changes and/or amendments to the County Code for the purpose of enacting and implementing any of the future County fees, assessments and taxes identified on Exhibit “J” attached hereto.

Section 4.2.1 Vesting of Approved Maps. All approved parcel maps, vesting parcel maps, tentative subdivision maps, vesting tentative subdivision maps, final maps, or any re-subdivision or any amendment to any such map shall be valid for the Initial Term of this Agreement, and any extensions thereof, as provided for in Government Code Section 66452.6.

Section 4.2.2 Rules Regarding Permitted Uses. Except as may be provided otherwise in this Agreement, the County’s ordinances, resolutions, rules, regulations and official policies governing the permitted uses of the Property, the density and intensity of use, the rate, timing and sequencing of development, the maximum

height, size, and design of proposed buildings, and the provisions for reservation and dedication of land, shall be those set forth in the Collective Standards.

Section 4.2.3 Changes in State or Federal Law. Except as provided in Section 4.7.1 below, this Agreement shall not preclude the application of changes in County laws, regulations, plans or policies to the Project, provided the terms of such changes are specifically mandated and required by changes in State or Federal laws or regulations.

Section 4.2.4 Building and County Codes Applicable. Unless otherwise expressly provided in this Agreement, the Project shall be constructed in accordance with the provisions of the California Building, Mechanical, Plumbing, Electrical and Fire Codes, County standard construction specifications, and Title 24 of the California Code of Regulations relating to Building Standards, in effect at the time of the approval of the appropriate building, grading, encroachment, or other construction permits for the Project. If no permits are required for infrastructure improvements, such improvements will be constructed in accordance with the provisions of the California Building, Mechanical, Plumbing, Electrical and Fire Codes, County standard construction specifications, and Title 24 of the California Code of Regulations, relating to Building Standards, in effect at the start of construction of such infrastructure.

Section 4.2.5 Existing and Subsequently Enacted Fees, Charges, Exactions, Dedications, Taxes and Assessments.

Section 4.2.5.1 Processing Fees or Charges. Application, processing, plan review, permitting and inspection fees that are revised during the Initial Term of this Agreement, and all renewals thereof, shall apply to the Project provided that (a) such revised fees apply generally to all similar private projects or works within the County, and (b) the application of such fees to development of the Property is prospective only.

Section 4.2.5.2 Development Impact Fees, Exactions and Dedications. County agrees that Property Owners shall be required to pay only those development impact fees, connection or mitigation fees, or offer dedications of land, or other exactions required by County to support the construction of any public facilities and improvements or the provision of public services in relation to development of the Project that are enumerated in Exhibit J to this Agreement. The County and Property Owners agree to meet every five (5) years commencing from the date of issuance of the first Certificate of Occupancy in the Project area to review the list of fees and fee programs specified in Exhibit J and consider the mutual benefit, if any, of amending same. The list of fees and fee programs may only be amended by mutual, written consent of the County and Property Owners.

Section 4.2.5.3 Taxes and Assessments. Unless otherwise provided in this Agreement, the Project shall be subject to all taxes and assessments to be applied on a County-wide basis resulting from a vote of the public.

Section 4.3 Binding Effect. To the extent permitted by law, this Agreement shall be binding on any existing city, county or governmental agency or newly incorporated city or newly created governmental agency with jurisdiction over the Property during the Initial Term of this Agreement and any extensions thereof.

Section 4.3.1 Subsequent Incorporations or Annexations. County and Property Owners acknowledge that under current provisions of state law (i.e., Government Code Section 65865.3), the Initial Term of this Agreement and any extensions thereof may be affected by a subsequent incorporation or annexation of all or any portion of the Project Area into the jurisdictional boundaries of an existing or future city. County agrees to (a) notify Property Owners of any inquiries to include all or any portion of the Project within the jurisdictional boundaries of an existing incorporated city or a proposed new city; (b) assist Property Owners' efforts, if any, to meet with representatives of applicable agencies or individuals (as in the case of a proposal for incorporation) to discuss the impact of a proposed incorporation or annexation on the Initial Term of this Agreement and any extensions thereof; and (c) to use County's best efforts to include all material terms and provisions of this Agreement into any memoranda of understanding or conditions of approval pertaining to an annexation or incorporation of all or any portion of the Project Area into an existing city or into the boundaries of a proposed city. In the event this Agreement is terminated early pursuant to the provisions of Government Code Section 65865.3, the County agrees that extension of the duration of approved tentative maps up to the maximum period allowed by state law is a material term and provision of this Agreement. County and Property Owners intend that the exceptions to limiting the duration of a development agreement in the event of an incorporation or annexation provided for in Government Code Section 65865.3) or any later amendments thereto, including but not limited to any repeal of said statute or portions thereof) shall be fully applicable and, if any such exceptions apply, County will assist Property Owners in asserting that the duration of this Agreement is unaffected by any annexation or incorporation.

Section 4.4 Minor Deviations. The Director and Property Owners may agree to minor deviations from the terms of this Agreement without formally amending this Agreement. The Director may approve minor deviations, as provided in the County Zoning Code, from the Approvals as requested by Property Owners without amending this Agreement. As used herein, minor deviations are those modifications that as a whole do not increase the environmental impacts of the Project as determined in the EIR or increase the intensity of use of the Property, and may, for instance, relate to phasing. A description of the deviation(s) shall be reduced by County to writing and a copy placed in County's official file of this Agreement. County shall provide a copy to Property Owners.

Section 4.5 Application, Processing and Inspection Fees. The County may revise application fees, processing fees and inspection fees during the Initial Term or any extension of this Agreement, and the revised fee shall apply to the development of the Project if: (a) such revised fee is generally applicable County-wide to all similar private projects or works, and (b) the application of such fee is prospective only. Provided that Property Owners have paid all required application and processing fees, County shall, to the fullest extent practicable, process all applications and/or permits pursuant to the timelines set forth in this Section 4.5. County shall inform Property Owners in writing of the requirements for each such application to be considered to be complete and, upon request of Property Owners, County shall also meet with Property Owners prior to Property Owners' submission of any application for ministerial or discretionary permits or subsequent Approvals for the purpose of ensuring that all information that will be required by the County is conveyed to and understood by Property Owners. After County's receipt from Property Owners of an application for a permit or subsequent entitlement, the County shall provide full and complete comments on such application from all necessary County departments within thirty (30) days of submission by Property Owners.

a. Discretionary Approvals. Applications shall be deemed complete upon Property Owner's satisfaction of the standards and requirements of the applicable County Code and Zoning Code and such other written requirements of County not in conflict with the provisions of this Agreement. County shall use its best efforts to submit for scheduling for final action before appropriate authority within one hundred twenty (120) days of an application being deemed complete for tentative subdivision maps, conditional use permits, special development permits and variances, and within ninety (90) days of filing an application for parcel maps, improvement plans, design review permits and minor deviations, and within thirty (30) days of filing any application for boundary line adjustments and similar matters requiring only staff review and approval.

b. Final Maps/Improvement Plans. County shall use its best efforts to complete and approve plan checks for final maps and improvement plans within forty-five (45) working days of submission of such maps and plans, and with no more than three (3) rounds of submission and revision, as further explained below, provided Property Owners address all reasonable County comments within each resubmission:

(i) First (1st) plan review shall be completed within twenty (20) working days of such maps or plans being accepted as complete by County;

(ii) Second (2nd) plan review within ten (10) working days of receipt of revised maps or plans;

(iii) Prior to initiation of a third (3rd) plan review, if needed, the County and Property Owner shall meet to resolve outstanding issues related to the maps or plans. A third (3rd) plan review, if necessary, shall be completed within ten (10) days of receipt by County of revised maps or plans.

(iv) Within one (1) week of County's receipt of completed plans and maps which are deemed ready for approval, plans shall be signed by the County Engineer and County staff shall place such maps on the next available County Board of Supervisors' hearing agenda.

c. Building Permit Issuance. County shall process and review all complete residential and commercial building permit applications and plans within twenty (20) days of submittal by Property Owners. If plan corrections or changes are required by the plan reviewer, and then performed by the Property Owners' representative, additional processing and plan review cycles will occur until plans are fully approved for permit issuance.

d. Field Building Inspections. County shall use its best efforts to perform all required inspections requested by Property Owners within one (1) working day following the request for inspection being made by Property Owners.

e. Infrastructure Improvement Plan Approval. No plans for infrastructure improvements will be approved nor construction authorized until the County Engineer signifies approval by signing the cover sheet of the set of plans. Plans shall be deemed ready for the County Engineer's signature once all reviewing departments and agencies have issued a Technical Approval of said plans. County agrees with Property Owners that all such department reviews will occur in a timely manner. The Technical Approvals of improvement plans shall be valid for a period of twelve (12) months from the time of receipt of the last Technical Approval issued, unless the then current County policy or ordinance provides for a longer time period.

Section 4.6 Failure to Meet Timelines. County's failure to meet any of the timelines set forth in this Article shall not be deemed to be a breach of this Agreement by County absent a showing of willful misconduct, and shall not relieve Property Owners of any obligations under this Agreement, provided that County is not otherwise in breach of this Agreement. County shall, upon request by Property Owners and at the sole expense of Property Owners, engage outside consultants, to the extent same is permitted by County policy and the County Charter, to assist in the efforts to complete such processing within the timelines described herein.

Section 4.7 Subsequently Enacted State or Federal Laws or Regulations. Nothing stated herein is intended to abridge the effect of Government Code section 65869.5, and its provision that subsequently enacted state or federal laws or regulations may require modification or suspension of provisions of this Agreement that are in conflict with such Subsequently Enacted Laws.

Section 4.7.1 Actions of State or Federal Agencies. To the extent that any actions of federal or state agencies (or actions of regional and local agencies, including County, required by federal or state agencies or actions of County taken in

good faith in order to prevent adverse impacts upon County by state or federal actions) have the effect of preventing, delaying or modifying development of the Project or any area therein, County shall not in any manner be liable for such prevention, delay or modification of said development. Such actions may include, but are not limited to, flood plain or wetlands designations and actions of County or regional agencies as a result thereof and the imposition of air quality measures or sanctions and actions of County or regional and local agencies as a result thereof. In such a situation, County's actions shall not be arbitrary or capricious, and the parties shall meet and endeavor to achieve solutions which preserve the integrity of the Cordova Hills SPA ordinance, while to the extent feasible allow development of the Property in the manner contemplated by this Agreement. Until a determination is reached, the running of the Term of this Agreement and the Property Owners' obligations hereunder shall be tolled.

Section 4.8 Extension of Approvals. Pursuant to Government Code Section 66452.6, all vesting tentative subdivision maps, master parcel tentative maps, parcel maps, subdivision tentative maps, planned unit development permits, special permits, or any other maps, or land use entitlements of potentially limited duration previously, contemporaneously or subsequently approved for the Property subject to this Agreement shall be valid for a minimum term equal to the full term of this Agreement (including the Initial Term, and any renewal period resulting from exercise by Property Owners of the options provided for in Section 1.7.1 hereof), or for a period of thirty-six (36) months, whichever is longer, but in no event for a shorter period than the maximum period of time permitted by the Subdivision Map Act or the Government Code for such land use entitlements. The provisions of this Agreement relating to estoppel certificates shall apply to any request made by Property Owners to County with respect to the life of any entitlement covered by this section. Nothing in this section shall be construed to, or operate to extend the duration of this Agreement.

Section 4.9 Allocation of Building Square Footage. The allocation of building square footage identified in the Cordova Hills SPA Ordinance shall be as identified in subsequent entitlements for the Property, including but not limited to parcel maps, subdivision maps, planned unit development schematic plans and development guidelines. The appropriate entitlement to address the allocation of building square footage for the parcel or lot in question shall be determined by County in such subsequent entitlements. Allocations for residential development shall be determined in the subdivision mapping process, unless County determines that some other method is appropriate under the circumstances.

Section 4.10 Reconfiguration of Parcels. Property Owners shall have the right to file applications with County for subdivision, lot line adjustment, or for master parcelization of all or part of the Property, for the purpose of reconfiguration of the Property. Such applications shall be processed and determined in accordance with the provisions of Section 3.2, and all other applicable provisions of this Agreement. Where reconfiguration requires a special permit, or a planned unit development designation, or other land use entitlement applicable to the Property or portion thereof which is subject to

the application, County reserves the right to require such Approvals as a condition of granting the application.

Section 4.11 Residential Unit Transfers. The total number of residential units within any individual Village of the Project may increase or decrease from the number of residential units shown for that particular Village in the Approvals for the Project. Increases or decreases in the total number of residential units within a Village as provided for in the Cordova Hills SPA are allowed as of right. Increases or decreases that deviate from those allowed in the Cordova Hills SPA are subject to the review and approval of the Director. The request for such a residential unit transfer must identify the total number of units being adjusted, including a unit summary of the affected area including original and proposed unit allocations. The Director's approval or denial of any requested residential unit transfer resulting in an increase or decrease in residential units shall be based solely on the following criteria:

(i) The increase or decrease does not result in significant modification to the conditions of approval of an approved tentative subdivision map at the Project.

(ii) The increase does not result in an average density within any residential Village in excess of the maximum allowable range of approved densities assigned by the General Plan's land use classification for the parcel and the Cordova Hills SPA ordinance.

(iii) The increase does not result in the total number of residential units for all residential Villages at the Project exceeding the maximum number of residential units approved for the Project.

Section 4.12 Health and Safety Measures. Notwithstanding anything to the contrary contained in this Agreement, nothing herein shall be construed to limit the County's general police power to implement, based upon appropriate and adequate findings, specific measures necessary to alleviate legitimate and bona fide harmful and noxious uses, or protect against real, actual, and dangerous threats to the health and safety of County residents, in which event any rule, regulation or policy imposed on the development of the Project shall be done to the minimum extent necessary to correct such bona fide harmful and noxious uses or protect against any such real, actual and dangerous threats to the health and safety of County residents.

Section 4.13 Development Timing. This Agreement contains no requirement that Property Owners must initiate or complete development of any phase of the development of the Property or any portion thereof within any period of time set by County. It is the intention of this provision that Property Owners be able to develop the Property in accordance with Property Owners' own schedule; provided, however, that to the extent phasing is required by the Project's Approvals or the Cordova Hills SPA ordinance, such provision shall govern. No future modification of the County Code or

any ordinance or regulation which limits the rate of development over time shall be applicable to the Property.

Section 4.14 Cordova Hills Finance Plan. A comprehensive financing plan was approved concurrent with the Project Approvals for the provision of the necessary major public infrastructure and facilities through a variety of public financing mechanisms, including, but not limited to, the formation of new community facilities districts and establishment of development impact fees. The Property Owners will work with the County to create and implement various financing mechanisms as identified in the Finance Plan. Said financing mechanisms shall be implemented prior to recordation of final small lot subdivision map(s) or the issuance of building permits, whichever occurs first. Because of the size of the Project, the magnitude of the infrastructure and facilities to be provided, the County and the Property Owners acknowledge the necessity to review the Capital Improvement Programs established for the Project Area to ensure that the funding for the required major infrastructure and facilities is adequately provided. The Property Owners and the County shall periodically review and evaluate the Capital Improvement Programs, with the first such review taking place at the implementation and initial adoption of the financing mechanisms. Following the first such initial review, the Capital Improvement Programs shall be periodically reviewed and updated thereafter at least every five (5) years.

Section 4.15 Cordova Hills Urban Services Plan. Concurrent with the Project Approvals, the Cordova Hills Urban Services Plan was approved for the provision of ongoing municipal services for the Project Area. Because of the size of the Project and the magnitude of the wide range of ongoing municipal services, many of which are unique to the Project Area, the County and the Property Owners acknowledge the necessity to review the performance of the Cordova Hills Urban Services Plan and the proposed financing to ensure that it is functioning as intended. The Property Owners and the County shall periodically review and evaluate the Cordova Hills Urban Services Plan and the proposed financing to determine if it is effectively providing the ongoing municipal services necessary for the Project Area, with the first such review taking place concurrent with the establishment of the CHCSA. Following such initial review, the Cordova Hills Urban Services Plan and the financing mechanism shall be periodically reviewed and updated thereafter at least every five (5) years.

Section 4.16. Formation of Public Financing Mechanisms. County acknowledges that Property Owners intend to finance all or portions of the Project's infrastructure costs and on-going municipal services costs using Mello-Roos Community Facilities District(s) ("CFD") or other public financing mechanisms, such as a development impact fee program or special assessment district, or any combination thereof, as described in the Cordova Hills Finance Plan and in the Urban Services Plan. County agrees, at the request of Property Owners, to cooperate and to use its best efforts in the formation of any special financing district, the establishment of special taxes or assessments and the issuance of CFD bonds consistent with the Amended and Restated County of Sacramento Special Assessment and Community Facilities District Financing

Program Policies (“County Financing Policies”) and the establishment of development impact fees and other planning area fees to the extent permitted by law, provided Property Owners agree to advance-fund County staff and consultant costs. The final action to form any district or enact a fee program within the County’s jurisdiction shall be taken by the Board of Supervisors. Consequently, Property Owners and County agree as follows:

- a) No final maps may be recorded and no building permits may be issued at the Project Area prior to the formation of the Cordova Hills Special Financing Districts necessary to implement the Cordova Hills Finance Plan and Urban Services Plan.
- b) The capacity to finance public infrastructure and facilities will be determined after consideration of the special taxes and assessments to which the Project will be committed by this Agreement in order to fund public services, including maintenance and operations of the Project’s facilities and programs.
- c) In the event one or more CFDs are formed, a full or partial prepayment of the special taxes imposed by the CFDs may be permitted pursuant to Government Code Sections 53321 and 53344.

Section 4.16.1 Acquisition and Payment. County and the Property Owners anticipate entering into one or more Acquisition Agreements for improvements to be funded by the Cordova Hills Special Financing Districts in order to clearly identify the appropriate steps and requirements associated with bid procedures, prevailing wage, the acquisition of the public improvements and/or discrete portions and such other issues as the parties believe warrants inclusion (the “Acquisition Agreements”). The Acquisition Agreements shall include a covenant by the County to use any CFD tax and bond proceeds to acquire such improvements or portions thereof from the person or entity constructing the public infrastructure consistent with County Financing Policies and state law.

Section 4.16.2 Participating Agencies. To the extent that the financing of any of the public infrastructure improvements, or portions thereof, needed for the development of the Project requires the action or cooperation of one or more other public agencies (a “Participating Agency”), if required and as determined by County, County will consider the financing of such facilities through a CFD consistent with the County Financing Policies and will enter into a joint community facilities agreement (“JCFA”) by and between the County and the Participating Agency for such purposes.

Section 4.16.3 Project Area Fee Programs. Prior to recordation of the first final small lot subdivision map or the issuance of building permits, whichever occurs first, the County shall adopt one or more fee ordinances which impose fees upon all lands within the Project Area to fund the infrastructure, planning, engineering, and related costs

(including but not limited to County staff time), as well as fees for the construction of public infrastructure and public facilities as contemplated by the Cordova Hills Finance Plan. The fees shall be spread across lands within the Project Area. The Property Owners shall cooperate with County and the CHCSA in the implementation of the fee program, and advance fund County staff and consultant costs. Credits toward the fee(s) imposed by the fee program shall be given to those Property Owners who have advanced some or all of their share of said costs subject to the provisions of the fee programs.

Section 4.16.4 Private Financing. Nothing in this Agreement shall be construed to limit Property Owners' discretion to install all or a portion of the Project's public infrastructure through the use of private financing.

Section 4.16.5 Urban Services Plan Funding Shortfalls. The Approvals for the Project include the Cordova Hills Urban Services Plan. County and Property Owners acknowledge that there may be years when funding shortfalls arise under the Urban Services Plan because special taxes and/or assessments on developed property within the Project Area do not fully cover the costs of the services being provided in the Project Area under the Urban Services Plan. Property Owners agree to cooperate in the formation of the Cordova Hills Special Financing Districts at the Cordova Hills Project Area that imposes a special tax and/or assessment on undeveloped land only when there is a funding shortfall after the maximum special tax and/or assessment authorized in the Cordova Hills Special Financing District has been levied on developed property in the Project Area. In such an event, the special tax and /or assessment to be levied on undeveloped property shall be applied in the priorities set forth in subsections (a), (b), (c) and (d) below. The special tax and/or assessment on the types of undeveloped land described in subsections (c) and (d) below can only be applied to assure that the service levels under the Urban Services Plan are provided by the CHCSA.

(a) The special tax and/or assessment shall first be levied on undeveloped lots shown on recorded final small lot subdivision maps. The maximum special tax and/or assessment that can be levied on undeveloped lots within recorded final small lot subdivision maps shall be equal to the maximum special tax and/or assessment on developed property with the same zoning within the Project Area.

(b) If the additional revenue from the undeveloped lots being taxed and/or assessed under subsection (a) above is not adequate to cover the funding shortfall, then lands with an approved tentative small lot subdivision map can be taxed and/or assessed. In such an event, the maximum special tax and/or assessment that could be levied on undeveloped land with an approved tentative small lot subdivision map will be equal to the maximum special tax and/or assessment on developed property with the same zoning within the Project Area.

(c) If the additional revenue from the lands being taxed/assessed under subsections (a) and (b) above is not adequate to cover the funding shortfall, then lands with recorded final parcel maps can be levied upon. In such an

event, the maximum special tax and/or assessment that could be levied on undeveloped land with recorded final parcel maps will be equal to the estimated average amount of maximum special tax and/or assessment that could be levied on an acre of developed property with the same zoning within the Project Area.

(d) If the additional revenue from the lands being taxed/assessed under subsections (a), (b) and (c) above is still not adequate to cover the funding shortfall, then undeveloped lands with tentative large lot parcel maps can be levied upon. In such an event, the maximum special tax and/or assessment that could be levied on undeveloped land with tentative large lot parcel maps will be equal to the estimated average amount of maximum special tax and/or assessment that could be levied on an acre of developed property with the same zoning within the Project Area.

(e) If the additional revenue from the lands being taxed/assessed under subsections (a), (b), (c) and (d) above is still not adequate to cover the funding shortfall, then undeveloped lands that have yet to be included in any approved tentative or final maps can be levied upon. In such an event, the maximum special tax and/or assessment that could be levied on such undeveloped land will be equal to the estimated average amount of maximum special tax and/or assessment that could be levied on an acre of developed property with the same zoning within the Project Area.

(f) If the Property Owner of any individual parcel should fail to pay the special tax and/or assessment imposed pursuant to the provisions described in subsections (a) through (d) above within one hundred eighty (180) days after it was due with regard to any particular parcel of land within the Project Area, then such failure to pay would be an Event of Default under Section 5.1 of this Agreement with respect to that particular parcel of land, and only that particular parcel. If such an event of Default should occur, County may exercise all remedies available at law for nonpayment of a special tax and/or assessment, and, in addition, may terminate this Agreement with regard to the particular parcel of land, and only that parcel, for which the special tax and/or assessment was not paid within one hundred eighty (180) days when due.

Section 4.17 Right-of-Way Acquisition. With respect to the acquisition of any off-site interest in real property required by Property Owners in order to fulfill any condition required by the Approvals, Property Owners shall make a good faith effort to acquire the necessary interest by private negotiations at the fair market value of such interest. If, after such reasonable efforts, Property Owners have been unable to acquire such interest and provided that Property Owners (i) provide evidence of a good faith effort to acquire the necessary property interest to the reasonable satisfaction of the County and (ii) agree to pay the reasonable cost of such acquisition, including reasonable attorneys' fees, County shall use its best efforts to acquire the necessary property interest at its fair market value. If such offer has not been accepted within 60 days, County agrees, to the extent permitted by law, to cooperate and assist Property Owners in efforts to obtain such necessary property interest. Any acquisition by County instead of by the Property Owners shall be subject to County's discretion, which is expressly reserved by

County, to make the necessary findings, including a finding thereby of public necessity, to acquire such interest. Subject to the reservation of such discretion, the County shall use its best efforts to schedule the necessary hearings, and if approved by County, thereafter prosecute to completion the proceedings and action to acquire the necessary property interests by power of eminent domain for their fair market value. County agrees that any settlement for the acquisition of such necessary property interests shall be for an amount mutually approved by Property Owners and County if Property Owners are being required to fund the costs of the acquisition of such necessary property interests, including reasonable attorneys' fees and court costs in the event that such acquisition and/or condemnation is necessary. Property Owners agree to provide funding to the County for the costs of acquiring such properties. In accordance with Government Code section 66462.5, County shall not postpone or refuse approval of a final map at the Project because a Property Owner has failed to satisfy a tentative map condition because the Property Owner has been unable to construct or install an offsite improvement on land not owned or controlled by the Property Owner or County at the time the final map is filed with County for approval.

Section 4.18 Building Permits/Model Homes. County shall make a determination regarding the construction drawing master plans for each model home ("Master Plan") within thirty (30) days after any application for same is deemed complete by County. The term "determination" is defined as payment of plan check fees by the Property Owners, a full review by County of the building permit submittal package (application and plans) and the County's delivery to Property Owners of either a list of corrections required for resubmittal or County approval of the submitted package for issuance of building permits. Recordation of a final map shall not be required prior to issuance of a building permit for model homes. Upon County approval of a Master Plan, and subject to receiving any necessary design review approvals from the County, County shall issue building permits for homes subject to that Master Plan within one (1) work week of County's acceptance of each ensuing and related building permit application with payment by Property Owners of County's then current permit fees. In the event that an amendment to the County Building Code results in the need to change the Master Plan, construction of residential units pursuant to the Master Plan shall be allowed to continue for a period of three (3) months from the date County notifies Property Owners of the change to the County Building Code and corresponding need for changes to the Master Plan. The Statewide triennial adoption and enforcement of the California Building Codes shall occur on the date as determined by the State of California and shall be applied to those Master Plan building permits that have not been issued prior to the date set for such enforcement.

Section 4.19 Parks and Open Space.

Section 4.19.1 Park and Open Space Dedication. County requires Property Owners to provide 99.1 acres of active park land for recreational activities ("Parks and Open Space"), and 150 acres of "R2" recreation and open space areas based upon the conditions of approval for the Project and the Cordova Hills SPA. The parkland

dedication requirement may be satisfied through the dedication of improved parkland, the payment of park-in-lieu fees, or any combination thereof.

(a) All improvement costs associated with the park and open space areas on the approved park plans shall be eligible for fee credits or reimbursements, so long as a fee program is implemented to cover those costs. Credits and reimbursements are further subject to the credit/reimbursement provisions of the program that include the funding in its capital improvement program.

(b) County covenants and agrees that, consistent with the Project's Conditions of Approval, the total overall Quimby Act requirement for parkland dedications is 106.9 acres. County confirms and agrees that the Quimby Act requirement will be satisfied by a combination of the 99.1 acres of traditional active park lands and that the County will give Property Owners 7.8 acres of Quimby Act credit for the recreation and open space/trails provided in the "R2" open space areas that contain trails, informal play areas, picnic areas, or drainage basins suitable for recreational uses in order to satisfy the Project's overall Quimby Act requirement. Insofar as there are 150.6 acres of "R2" areas in the Project, County confirms and agrees that the Quimby Act requirement will be more than satisfied by the foregoing, and the Project will not be required to pay any Quimby Act fees.

Section 4.20 Reimbursements from Others Benefited. County and Property Owners acknowledge that in order to facilitate orderly development, Property Owners may be required to pay or contribute funds, dedicate certain lands, and/or construct certain improvements or infrastructure, including but not limited to neighborhood parks, County facilities, and other public facilities which might otherwise be financed through County fee programs. Property Owners may be entitled to either reimbursement or fee credit for those costs in excess of the Property Owners' obligation, consistent with the credit/reimbursement provisions in the program that includes a particular item of infrastructure in its capital improvement program.

a. Terms of Credit and Reimbursement. The specific terms of the credit and reimbursement agreements will be subject to future negotiation between the County and Property Owners, and Property Owners and County presently anticipate entering into credit and reimbursement agreements with the following departments and agencies for the Project:

(1) County Department of Transportation ("DOT"). The Property Owners and County will enter into a credit and reimbursement agreement consistent with the terms of this Agreement and County development impact fee programs that include transportation facilities. The actual amount the County shall provide the Property Owners in fee credit or reimbursement will be pursuant to the provisions of the applicable fee programs for which Property Owners constructed facility(ies) is included in the program's capital improvement program.

(2) County will meet with Property Owners and assist in negotiating credit and/or reimbursement agreements with other agencies or departments when circumstances warrant such agreements.

b. Election between Credit and Reimbursement. Property Owners shall receive County credits or reimbursements as identified within the policies of the applicable fee program.

c. No Limitations. Nothing in this Section is intended to or shall be construed to limit Property Owners from receiving any other credits, reimbursements or contributions of any kind or nature whatsoever that may arise after the Effective Date and be available to pay for all or a portion of the costs of public infrastructure improvements, to the extent that the combined total value of the credit, reimbursement, and/or contribution does not exceed actual cost of constructing the public infrastructure improvement.

Section 4.21. Attribution of County Fee Credits. County and Property Owners agree and understand that any fee credits obtained by a Property Owner as a result of expenditures of the Property Owner on public infrastructure improvements may be transferred or assigned by a Property Owner to another subsequent landowner within the Project Area, but only in the manner provided for in each County reimbursement program that provided for the credit. The transfer of credits shall be in compliance with the requirements and provisions of the credit agreements entered into between the County and Property Owners that granted the fee credits in the first instance.

ARTICLE 5

BREACH OF AGREEMENT, ENFORCEMENT, TERMINATION, INDEMNIFICATION, CHALLENGES, TOLLING, RELEASE

Section 5.1 Breach/Time for Cure. Failure or delay by any Party to perform any provision of this Agreement shall constitute an event of default ("Event of Default"), provided, however, that any Event of Default by an individual Property Owner or a successor-in-interest shall not be considered an Event of Default by the other non-defaulting Property Owners or any other non-defaulting successor-in-interest of a Property Owner. For purposes of this Agreement, a party claiming that another party is in default shall be referred to as the "Complaining Party," and the party alleged to be in default shall be referred to as the "Party in Default." A Complaining Party shall not exercise any of its remedies as the result of an Event of Default unless such Complaining Party first gives written notice to the Party in Default and the Party in Default fails to cure such Event of Default within the applicable cure period. A Complaining Party shall give the Party in Default written notice specifying all factual grounds for the allegation of an Event of Default. If the Event of Default is reasonably capable of being cured within thirty (30) days, the Party in Default shall have such period to effect a cure prior to the exercise of any remedies by the Complaining Party. If the nature of the alleged Event of

Default is such that it cannot practicably be cured within such thirty (30) day period, the cure shall be deemed to have occurred within such thirty (30) day period if (1) the cure is commenced at the earliest practicable date following receipt of the notice; (2) the cure is diligently prosecuted to completion at all times thereafter; (3) at the earliest practicable date (in no event later than thirty (30) days after the Party in Default has received the notice) the Party in Default provides written notice to the Complaining Party that the cure cannot be practicably completed within such thirty (30) day period; and (4) the cure is completed at the earliest practicable date. In no event shall the Complaining Party be precluded from exercising remedies if a default is not cured within ninety (90) days after the first notice of default is given. Property Owners shall have the right to appeal any County staff level determination that there has been an Event of Default by the Property Owners to the County Board of Supervisors. Any such appeal to the Board of Supervisors must be filed within ten (10) days of Property Owners' receipt of the notice of default given by County staff. If no resolution of the matter is reached, the party alleging the Event of Default may institute legal proceedings to cure or remedy the Event of Default or may commence proceedings to terminate this Agreement in the event of a material default. If this Agreement is terminated following any Event of Default, such termination shall not affect the use or occupancy of any building or improvement within the Project which is completed as of the date of the termination, provided that such building or improvement has been constructed pursuant to a valid building permit issued by County. Furthermore, no termination of this Agreement shall prevent Property Owners from completing or occupying the building or other improvement authorized pursuant to a valid building permit previously issued by County that is under construction at the time of termination, provided that any such building or other improvement is completed in accordance with said building permit.

Section 5.2 Enforcement of Approvals Provisions. Nothing in this Agreement shall limit County's ability to enforce the provisions of the Approvals or this Agreement, as provided in Government Code Section 65865.4.

Section 5.3 Enforced Delay; Extension of Times of Performance. No party shall deem performance of the terms of this Agreement to be in breach where delays or defaults are due to war, insurrection, strikes, walkouts, riots, acts of terrorism, floods, earthquakes, fires, casualties, acts of God, actions of other government agencies, energy shortages, fuel shortages, or enactment of conflicting state or federal laws or regulations, or new or supplementary environmental regulation enacted by the state or federal government. For such cause, County shall not unreasonably withhold a grant of an extension of time for the period of the enforced delay or longer, as may be mutually agreed.

Section 5.4 Indemnification. Each Property Owner shall indemnify, defend, and hold harmless County and each of County's officers, employees, representatives, agents, successors and assigns, from and against any and all loss, cost, expense (including but not limited to, attorneys' fees and court costs), damage, injury, liability, cause of action, or claim of any kind or character to any person or property (collectively,

“Losses”) related to, arising out of, or resulting from, directly or indirectly, any act, negligence, willful misconduct, or breach of any agreement of that Property Owner or its officers, directors, affiliates, employees, agents, licensees, invitees, contractors, or subcontractors, or by any one or more persons directly or indirectly employed by, or acting on behalf of or as agent for that Property Owner or any of that Property Owner’s contractors or subcontractors (“Property Owner’s Related Parties”) relating to, directly or indirectly, development of the Property pursuant to this Agreement, including, but not limited to, any losses arising from or caused by: (i) the approval of this Agreement; (ii) any use of the Property; (iii) any construction on the Property by the Property Owner or Property Owner’s Related Parties; (iv) any defect in the design or construction of, or materials used in, the development of the Property pursuant to this Agreement; (v) any defect in soils or in preparation of soils or in the design and accomplishment of grading; (vi) any contamination of the soils, surface water, or groundwater on or below the Property by any Hazardous Substance, or any other impact or contamination that results in, or is alleged to result in, a nuisance; (vii) any violation or alleged violation by the Property Owner or by the Property Owner’s Related Parties of any law existing as of the Effective Date of this Agreement or hereinafter enacted; or (viii) the breach of any covenant or the inaccuracy or incorrectness of any representation and warranty of the Property Owner to County under this Agreement.

Section 5.6 Challenge to Agreement or Approvals. In the event of any legal action instituted by a third party challenging the validity of any portion of this Agreement or the Approvals, including the proceedings taken for approval (including the requirements of the California Environmental Quality Act), or any other act undertaken by the parties hereto in furtherance of this Agreement or its terms, the parties agree to cooperate in the defense of the action. In all such litigation, County shall either defend such litigation or tender its defense to Property Owners. In the event County determines to defend the action itself, Property Owners shall be entitled, subject to court approval, to join in or intervene in the action on their own behalf, or to advocate in favor of the validity of this Agreement or the Approvals. In such an event, each party shall bear its own attorneys’ fees and costs. In the event County determines to tender the defense of the action to Property Owners, Property Owners shall defend the action on their behalf and on behalf of the County, and shall bear all attorneys’ fees and costs associated with such defense from and after the date of the tender. County, however, may at any time elect to assume representation of itself, and in that event, from and after the date the County gives notice of its election to do so, County shall be responsible for its own attorneys’ fees and costs incurred thereafter. The filing of such third party legal action shall not delay or stop the development of the Property pursuant to this Agreement, unless the third party obtains a court order preventing the activity or unless Property Owners elect not to develop pursuant to Section 5.7 below. The County shall not stipulate to the issuance of such order without first obtaining consent from Property Owners, which may be withheld in Property Owners’ absolute discretion. If any such injunction or temporary restraining order is issued, the term of this Agreement and the Approvals shall automatically be extended for a period equal to the duration of such injunction and temporary restraining order.

Section 5.7 Tolling of Term of Agreement. In the event litigation is initiated by any party other than Property Owners that challenges any of the approvals for the Project or the environmental document for those approvals and an injunction or temporary restraining order is not issued, Property Owners may elect to have the term of this Agreement tolled, i.e., suspended, during the pendency of said litigation, upon written notice to County from Property Owners. The tolling shall commence upon receipt by the County of written notice from Property Owners invoking this right to tolling. The tolling shall terminate upon the earliest date on which either a final order is issued upholding the challenged approvals or said litigation is dismissed with prejudice by all plaintiffs. In the event a court enjoins either the County or the Property Owners from taking actions with regard to the Project as a result of such litigation that would preclude any of them from enjoying the benefits bestowed by this Agreement, then the term of this Agreement shall be automatically tolled during the period of time such injunction or restraining order is in effect. In addition, in the event the action of a government agency prevents or delays the development of the Project, the term of this Agreement shall be tolled for a period of time equal to the time period during which the development of the Project was prevented or delayed by the action of such government agency.

Section 5.8 Release. Property Owners, on behalf of themselves and their successors and assigns, waive their right to recover from, and forever release and discharge, County and County's agents from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with : (i) the physical condition of the Property (including without limitation, the grading and slope conditions thereof and any drainage problems, whether caused by flood, surface or underground water, or any other condition, affecting or relating to the Property); and (ii) the presence in, on, or about the Property or any surrounding property of any Hazardous Substances caused by Property Owners' permitted activities. As used herein, Hazardous Substances means any substance, material or waste that is designated, classified, or regulated as being "toxic" or "hazardous" or a "pollutant," or which is similarly designated, classified, or regulated, under any law regulating Hazardous Substances.

ARTICLE 6

REVIEW

Section 6.1 Annual Report and Review. Property Owners shall, on each anniversary of the Effective Date, submit evidence to County of compliance with all terms of this Agreement pursuant to Government Code Section 65865.1. This annual report shall be required for compliance with the Approval Conditions and compliance with the adopted CEQA mitigation measures. Such report shall be in a form specified by County or otherwise agreed to by the parties. Based on that report and any inspections

conducted by County, the County shall every twelve (12) months during the term of this Agreement make findings specifically as to the extent of good faith compliance by Property Owners. At least ten (10) days prior to any Planning Commission and Board of Supervisors' meetings held in connection with said annual review, the County shall provide Property Owners with a copy of the County staff report concerning Property Owners' compliance with the terms and provisions of this Agreement. A finding of failure to comply shall be cured by Property Owners within a reasonable timeframe agreed to by the County and Property Owners. If such failure amounts to a failure to comply with this Agreement, then the provisions of Section 5.1 shall be applied. Failure by County in any given calendar year to undertake and complete its annual review of the Agreement shall constitute a finding by County that Property Owners are in compliance with all of the terms and conditions of this Agreement for that calendar year.

ARTICLE 7

NOTICES & TERMINATION UPON COMPLETION OF DEVELOPMENT

Section 7.1 Notices. Notices, demands, correspondence, and other communication between County and Property Owners shall be given if dispatched by prepaid first class mail as follows:

To County: County of Sacramento
Planning and Community Development Dept.
827 7th Street, Rom 230
Sacramento, California 95814
Attn: Planning Director

To Property Owner: Cordova Hills, LLC and Conwy, LLC
5241 Arnold Avenue
McClellan, California 95652
Attn: Mr. Ron Alvarado

With a copy to: Law Offices of Gregory D. Thatch
1730 "I" Street, Suite 220
Sacramento, California 95811
Attn: Gregory D. Thatch

A party may, from time to time, advise the other party of a new address for notices, demands, or correspondence. Notwithstanding anything to the contrary contained in this Section 7.1, all notices of a Breach of this Agreement being given pursuant to the provisions of Section 5.1 shall only be given to the other party or parties by first class prepaid certified United States mail, with return receipt requested. No party shall refuse or evade delivery of any notice.

Section 7.2 Termination Upon Completion of Development. This Agreement shall terminate contemporaneously with the Approvals in accordance with the provisions

of Section 1.7 of this Agreement, and the Property Owners' vested rights to continue development of the Property pursuant to the Approvals shall thereupon cease.

ARTICLE 8

MISCELLANEOUS PROVISIONS

Section 8.1 Representation by Legal Counsel. Each party hereto specifically affirms that it has received and read a complete copy of this Agreement and that each party was represented by legal counsel of its own choosing, and that each party fully understands the provisions of this Agreement. In addition, the drafting of this Agreement has been the joint effort and the result of negotiation between the parties and their legal counsel. Any rule or principle that a document should be strictly construed against the drafting party will therefore be inapplicable. Accordingly, this Agreement shall not be construed against any party hereto.

Section 8.2 Construction of Agreement. The language in all parts of this Agreement shall, in all cases, be construed as a whole and in accordance with its fair meaning. The captions of the paragraphs and subparagraphs of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction. This Agreement shall be governed by the laws of the State of California.

Section 8.3 Entire Agreement. This Agreement, together with the documents incorporated by reference and the exhibits, constitutes the entire agreement between the parties with respect to the subject matter of this Agreement.

Section 8.4 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of any party at any time, the other party or parties shall promptly execute, file or record any required instruments and writings reasonably necessary to evidence or consummate the transactions contemplated by this Agreement, and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement.

Section 8.5 Covenant of Good Faith and Fair Dealing. No party shall do anything which shall have the effect of harming or injuring the right of the other party to receive the benefits of this Agreement. Each party shall refrain from doing anything which would render its performance under this Agreement impossible, and each party shall do everything which this Agreement contemplates that such party shall do to accomplish the objectives and purposes of this Agreement. Whenever the consent or approval of a party is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

Section 8.5 No Waiver. No delay or omission by a party in exercising any right or power accruing upon a non-compliance or failure to perform by another party

under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by any party of any of the covenants or conditions to be performed by another party shall not be construed as a waiver of any succeeding breach or non-performance of the same or other covenants and conditions hereof.

Section 8.7 Applicable Law and Jurisdiction. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Notwithstanding the provisions of Code of Civil Procedure Section 394, Property Owners and County agree that the jurisdiction for any legal proceeding involving this Agreement shall be the Superior Court of the State of California in and for the County of Sacramento.

Section 8.8 Recording. The County shall cause a copy of this Agreement to be recorded with the County of Sacramento Recorder no later than ten (10) days following execution of this Agreement by County, which execution by County will take place no sooner than the Effective Date of the Adopting Ordinance.

Section 8.9 Invalidity of Agreement. If this Agreement, in its entirety, is determined by a court to be entirely invalid or unenforceable, then this Agreement shall be deemed terminated as of the date of entry of final judgment by the court with no further right of appeal.

Section 8.10 Invalidity of Provisions of Agreement. If any provision of this Agreement shall be finally adjudicated by a court to be invalid and unenforceable, the parties shall promptly meet to attempt to revise this Agreement and, as appropriate, other documents executed pursuant to this Agreement, in order to give effect to the parties' intentions in entering into this Agreement; the remainder of the Agreement shall stay in effect.

Section 8.11 Future State and Federal Laws. If future state and federal laws or regulations render any provision of this Agreement invalid or unenforceable, such provisions shall, in the discretion of the Board of Supervisors, be modified or suspended as may be necessary to comply with such state or federal laws and regulations, and the remainder of the Agreement shall continue in full force and effect.

Section 8.12 No Third Party Beneficiary. No person or entity other than the parties to this Agreement shall have any right of action based upon any provision in this Agreement.

Section 8.13 Additional Rights of Parties. In addition to any other rights or remedies specified herein, either party may institute legal proceedings to cure, correct or remedy any breach, or to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement, in accordance with Government Code Section 65865.4.

Section 8.14 Authority to Execute. The person or persons executing this Agreement on behalf of the Property Owners warrant and represent that they have the authority to execute this Agreement on behalf of such parties and represent that they have the authority to bind such parties to the performance of their obligations hereunder.

Section 8.15 Attorneys' Fees. Should any legal action be brought by any party for breach of this Agreement or to enforce any provisions herein, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and other costs as may be fixed by the Court. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such actions, taking depositions and discovery, and all other necessary costs incurred in the litigation.

Section 8.16 Time is of the Essence. Time is of the essence of each and every provision of this Agreement.

Section 8.17 Several Obligations of Property Owners. Notwithstanding anything to the contrary contained herein, no default in the performance of a covenant or obligation in this Agreement with respect to a particular portion of the Property shall constitute a default applicable to any other portion of the Property, and any remedy arising by reason of such default shall be applicable solely to the portion of the Property where the default has occurred. Similarly, the obligations of Property Owners and their respective successors in interest shall be several and no default hereunder in performance of a covenant or obligation by any one of them shall constitute a default applicable to any other owner, and any remedy arising by reason of such default shall be solely applicable to the defaulting owner and the portion of the Property owned by such defaulting owner.

Section 8.18 Estoppel Certificate. Any party to this Agreement and any Lender may, at any time, and from time to time, deliver written notice to a party requesting such party to certify in writing that, to the knowledge of the certifying party, (i) the Agreement is in full force and effect and a binding obligation on the parties, (ii) the Agreement has not been amended or modified, either orally or in writing, and if so amended or modified, identifying the amendments or modifications, and (iii) as of the date of the estoppel certificate, the requesting party (or any party specified by a Lender) is not in breach in the performance of its obligations under the Agreement, or if in breach to describe therein the nature of any such breach and the steps or actions to be taken by the other party reasonably necessary to cure any such alleged breach. A party receiving a request hereunder shall execute and return such certificate or give a written detailed response explaining why it will not do so within thirty (30) days following the receipt of such request. Each party acknowledges that such an estoppel certificate may be relied upon by third parties acting in good faith. An estoppel certificate provided by County establishing the status of this Agreement shall be in recordable form and may be recorded at the expense of the recording party.

Section 8.19 Definition of County's Successors. For the purposes of this Agreement, the County's successors and assigns shall include any existing or new city in which all or a portion of the Property subsequently becomes a part. The respective rights and obligations of the Property Owners and any successor city shall be consistent with the provisions of Government Code Section 65865.3.

Section 8.20 Meaning of Terms. Where the context so requires, the use of the masculine gender shall include the feminine and the neuter gender, and the singular shall include the plural and vice versa.

Section 8.21 Liberal Construction. This Agreement shall be liberally construed to accomplish the purposes of this Agreement.

Section 8.22 Reasonable Discretion. Whenever a party to this Agreement is to exercise any right granted hereunder in its discretion, such exercise of discretion shall be in a reasonable manner, unless the agreement specifically describes that a different standard of exercising that discretion shall apply.

Section 8.23 Priority of Enactment. In the event of conflict between this Agreement, the Approvals, the Cordova Hills Special Planning Area ordinance, and the Zoning Code, the parties agree that the following sequence of approvals establishes the relative priority of approvals, each approval superior to the approvals listed thereafter: (1) this Agreement (2) the Approvals (3) the Cordova Hills Special Planning Area ordinance, and (4) the Zoning Code.

ARTICLE 9

PROVISIONS RELATING TO LENDERS

Section 9.1 Lender Rights and Obligations.

Section 9.1.1 Prior to Lender Possession. No Lender shall have any obligation or duty under this Agreement prior to the time the Lender obtains possession of all or any portion of the Property to construct or complete the construction of improvements, or to guarantee such construction or completion, and shall not be obligated to pay any fees or charges which are liabilities of Property Owners or Property Owners' successors-in-interest, but such Lender shall otherwise be bound by all of the terms and conditions of this Agreement which pertain to the Property or such portion thereof in which Lender holds an interest. Nothing in this Section shall be construed to grant to a Lender rights beyond those of the Property Owners hereunder or to limit any remedy County has hereunder in the event of a breach by Property Owners, including termination or refusal to grant subsequent additional land use Approvals with respect to the Property.

Section 9.1.2 Lender in Possession. A Lender who comes into possession of the Property, or any portion thereof, pursuant to foreclosure of a mortgage

or deed of trust, or a deed in lieu of foreclosure, shall not be obligated to pay any fees or charges which are obligations of Property Owners and which remain unpaid as of the date such Lender takes possession of the Property or any portion thereof. Provided, however, that a Lender shall not be eligible to apply for or receive Approvals with respect to the Property, or otherwise be entitled to develop the Property or devote the Property to any uses or to construct any improvements thereon other than the development contemplated or authorized by this Agreement and subject to all of the terms and conditions hereof, including payment of all fees (delinquent, current and accruing in the future) and charges, and assumption of all obligations of Property Owners hereunder; provided, further, that no Lender, or successor thereof, shall be entitled to the rights and benefits of the Property Owners hereunder or entitled to enforce the provisions of this Agreement against County unless and until such Lender or successor in interest qualifies as a recognized assignee of this Agreement and makes payment of all delinquent and current County fees and charges pertaining to the Property.

Section 9.1.3 Notice of Property Owner's Breach Hereunder. If County receives notice from a Lender requesting a copy of any notice of breach given to Property Owners hereunder and specifying the address for notice thereof, then County shall deliver to such Lender, concurrently with service thereon to Property Owners, any notice given to Property Owners with respect to any claim by County that Property Owners have committed a breach, and if County makes a determination of non-compliance, County shall likewise serve notice of such non-compliance on such Lender concurrently with service thereof on Property Owners.

Section 9.1.4 Lender's Right to Cure. Each Lender shall have the right, but not the obligation, for the same period of time given to Property Owners to cure or remedy, on behalf of Property Owners, the breach claimed or the areas of non-compliance set forth in County's notice. Such action shall not entitle a Lender to develop the Property or otherwise partake of any benefits of this Agreement unless such Lender shall assume and perform all obligations of Property Owners hereunder.

Section 9.1.5 Other Notices by County. A copy of all other notices given by County to Property Owners pursuant to the terms of this Agreement shall also be sent to any Lender who has requested such notices at the address provided to County pursuant to Section 9.1.3 above.

Section 9.2 Right to Encumber. County agrees and acknowledges that this Agreement shall not prevent or limit the owner of any interest in the Property, or any portion thereof, at any time or from time to time in any manner, at such owner's sole discretion, from encumbering the Property, the improvements thereon, or any portion thereof with any mortgage, deed of trust, sale and leaseback arrangement or other security device. County acknowledges that any Lender may require certain interpretations of the agreement and County agrees, upon request, to meet with the owner(s) of the property and representatives of any Lender to negotiate in good faith any such request for interpretation. County further agrees that it will not unreasonably

withhold its consent to any interpretation to the extent such interpretation is consistent with the intent and purpose of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as set forth below.

PROPERTY OWNERS:

CORDOVA HILLS, LLC,

A California limited liability company

By: _____

Charles Somers

Its: Manager

CONWY, LLC,

A California limited liability company

By: _____

Charles Somers

Its: Manager

COUNTY:

COUNTY OF SACRAMENTO

A political subdivision of the State of California

By: _____

Name: _____

Title: Chair, Board of Supervisors

ATTEST:

By: _____

Cyndi Lee, Clerk

Board of Supervisors

Approved as to Form:

By: _____

Name: _____

Title: Deputy County Counsel

STATE OF _____)
) ss.
COUNTY OF _____)

On _____ before me, _____, (here
insert name and title of the officer), 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)

STATE OF _____)
) ss.
COUNTY OF _____)

On _____ before me, _____, (here
insert name and title of the officer), 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 OF THE PROPERTY**

Being a portion of Sections 13, 14, 22, & 23, Township 8 North, Range 7 East & a portion of Section 18, Township 8 North, Range 8 East, Mount Diablo Meridian, County of Sacramento, State of California, being more particularly described as follows:

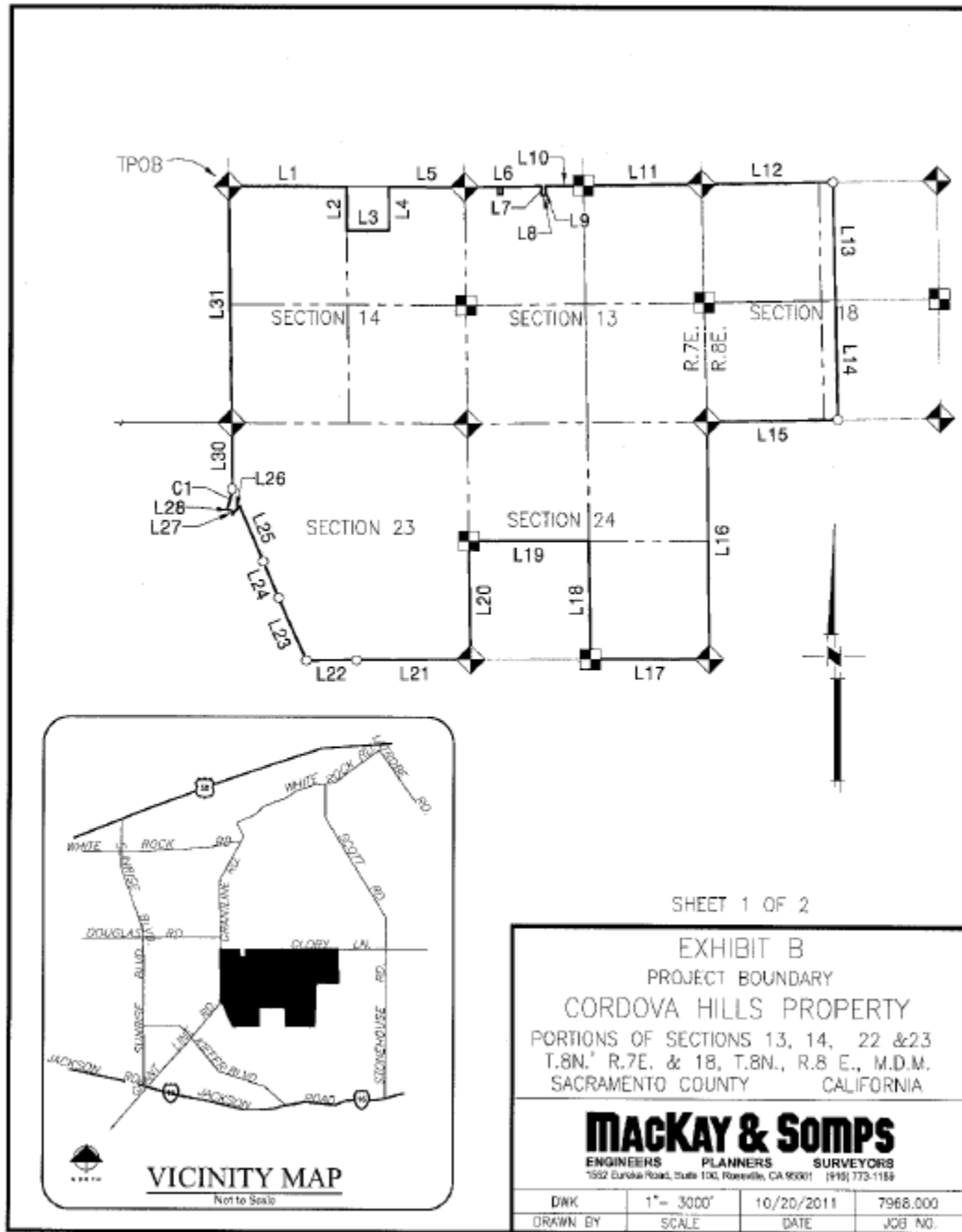
Beginning at the Northwest corner of said Section 14, said corner being the TRUE POINT OF BEGINNING;

1. thence South 89°53'53" East along the North line of said Section 14 a distance of 2648.35 feet;
2. thence leaving said North line South 00°41'41" East along the West line of the Kellett property a distance of 987.11 feet;
3. thence South 89°43'47" East along the South line of said Kellett property a distance of 932.73 feet;
4. thence North 00°42'22" West along the East line of said Kellett property a distance of 981.05 feet to a point on the North line of said Section 14;
5. thence South 89°53'53" East along said North line a distance of 1694.42 feet to the Northeast corner of said Section 14;
6. thence North 89°04'12" East along the North line of said Section 13 a distance of 1706.57 feet;
7. thence leaving said North line South 00°55'48" East along the West line of Well Site #4 as described in Book 20090205, Page 0974 Official Records Sacramento County a distance of 200.00 feet;
8. thence North 89°04'12" East along the South line of said Well Site #4 a distance of 100.00 feet;
9. thence North 00°55'48" West along the East line of said Well Site #4 a distance of 200.00 feet to the North line of said Section 13;
10. thence North 89°04'12" East along said North line a distance of 839.33 feet to the North 1/4 corner of said Section 13;
11. thence continuing along said North line North 89°06'59" East a distance of 2630.68 feet to the Northeast corner of Said Section 13;
12. thence North 88°53'52" East along the North line of said Section 18 a distance of 2933.82 feet ;
13. thence leaving said North line South 01°14'05" East along the West line of that certain real property as described in Book 3660, Page 633 Official Records Sacramento County a distance of 2639.82 feet to the Southwest corner of said property;
14. thence continuing South 01°14'05" East along the West line of that certain real property as described in Book 20080930, Page 0331, Official Records

- Sacramento County a distance of 2641.07 feet to the Southwest corner of said property coincident with the South line of said Section 18;
15. thence South 88°53'27" West along said South line a distance of 2917.90 feet to the southwest corner of said Section 18;
 16. thence leaving said West line South 00°43'33" East along the East line of said Section 24 a distance of 5297.55 feet to the Southeast corner of said Section 24;
 17. thence South 89°42'30" West along the South line of said Section 24 a distance of 2656.25 feet to the South ¹/₄ corner of said Section 24;
 18. thence North 00°48'17" West along the West line of the Southeast ¹/₄ of said Section 24 a distance of 2634.97 feet to the Northwest corner of said Southeast ¹/₄;
 19. thence South 89°49'29" West along the South line of the northwest ¹/₄ of said Section 24 a distance of 2662.82 feet to the West 'A corner of said Section 24;
 20. thence South 00°56'45" East along the East line of said Section 23 a distance of 2640.45 to the ;
 21. thence South 89°34'49" West a distance of 2542.76 feet to the South ¹/₄ corner of said Section 23;
 22. thence South 89°32'16" West a distance of 1128.58 feet;
 23. thence North 23°48'54" West a distance of 1525.00 feet;
 24. thence North 23°24'29" West a distance of 875.00 feet;
 25. thence North 23°37'04" West a distance of 1345.77 feet;
 26. thence South 40°32'21" West a distance of 246.75 feet;
 27. thence North 00°35'59" West a distance of 73.89 feet;
 28. thence North 71°23'31" West a distance of 118.02 feet;
 29. thence in a northerly direction with a non-tangent curve turning to the left with a radius of 2540.00 feet, having a chord bearing of North 13°20'05" East and a chord distance of 462.81, having a central angle of 10°27'16" and an arc length of 463.46;
 30. thence North 00°35'59" West a distance of 1479.04 feet;
 31. thence North 00°52'14" West a distance of 5273.59 feet; to the point of beginning.

Containing 2667.835 acres, more or less..

EXHIBIT B
MAP OF THE PROPERTY



Curve Table

Curve #	Length	Radius	Delta	Chord Direction	Chord Length
C1	463.46	2540.00	10.45	N13° 20' 05"E	462.81

Line Table

Line #	Direction	
L1	S89° 53' 53"E	2648.35'
L2	S0° 41' 41"E	987.11'
L3	N89° 43' 47"E	932.73'
L4	N0° 42' 22"W	981.05'
L5	S89° 53' 53"E	1694.42'
L6	N89° 04' 12"E	1706.57'
L7	S0° 55' 48"E	200.00'
L8	N89° 04' 12"E	100.00'
L9	N0° 55' 48"W	200.00'
L10	N89° 04' 12"E	839.33'
L11	N89° 05' 59"E	2630.68'
L12	N88° 53' 52"E	2933.82'
L13	S1° 14' 05"E	2639.82'
L14	S1° 14' 05"E	2641.07'
L15	S88° 53' 27"W	2917.90'
L16	S0° 43' 33"E	5297.55'
L17	S89° 42' 30"W	2656.25'
L18	N0° 48' 17"W	2634.97'
L19	S89° 49' 29"W	2662.82'

L20	S0° 56' 45"E	2640.45'
L21	S89° 34' 49"W	2542.76'
L22	S89° 32' 16"W	1128.58'
L23	N23° 48' 54"W	1525.00'
L24	N23° 24' 29"W	875.00'
L25	N23° 37' 04"W	1345.77'
L26	S40° 32' 21"W	246.75'
L27	N0° 35' 59"W	73.89'
L28	N71° 23' 31"W	118.02'
L30	N0° 35' 59"W	1479.04'
L31	N0° 52' 14"W	5273.59'

SHEET 1 OF 2

EXHIBIT B
PROJECT BOUNDARY
CORDOVA HILLS PROPERTY
PORTIONS OF SECTIONS 13, 14, 22 & 23
T.8N., R.7E. & 18, T.8N., R.8 E., M.D.M.
SACRAMENTO COUNTY CALIFORNIA

MacKay & Somp

ENGINEERS PLANNERS SURVEYORS
1552 Eureka Road, Suite 100, Roseville, CA 95661 (916) 773-1109

DWK	1"= 3000'	10/20/2011	7968.000
DRAWN BY	SCALE	DATE	JOB NO.

MAP OF THE PROJECT AREA



EXHIBIT D-1

DIAGRAM SHOWING AG-80 DEED RESTRICTION AREA

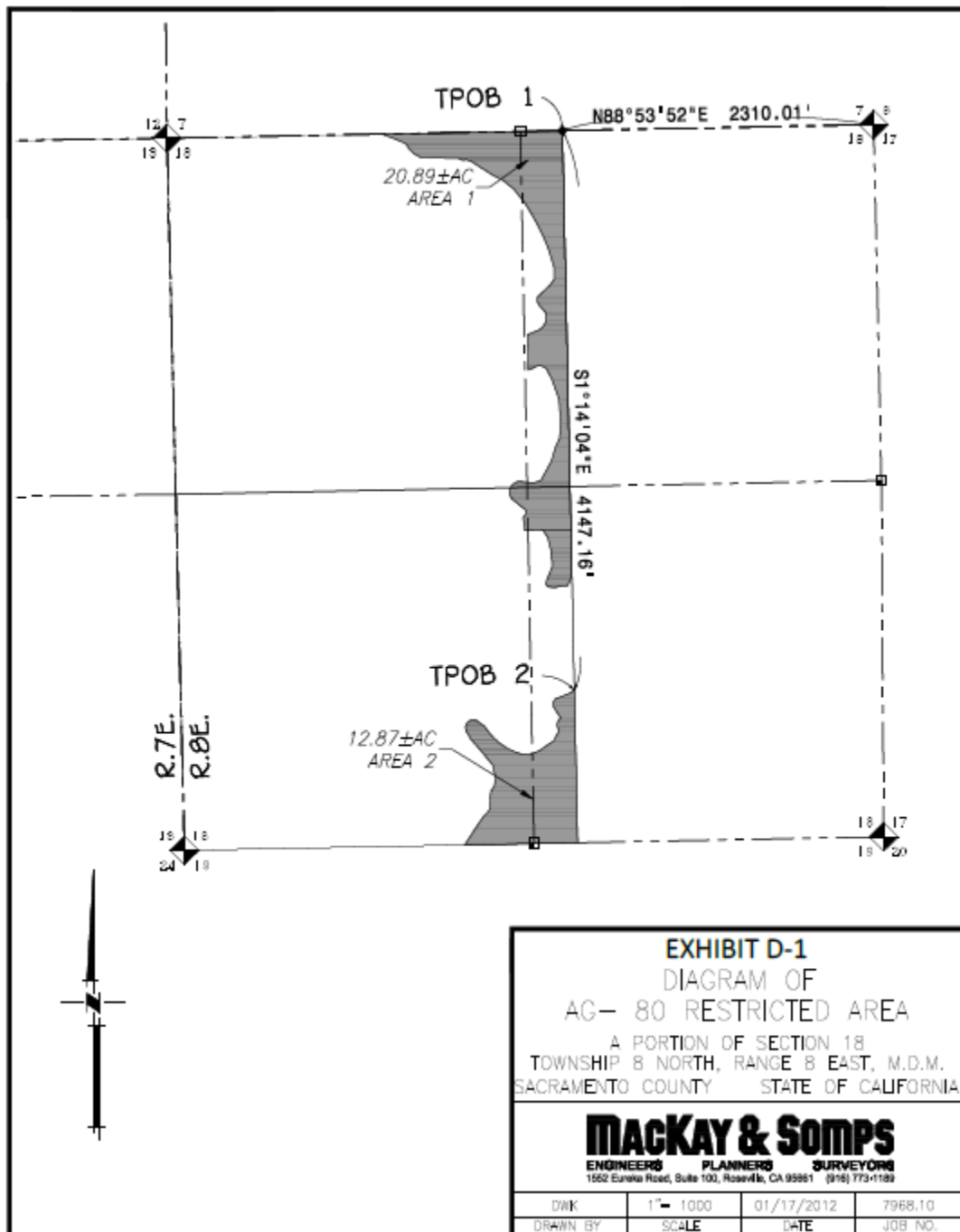


EXHIBIT D-2

FORM OF AG-80 DEED RESTRICTION

RECORDING REQUESTED BY:

MAIL TO;

Attn: _____

DECLARATION OF RESTRICTIONS

This DECLARATION OF RESTRICTIONS (the "Declaration") is made this ____ day of _____, by _____ and _____ (collectively the "Declarants") to restrict the uses that may be made at a portion of the real property within the Cordova Hills Project described in Exhibit One attached hereto and incorporated herein by reference (the "Restricted Property").

1. Purpose. This Declaration is intended to implement the provisions of the Development Agreement by and between the Declarants and the County of Sacramento recorded at Book _____ Page _____ of the Official Records of the Sacramento Recorder on _____ requiring a restrictive covenant on the Restricted Property.

2. Covenant Running with Land. The Declarants do hereby covenant and agree to restrict, and do by this instrument intend to restrict, the future use of the restricted Property as set forth below, by the establishment of this covenant running with the land, which shall also be an equitable servitude for the purpose of regulating the future uses of the Restricted Property.

3. Restrictions Concerning the Restricted Property. No person or entity shall engage in any use of the Restricted Property that is not consistent with the uses allowed

in Sacramento County's "AG-80" zoning designation as specified on Exhibit Two attached hereto and hereby incorporated herein by reference.

4. Not An Offer to Dedicate: No Rights of Public Use. The provisions of this Declaration do not constitute an offer for public use. This instrument does not constitute an irrevocable offer to dedicate, and shall not be so construed or interpreted.

5. Successors and Assigns Bound. Declarants hereby agree and acknowledge that the Restricted Property shall be held, sold, conveyed, owned and used subject to the applicable terms, conditions and obligations imposed by this Declaration relating to the use and improvement of the Restricted Property, and matters incidental thereto. Such terms, conditions and obligations are a burden and restriction on the use of the Restricted Property.

6. Equitable Servitude. The provisions of this Declaration shall be enforceable by the County of Sacramento as an equitable servitude and conditions, restrictions and covenants running with the land, and shall be binding on the Declarants and upon each and all of their respective heirs, devisees, successors, transferees, and assigns, beneficiaries and administrators, and upon future owners of the Restricted Property.

7. Severability. The provisions of the Declaration are severable and the invalidation of any of the provisions of this Declaration by a court of competent jurisdiction shall not affect any of the other provisions which shall remain in full force and effect.

8. Enforcement. It is the express intent of the Declarants that the terms and provisions of this Declaration shall be enforceable as an equitable servitude by the County of Sacramento, a political subdivision of the State of California, and its successors and assigns, and Declarants hereby confer and assign the right to enforce the terms and provisions of this Declaration to it.

9. Amendment/Termination. This Declaration may not be amended, modified, rescinded, or terminated without the prior written consent of the County of Sacramento.

IN WITNESS WHEREOF, the Declarants have executed this Declaration as set forth below.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT E-1

FORM OF TRAIL EASEMENT

RECORDING REQUESTED BY:

AND WHEN RECORDED RETURN TO:

Attn: _____

**GRANT OF
PUBLIC RECREATIONAL TRAIL EASEMENT**

CORDOVA HILLS, LLC, a California limited liability company, and CONWY, LLC, a California limited liability company (collectively the "GRANTORS"), hereby grant a PUBLIC RECREATIONAL TRAIL EASEMENT (the "EASEMENT") this _____ day of _____, to the COUNTY OF SACRAMENTO, a political subdivision of the State of California (the "GRANTEE") upon the following terms and conditions:

TERMS AND CONDITIONS

In consideration of the mutual covenants, terms and conditions contained herein, GRANTORS hereby voluntarily grant and convey to GRANTEE a public recreational trail easement of the nature and character and to the extent hereinafter set forth below across that certain real property in the unincorporated area of Sacramento County as more particularly described in Exhibit One attached hereto and incorporated herein by reference (the "EASEMENT AREA").

1. PURPOSE

It is the purpose of this EASEMENT to assure that the EASEMENT AREA will be utilized solely by GRANTEE and its successors, transferees and assigns as a public recreational trail. GRANTORS intend that this EASEMENT will assure that the EASEMENT AREA will be used for such activities as are consistent with the provisions of this EASEMENT.

2. RIGHTS OF GRANTEE

To accomplish the purpose of this EASEMENT, the following rights are conveyed to GRANTEE by this EASEMENT:

(a) To construct, install, maintain, repair and replace a public recreational trail and related facilities in the EASEMENT AREA, including, but not limited to: a gravel, decomposed granite or paved trail surface; restrooms; drinking fountains; benches; picnic tables; fences; gates; and refuse disposal containers, to serve users of the EASEMENT AREA.

(b) To enter upon and traverse all portions of the EASEMENT AREA; and

(c) To prevent any activity on or use of the EASEMENT AREA that is inconsistent with the provisions of this EASEMENT.

3. PROHIBITED USES

Subject to the provisions of Paragraph 4 herein, any activity on or use of the EASEMENT AREA inconsistent with the provisions of this EASEMENT is prohibited. Without limiting the generality of the foregoing, GRANTEE and its successors, transferees and assigns, shall not use the EASEMENT AREA, and shall be responsible for prohibiting all users of the public recreational trail from using the EASEMENT AREA, for any of the following activities:

(a) Camping;

(b) Hunting;

(c) Depositing any trash, ashes, garbage, waste and/or abandoned vehicles, at or in the EASEMENT AREA;

(d) Excavating, dredging or removing loam, gravel, soil, rock, or sand materials from the EASEMENT AREA, except in connection with the GRANTEE'S installation of the public recreational trail and related facilities;

(e) Removing, destroying, or cutting of trees, shrubs, or other vegetation, except as required for fire protection activities, and as required for the GRANTEE'S installation, repair and maintenance of trails, bridges, flood control activities, and performance of fire prevention activities in the EASEMENT AREA.

(f) Performing any surface and subsurface exploration and/or extraction of sand, gravel, rock and similar mineral resources at the EASEMENT AREA; provided, however, that GRANTORS, their successors, transferees and assigns shall retain all ownership rights in and to the sand, gravel, rock and mineral resources at the EASEMENT AREA. GRANTEE shall have no rights to explore or extract sand, gravel, rock and mineral resources at the EASEMENT AREA or to grant others a right of entry, license, easement, lease or other type of authorization to do so.

4. RESERVED RIGHTS

Notwithstanding anything to the contrary that may be contained elsewhere in this EASEMENT, GRANTORS reserve to themselves, and to their personal representatives, heirs, successors, assigns, agents and present and potential future lessees, all rights accruing from GRANTORS' ownership of the land underlying the EASEMENT

AREA, including, but not limited to the rights to: utilize the EASEMENT AREA for purposes of pedestrian, vehicle, equipment and livestock ingress and egress to adjoining properties; install maintain, repair and replace bridges across the creek at the EASEMENT AREA for the passage of pedestrians, vehicles, equipment and livestock; install, repair maintain and replace drainage structures and water outfall structures at the creek that runs through the EASEMENT AREA; enter upon the EASEMENT AREA in order to perform excavation and installation, repair and replacement of such facilities as may be needed to implement the drainage plan approved by the County of Sacramento for the adjacent Cordova Hills Project; and engage in or permit or invite others to engage in all other uses of the EASEMENT AREA that are not expressly prohibited in this EASEMENT.

5. INDEMNIFICATION

GRANTEE and its successors, transferees and assigns shall hold harmless, indemnify, and defend the GRANTORS and their respective officers, directors, members, partners, shareholders, employees, and agents (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expense, causes of action, claims, demands, or judgments, including without limitation, reasonable attorneys' fees, arising from or in any way connected with an injury to or the death of any person, or physical damages to any property, resulting from any act, omission, condition or other matter occurring at the EASEMENT AREA, unless caused by the acts or omissions of the Indemnified Parties.

6. ASSIGNMENT OR TRANSFER BY GRANTEE

This EASEMENT is transferable, but GRANTEE shall give GRANTORS at least thirty (30) days prior written notice of the transfer. GRANTEE may assign or transfer its rights and obligations under this EASEMENT only to another governmental entity. As a condition of the effectiveness of any such assignment or transfer, notice of such assignment or transfer shall be recorded in the Official Records of the Sacramento County Recorder by the assignee or transferee at its own cost and expense.

7. NOTICES

Any notice, demand, request, consent, approval, or communication that the parties desire or is required to give to the other shall be in writing and either served personally or sent by first class mail, postage prepaid, addressed as follows:

To Grantors: Cordova Hills Ownership Group
5241 Arnold Avenue
McClellan, California 95652
Attn: Mr. Ron Alvarado

With a copy to: Law Offices of Gregory D. Thatch
1730 "I" Street, Suite 220
Sacramento, CA 95811

To Grantee: County of Sacramento
Planning and Community Development Dept.
827 7th Street, Rom 230
Sacramento, California 95814
Attn: Planning Director

or to such other address or the attention of such other person from time to time as a party may designate by written notice to the other.

8. RECORDATION

GRANTEE shall promptly accept and then record this instrument in the Official Records of the Sacramento County Recorder.

9. GENERAL PROVISIONS

(a) Controlling Law. The interpretation and performance of this EASEMENT shall be governed by the laws of the State of California.

(b) Construction. Any general rule of construction to the contrary notwithstanding, this EASEMENT shall be construed in favor of the grant to effectuate the purposes of this EASEMENT. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purposes of this EASEMENT that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) Severability. If any provision of this EASEMENT, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this EASEMENT, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

(d) Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the EASEMENT and all exhibits and supersedes all prior discussions, negotiations, understandings, or agreements relating to the EASEMENT.

(e) No Forfeiture. Nothing contained herein will result in a forfeiture of GRANTORS' title in any respect.

(f) Successors. The covenants, terms, conditions, and restrictions of this EASEMENT shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, transferees and assigns.

(g) Captions. The captions in this EASEMENT have been inserted solely for convenience of reference and are not a part of this EASEMENT and shall have no effect upon its construction or interpretation.

(h) Counterparts. The parties may execute this EASEMENT in two or more counterparts, which shall, in the aggregate, be signed by all parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

(i) Permits or Approvals. It is acknowledged by GRANTEE that only the dedication of this EASEMENT for the public recreational trail is being offered by GRANTORS pursuant to this instrument, and that in the event any permits or approvals are needed under the Federal Clean Water Act, State and federal Endangered Species Acts, or other laws and regulations of any government agency for GRANTEE to construct, repair, install and maintain a public recreational trail in the EASEMENT AREA, then GRANTEE will be responsible, at its sole cost and expense, for obtaining and complying with the terms and conditions of any and all necessary permits or approvals and then building, installing, maintaining and repairing the public recreational trail and related facilities at GRANTEE'S sole cost and expense.

IN WITNESS WHEREOF, GRANTORS and GRANTEE have entered into this EASEMENT the day and year first above written.

GRANTORS:

CORDOVA HILLS, LLC,
A California limited liability company

By: _____

Charles Somers

Its: Manager

CONWY, LLC,
a California limited liability company

By: _____

Charles Somers

Its: Manager

GRANTEE:

COUNTY OF SACRAMENTO
A political subdivision of the State of California

By: _____

Name: _____

Title: Chair, Board of Supervisors

ATTEST:

By: _____
Cyndi Lee, Clerk
Board of Supervisors

Approved as to Form:

By: _____

Name: _____

Title: Deputy County Counsel

DIAGRAM SHOWING TRAIL
CORRIDOR PARCEL

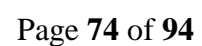


EXHIBIT G**FORM OF KIEFER LANDFILL NOTICE****DISCLOSURE
OF
KIEFER LANDFILL
OPERATIONS AND ACTIVITIES**

This DISCLOSURE OF KIEFER LANDFILL OPERATIONS AND ACTIVITIES (the “Notice”) is made this ____ day of _____ by CORDOVA HILLS, LLC, a California limited liability company, and CONWY, LLC, a California limited liability company (collectively the “Declarants”) to inform the future owners, tenants, occupants and users of any portion of the real property within the Cordova Hills Project described in Exhibit One attached hereto and incorporated herein by reference (the “Property”) of the presence and operation of the Kiefer Landfill by the County of Sacramento.

1. Disclosure. Declarants hereby give notice of and discloses the following (the “Disclosure”): the Kiefer Landfill operations described below are occurring, will continue and could be expanded, and may be carried out on any of the land generally bordering the Property to the south and to the southwest in order to dispose of solid waste, produce energy from landfill gases, compost green waste and food waste, and recycle numerous types of materials at the Kiefer Landfill. Declarants have been informed by the County of Sacramento that the Landfill Operations generally consist of (i) the activities described in the remainder of this Section 1 and (ii) other activities and uses that may be necessary for present and future development and operation of the Kiefer Landfill that may differ from the descriptions below due to technological, legal or other changes that may occur after the date first set forth above (collectively the “Landfill Operations”).

A. Kiefer Landfill. The Kiefer Landfill property is approximately 1,084 acres in size and located at the northeast corner of the intersection of Kiefer Boulevard and Grant Line Road. Declarants are informed that the Kiefer Landfill currently has State of California permits that allow a solid waste landfill of 660 acres in size. It also contains the existing Kiefer Landfill Gas-to-Energy Plant and is the site of the proposed Sacramento GreenCycle facility that will compost residential green waste (garden refuse) and food waste. There is a 2,000 foot wide buffer area surrounding the Kiefer Landfill.

B. Landfill Activities. Kiefer Landfill is the primary municipal solid waste disposal facility in Sacramento County. Operation of the Kiefer Landfill involves

the disposal of solid waste generated by the general public, businesses, and private waste haulers. Physical activities at the Landfill Operations involve the clearing of vegetation, excavation, filling and grading in order to bury solid waste in mounds. It includes the operation, repair and maintenance of heavy earth moving equipment such as bulldozers, front-end loaders, grader/scrapers, rollers, water trucks, garbage trucks and pneumatic tools. Landfill Operations involve activities and equipment that will typically produce, but will not in all instances be limited to: dust, vibrations, odors, noise, light, views that some may consider unaesthetic, and the ingress and egress of people, construction vehicles, garbage trucks, passenger vehicles, pickup trucks, and other vehicles at the Kiefer Landfill property.

C. Solid Waste Disposal. The Kiefer Landfill accepts and disposes of solid waste generated by the general public, businesses, and private waste haulers. That solid waste typically consists of, but is not limited to: appliances (refrigerators, freezers, air conditioners, dryers, and washing machines); car, truck and tractor tires; electronic waste (such as televisions, computers, monitors, fax machines); scrap metal; wood and yard waste (wood, brush and tree trimmings); construction and demolition debris (including, but not limited to, asphalt, brick, clay tiles, concrete tiles, concrete products, rocks, gravel, asphalt and concrete grindings; special handling materials (including, but not limited to, animal parts/carcasses, grit and screening material, pesticide containers, non-friable asbestos, dated and/or contaminated food products, law enforcement evidence, saw dust, large rocks, concrete and asphalt chunks in excess of 3 feet in diameter, large tree trunks and stumps, mobile homes, baled material, wood crates, wire rope spools, metal railings, tanks, metal crates, large/commercial refrigeration units, air conditioners and storage units, commercial loads containing 50% car seats or furniture, automobile frames/parts, boats, trailers, campers and camper shells, treated wood waste, non-whole mattress parts), antifreeze, vehicle batteries, latex paint, fluorescent tubes, home generated needles and syringes, household batteries, transmission fluid, used motor oil and filters, and cooking oil.

D. Odors. The Kiefer Landfill also produces odors of such a duration and intensity as are normally produced by Landfill Operations conducted per industry custom and consistent with local, regional, state and federal laws and regulations, if any, which regulate odors produced by Landfill Operations. The proposed GreenCycle facility will involve the biologic decomposition of organic matter. The byproducts of that biologic decomposition are heat, carbon dioxide, water vapor and odorous compounds, including methane gas, carbon dioxide, and sulfur compounds. Many persons find such odors objectionable, annoying and unpleasant. Prevailing winds blow from the Kiefer Landfill toward the Property approximately half the time. Consequently, such odors may be noticeable at the Property.

E. View Impacts. View impacts will occur of a duration and intensity as are associated with and that result from the placement and use of heavy construction equipment for Landfill Operations conducted per industry custom and consistent with local, regional, state and federal laws and regulations, if any, which

govern the placement and use of such heavy construction equipment. View impacts will also result from the mounds that are created by the disposal of solid waste materials at the Kiefer Landfill that could break up the natural views from some areas at the Property. Consequently, such view impacts may be noticeable at the Property.

F. Birds, Animals and Insects. Landfill Operations at the Kiefer Landfill also tend to attract birds (such as seagulls and other avian species), animals (such as rodents and other animal species) and insects (such as flies, cockroaches and other insect species) that are drawn to the Kiefer Landfill in search of feeding opportunities, and whose persistent presence, noise and reproductive activities are found to be disagreeable and annoying to humans. The presence, noise and reproductive activities of such birds, animals and insects may be noticeable at the Property.

G. Landfill Gas-to-Energy Plant. The Kiefer Landfill also includes the operation of a landfill gas-to-energy plant that uses the landfill gases created from the decomposition of the waste at the landfill as a source of fuel for internal combustion engines that power electrical generators. The landfill gas is composed of approximately 50% methane and 40% carbon dioxide, with traces of other gases.

H. Light and Glare Impacts. Nighttime light and glare impacts occur from the Landfill Operations during nighttime hours. These impacts are of a duration and intensity as are associated with and that result from the placement and use of heavy construction equipment for Landfill Operations conducted per industry custom and consistent with local, regional, state and federal laws and regulations, if any, which govern the placement and use of such heavy construction equipment; the operation of garbage trucks that deliver waste materials to the Kiefer Landfill for disposal; the operation of nighttime security lighting at the Kiefer Landfill; the performance of repairs on heavy construction equipment and trucks that may involve the use of pneumatic tools; and the use of nighttime work lighting when Landfill Operations are conducted during nighttime hours.

2. Future Owners/Residents/Occupants. Declarants intend that this Disclosure document will inform all future owners, residents, tenants and occupants of any part of the Property, including but not limited to homeowners associations, such that they will have notice of the present and future Landfill Operations and the potential impacts from such Landfill Operations, and will be prevented from stating or claiming at any point that they were uninformed or unaware of the potential for the Landfill Operations impacts to occur.

3. Reliability of Information. The information contained in this Disclosure was compiled from a number of sources, including government agencies and other parties. While an attempt has been made to obtain the most recent and accurate information possible as of the date of this Disclosure, the Declarants cannot be responsible for the accuracy of information provided by third parties or government agencies.

EXHIBIT H

FORM OF AVIGATION EASEMENT FOR MATHER AIRPORT

RECORDING REQUESTED BY:

County of Sacramento

WHEN RECORDED MAIL TO:

Real Estate Division

County of Sacramento

10545 Armstrong Ave., Suite 202D

Mather, California 95655

MAIL CODE: 55-202D

NO FEE DOCUMENT

Per Govt. Code 6103

GRANT OF AVIGATION AND NOISE EASEMENT

This GRANT OF AVIGATION AND NOISE EASEMENT is made on _____, 2012 by and between CORDOVA HILLS, LLC, a California limited liability company and CONWY, LLC, a California limited liability company (collectively the "Grantors") and the COUNTY OF SACRAMENTO (the "Grantee"), a Political Subdivision of the State of California, acting by and through its Board of Supervisors with reference to the following facts:

A. Grantor owns the legal and equitable interests in certain real property in Sacramento County, California ("Grantors' Property"). The legal description for Grantors' Property is attached hereto as Exhibit "A." Grantors' Property includes the air space above it.

B. The County of Sacramento owns and operates the Mather Airport in Sacramento County, California (the "Airport"). The description for the Airport is attached as Exhibit "B."

C. The Airport is a passenger, cargo and general aviation airport for the region and also has other aviation related activity. Grantors and Grantee recognize and agree that the Airport will grow and traffic will increase over time.

D. Grantors have agreed to give the County of Sacramento the easement and right of way described below.

NOW, THEREFORE, the parties agree as follows:

Section 1. Grant of Easement

A. For a valuable consideration, Grantors grant to the County of Sacramento a perpetual, nonexclusive, assignable avigation and noise easement (the "Easement") in and over Grantors' Property for noise and other negative impacts resulting from aircraft flying to and from, and other operations at the Airport ("Airport Operations") and a right of way for the free and unrestricted passage of aircraft of any and all kinds now or hereafter known in, through, across and about the airspace above the surface of said Grantors' Property in compliance with state and federal laws and statutes, including, but not limited to, the rules and regulations of the Federal Aviation Administration and all other state and federal agencies controlling and regulating the flight of aircraft. This Easement specifically permits the imposition of light, smoke, air currents, electronic or other emissions, vibrations, discomfort, inconvenience, and interference with use and enjoyment resulting from Airport Operations producing noise. This Easement is fully effective as of the date set forth above.

B. Such Easement and right of way includes, but is not limited to:

1. The Easement and right of way is for the use and benefit of the public and includes the continuing right to fly, or cause or permit the flight by any and all persons, of aircraft, of any and all kinds now or hereafter known, in, through, across or about any portion of the airspace above Grantors' Property in compliance with state and federal laws and statutes, including, but not limited to, the rules and regulations of the Federal Aviation Administration and all other state and federal agencies controlling and regulating the flight of aircraft.

C. Grantors, on behalf of themselves, their respective successors, transferees and assigns, hereby covenant with the County of Sacramento and for the direct benefit of the real property constituting Mather Airport described in Exhibit "B" as follows:

1. That Grantors, their respective successors, transferees and assigns will not construct, install, permit or allow any building, structure, improvement, tree, or other object on the Grantors' Property described herein, to extend into or above the airspace in violation of any rules, regulations or height restrictions of the Federal Aviation Administration and all other state and federal agencies controlling and regulating the flight of aircraft, or to constitute an obstruction to air navigation, or to obstruct or interfere with the use of the Easement and right of way herein granted; and

2. That Grantors, their respective successors, transferees and assigns, will not hereafter use or permit the use of said Grantors' Property in such a manner as to create electrical, electronic or other airwave interference with radio, radar or

other communications operation between a Federal Aviation Administration control tower upon Mather Airport and any aircraft.

D. The Easement and right of way granted herein shall be deemed both appurtenant to and for the direct benefit of that real property which constitutes the Mather Airport as described in Exhibit "B," and shall further be deemed in gross, being conveyed to the Grantee for the benefit of the Grantee and any and all members of the general public who may use said Easement or right of way or derive benefit from the taking off from, landing upon or operating such aircraft in or about the said Mather Airport, or in otherwise flying through said airspace over Grantors' Property.

E. Notwithstanding anything to the contrary contained elsewhere in this Easement and right of way and the Release contained below in Section 2, this Easement and the Release shall not operate to deprive the Grantors, their respective successors, transferees or assigns, of any rights which they may from time to time have against the County of Sacramento and any air carrier or private operator for negligent or unlawful operation of aircraft and the Grantors and their respective successors, transferees and assigns retain all rights to assert, make claims and receive compensation for losses, liabilities and expenses arising as a result of the negligent or unlawful operation of aircraft against the County of Sacramento, any air carrier, or any private operator for the negligent or unlawful operation of aircraft.

F. These covenants and agreements run with the land and are binding upon the heirs, administrators, executors, successors, transferees and assigns of the Grantors, and for the purpose of this instrument, the Grantor's Property as described in Exhibit "A" is the servient tenement and said Mather Airport is the dominant tenement.

Section 2. Release

Grantors release the County of Sacramento and aircraft operators using the Airport from any claims, losses, liabilities or expenses (collectively "Losses") arising from the impositions permitted by this Easement, as well as from noise and other negative impacts resulting from Airport Operations prior to the date of this Easement. This Release covers all past, present and future Losses, whether known or unknown. This Release includes damages for physical or emotional injuries, nuisance or any taking of Grantor's Property. Grantors specifically waive application of California Civil Code, Section 1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Grantors shall not sue for damages in connection with Losses released by this Easement, nor seek to enjoin the impositions permitted by this Easement. The County of Sacramento will not have to set aside buffer lands, re-route air traffic, erect sound or

other barriers, establish curfews, relocate Airport Operations or take other measures to eliminate or lessen the impositions permitted by this Easement.

Section 3. Continuous Benefits and Burdens

This Easement burdens the Grantors' Property for the benefit of the Airport. It runs with the land under California Civil Code Section 1468. The benefits and burdens created by this instrument apply to and bind the parties' successors, heirs and assigns.

Grantors agree that in any marketing material regarding transfers, in whole or in part, of the Grantors' Property, this Easement and the terms thereof, shall be disclosed. In addition, Grantors agree that they will inform all interested parties including, but not limited to, those holding liens or encumbrances on all or a portion of the Property, about this Easement and shall provide a copy of this Easement if they so request.

Section 4. Recordation

The County of Sacramento shall record this document in the Official Records of Sacramento County.

Section 5. Counterparts

This Grant of Easement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

GRANTORS:

CORDOVA HILLS, LLC,
A California limited liability company

By: _____

Name: _____

Its: _____

CONWY LLC,
A California limited liability company

By: _____

Name: _____

Its: _____

EXHIBIT I

MUNICIPAL PUBLIC SERVICES **TO BE PROVIDED BY THE** **CORDOVA HILLS COUNTY SERVICE AREA**

Outlined below is the conceptual plan agreed upon by County and Property Owners for the provision of municipal public services to the Project Area by Sacramento County and the proposed Cordova Hills County Service Area (“CHCSA”) that will be formed following County’s approval of the Cordova Hills Project.

TYPES OF MUNICIPAL SERVICES

1. Governing Board:

County: Supervisors oversee contracts with CHCSA for municipal services provided by County departments. Supervisors continue responsibility for countywide services.

CHCSA: A county service area will be created, with the County Board of Supervisors as the governing body of the county service area and will be responsible for setting CHCSA policies and for management of the services to be provided by the county service area.

2. Administration, legal, personnel and finance services and other overhead:

County: Administration, legal, personnel and finance services and other overhead costs will be provided by County staff.

CHCSA: When a county service area is created, all services would be provided by the County through the county service area, with use of third party service providers as allowed by applicable law and as determined by the County Board of Supervisors.

3. Public Protection:

Law Enforcement.

County: County Sheriff provides municipal level of service.

CHCSA: No responsibilities.

Traffic Control/Accident Investigation.

County: California Highway Patrol

CHCSA: The CHCSA recommends traffic regulations for community roadways and regional roadways within the Project area for adoption by the County (subject to State law).

Fire Protection.

County: No responsibilities.

CHCSA: No responsibilities.

Sacramento Metropolitan Fire District: Project area is within the Fire District. Fire District will continue to provide fire protection services in the Project area.

Ambulance.

County: No responsibilities.

CHCSA: No responsibilities.

Sacramento Metropolitan Fire District: Project area is within the Fire District that will continue to provide ambulance services.

Animal Control.

County: County will provide animal control services.

CHCSA: No responsibilities.

Vector Control and Mosquito Abatement.

County: No responsibilities.

CHCSA: No responsibilities.

4. Land Use and Planning:

Regulation & Planning; Plan Check, Building Inspection and Code Enforcement.

County: County continues to provide land use planning, plan check, building inspection and code enforcement.

CHCSA: No responsibilities.

5. Community Services:

Recreation Programs.

County: No responsibilities.

CHCSA: The CHCSA is responsible for recreation programming and operation using County staff, except to the extent applicable law may allow use of third party contractors and as determined appropriate by the County Board of Supervisors.

Parks.

County: No responsibilities.

CHCSA: The CHCSA would be responsible for construction, repair, replacement and maintenance of all parks, consisting of the sports park, community park, and neighborhood parks.

Open Space and Trails.

County: No responsibilities.

CHCSA: The CHCSA would be responsible for construction, repair, replacement and maintenance of all open space and trail systems in the Project area.

Habitat and Wetland Preserves.

County: No responsibilities.

CHCSA: The CHCSA would be responsible for construction, repair, replacement and maintenance of habitat and wetland preserves in the project area. The CHCSA, when allowed by applicable law, may choose to perform the services itself or contract with an approved habitat conservation organization or other approved third party entity to do so.

Library.

County: No responsibilities.

CHCSA: No responsibilities. Might lease 15,000 sq.ft. of space in Project's Town Center for use as a library to SPLA.

Sacramento Public Library Authority: SPLA responsible for providing all library services to Project area.

K thru 12 Schools.

County: No responsibilities.

CHCSA: No responsibilities.

Elk Grove Unified School District: EGUSD will be responsible for all construction, repair, replacement and maintenance of K thru 12 school facilities in the Project area.

6. Public Works/Pubic Utilities:

Administration and Maintenance of Roads, Bridges, Signals, Drainage, Landscaping, and Other Infrastructure.

Street and Landscape Maintenance	Responsibility
Landscape corridor lot - without wall	CHCSA
Landscape corridor lot - with wall	CHCSA
ROW to back of walk - Commercial frontage	Privately Maintained
ROW to back of walk - Densities MDR and above (apts., condos, HOA)	Privately Maintained
ROW to back of walk - LDR (single family frontage backbone and in tract)*	CHCSA for Sidewalks (both attached and detached) and Privately maintained landscaped planter strip (if it occurs next to detached sidewalk).
ROW to back of walk - School or park frontage	Privately Maintained
Row to back of walk - R-2 open space frontage	CHCSA
Medians - both wide and narrow	CHCSA for all a landscaping/LID areas and Sacramento County DOT for paved concrete areas.

Supplemental streetscape maintenance	CHCSA will provide supplemental street sweeping and litter control within and along streetscapes.
Maintain gateways, decorative water features, and other landscaping areas outside of public ROW	CHCSA
Vandalism and Graffiti abatement	County for within public ROW. CHCSA will provide vandalism and graffiti abatement in all other public areas.

Corporation Yard.

County: No responsibilities.

CHCSA: CHCSA will be responsible for construction, repair, replacement and maintenance of the corporation yard facilities in the Project area.

Street Lighting.

County: CSA-1 will provide maintenance service to all safety lights and streets lights located along all streets and intersections that are part of the public ROW. Park and Ride lots are also maintained by CSA-1.

CHCSA: CHCSA may provide lighting service in all other areas or pay a supplemental fee for CSA-1 to maintain the safety lights located along paths and paseos that are not adjacent to streets or intersections and are outside of the public ROW. The service charge for parcels that benefit from both street lights and safety lights are apportioned to each benefiting parcel within a zone in proportion to the benefits received. Benefiting parcels are classified as residential or non-residential parcels with separate charges for each. The service charge for residential parcels is a flat rate per parcel per year. The service charge for non-residential parcels is calculated by multiplying the applicable front foot charge by the length of the parcel's public street frontage. Service charges for parcels that benefit only from safety lights are apportioned to all benefiting parcels within a zone in proportion to the benefits received. The service charge per parcel is a flat rate per year, regardless of whether the parcel is residential or non-residential.

Domestic Potable Water.

County: No responsibilities.

CHCSA: No responsibilities.

Sacramento County Water Agency: Provides by way of SCWA's Zone 40 and Zone 41 potable water supply program. SCWA Zone 13 will carry out long-range region-wide water resources, water supply management and water conservation planning activities.

Wastewater Collection/Treatment/Disposal.

County: No responsibilities.

CHCSA: No responsibilities.

Sacramento Area Sewer District: Provides Project area's wastewater collection and conveyance to the SCRSD facilities

Sacramento County Regional Sewer District: Provides regional collector system, wastewater treatment and disposal.

Solid Waste Collection and Disposal.

County: County may or may not provide solid waste collection and disposal.

CHCSA: The CHCSA will contract with the County or with a third party entity for solid waste collection and disposal services.

Flood Control and Conveyance/ Drainage.

County: Project Area will be annexed into the Sacramento County Storm Water Utility (SWU) and receive County SWU services subject to existing County SWU program standards. Project will participate in any County Storm Water CFD required to fund maintenance of expanded stormwater/stormwater quality/hydrmodification basins and facilities required as a result of State or Federal mandates and which are not included in the existing County SWU program.

SCWA: SCWA Zone 13 will provide long-range, regional planning/engineering studies for hydrology, drainage and flood control.

CHCSA: The CHCSA will maintain Low Impact Development (LID) swales in medians, shoulders, and other public areas.

Transit:

County: No responsibilities.

CHCSA: The CHCSA, in conjunction with the Cordova Hills Transportation Management Association, would be responsible to provide the Project area with internal and external transit service to connect the Project area to Sacramento Regional Transit District's light rail line station at Mather Field Road. The CHCSA would be responsible for construction, repair, replacement and maintenance of 20 bus stop shelters in the Project area and one transit center in the Project area.

Sacramento Regional Transit District: No responsibility.

EXHIBIT J**DEVELOPMENT IMPACT FEES, EXACTIONS AND DEDICATIONS**

A. The Cordova Hills Project shall be subject to the below Cordova Hills Project related districts and programs:

- Cordova Hills Special Plan Area Fee Program.
- Future districts to be established to fund the services identified in the Cordova Hills Urban Services Plan.

B. In addition to the items identified in Section A, the Cordova Hills Project shall only be subject to the below County fee programs and districts to the extent that: i) the fee program or district is in effect at the time of such development approval (e.g., building permit, rezone, tentative map), as specified in each district or program; and ii) the fee program or assessment is applicable to the Cordova Hills Project.

1. The Cordova Hills Project shall be subject to the following County Development Impact fee programs, as they may be adjusted or amended from time to time:

- Sacramento County Transportation Development Fee Program (SCTDF) District 3 Roadway and Transit Fee Program.
- Sacramento Public Library Authority Development Impact Fee Program
- Very Low Income Housing Fee on non-residential properties pursuant to Chapter 16.89 of the Sacramento County Code

2. The Cordova Hills Project shall be subject to the following County special taxes, assessment districts, and utility services or equivalent replacement mechanisms to the satisfaction of the County:

- Sacramento County Police Services CFD No. 2005-1.
- CSA-1 (Safety and Street Lighting).
- Sacramento County Storm Water Utility District.
- CSA-11 (Police Protection and latent Animal Control Services).

3. The Cordova Hills Project shall be subject to the following financing programs or equivalent mechanisms to the satisfaction of the County:

- Any future County-wide Storm Water CFD required to fund maintenance of expanded stormwater/stormwater

quality/hydromodification basins and facilities required as a result of State or Federal mandates and which are not included in the existing County Storm Water Utility program.

- Any future County-wide Roadway Maintenance Financing Mechanism.
- Any future Financing Mechanism adopted by the County on a regional or sub-regional benefit basis related to the Southeast Connector.
- Any future County-wide Regional Park Financing Mechanism.
- Any future County-wide fee programs that are a result of a Federal or State mandate.

EXHIBIT K

TRAIL NETWORK DIAGRAM

Exhibit K

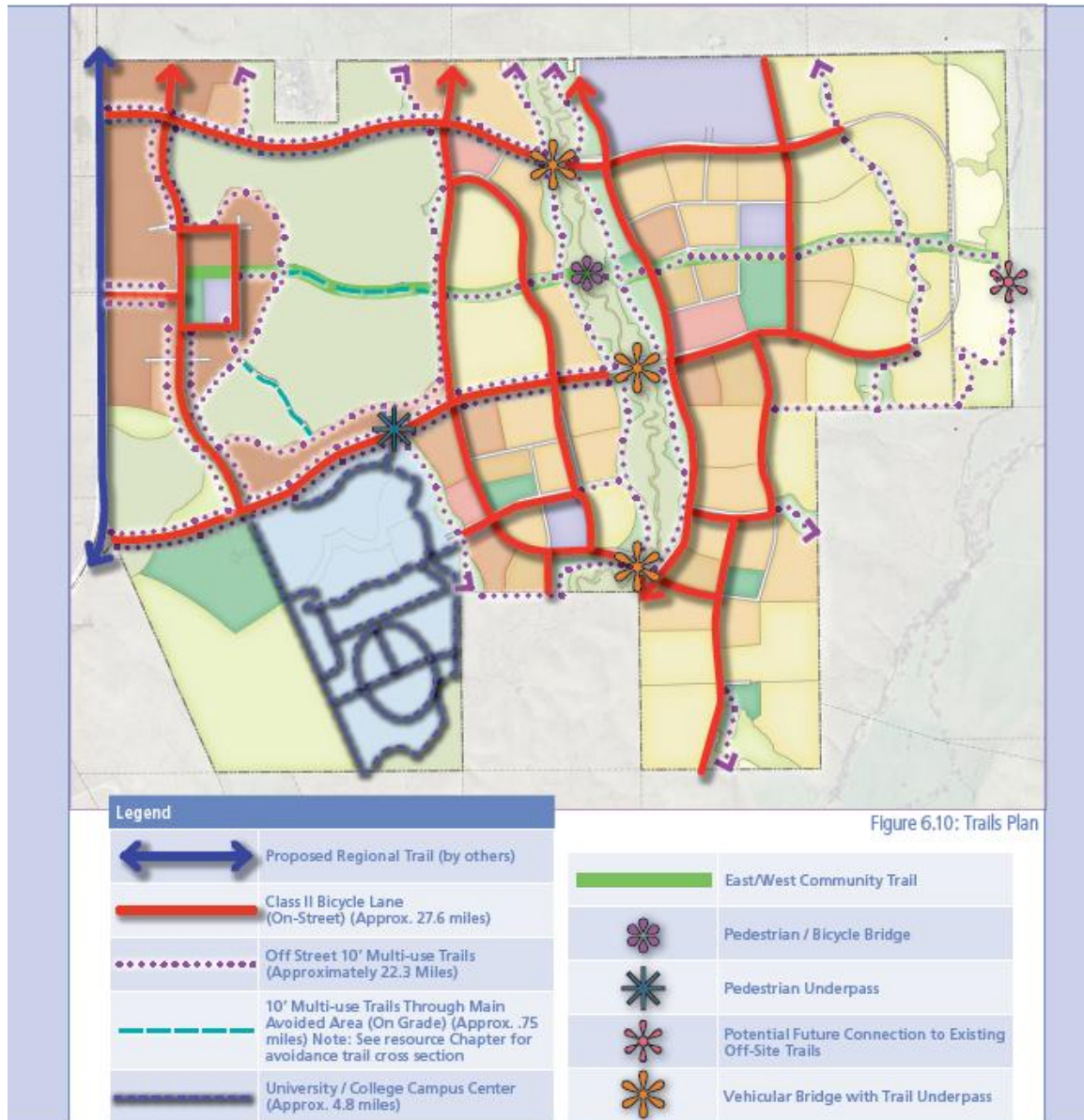


EXHIBIT L**DISCLOSURE CONCERNING THE
CAPITAL SOUTHEAST CONNECTOR PROJECT**

This DISCLOSURE CONCERNING THE CAPITAL SOUTHEAST CONNECTOR PROJECT (the “Disclosure”) is made this ____ day of _____ by CORDOVA HILLS, LLC, a California limited liability company and CONWY, LLC, a California limited liability company (collectively the “Declarants”) to inform the future owners, tenants, occupants and users of any portion of the real property within the Cordova Hills Project of the future Capital Southeast Connector Project. Declarants hereby give notice of and disclose the following:

1. History. In December 2006, the Cities of Elk Grove, Rancho Cordova, and Folsom, and Sacramento and El Dorado Counties (member agencies), collaborated to form the Capital Southeast Connector Joint Powers Authority (“JPA”) to facilitate the planning, environmental review, engineering design, and development, and construction of the Capital Southeast Connector Project (also known as the Connector, or proposed project). The proposed project is a 35-mile-long multi-modal transportation facility that will link communities in Sacramento and El Dorado Counties, including Elk Grove, Rancho Cordova, Folsom, and El Dorado Hills. The project limits extend from the Interstate 5/Hood Franklin Road interchange in southwest Sacramento County to approximately 35 miles northeastward, terminating at U.S. Highway 50 in the community of El Dorado Hills, near Silva Valley Parkway approximately 3 miles east of the Sacramento County/El Dorado County line.

2. Purpose. The Connector is envisioned to link residential areas and employment centers in the project corridor, serving both local and regional travel needs and substantially reducing the excessive traffic volumes that currently overburden existing two-lane roadways, which were never intended to serve as major commuter routes. When completed, the proposed project would be a road of four to six traffic lanes with limited access points that would accommodate a variety of regional transportation needs. The Connector will provide options for a variety of travel modes throughout the project corridor.

3. Roadway Improvements. The JPA has developed the proposed Connector project to meet the project objectives and address the underlying transportation needs in the region. According to the Environmental Impact Report approved for the Connector project, the Connector includes improvements to the following roadway segments along the 35-mile-long project corridor:

- A four-lane expressway segment from the I-5/Hood Franklin Road interchange east along an extension of Kammerer Road to the existing Kammerer Road/Bruceville Road intersection, with at-grade signalized intersections (spaced

at a minimum of one mile apart) at Franklin Boulevard, Willard Parkway and Bruceville Road. These intersections would be converted to grade-separated interchanges as required by traffic volumes and LOS conditions. An optional alignment for Kammerer Road also has been identified;

- A four-to six-lane thoroughfare segment east of Kammerer Road from its intersection with Bruceville Road and then north on Grant Line Road to its intersection with Bond Road, with at grade signalized intersections spaced 0.5 mile apart where feasible;
- A four- to six-lane expressway segment on Grant Line Road from its intersection with Calvine Road to White Rock Road, and on White Rock Road from Grant Line Road to the Sacramento County/El Dorado County line, with directional grade-separated interchanges at most major cross streets when warranted by LOS conditions;
- A four- lane thoroughfare segment on White Rock Road from the Sacramento County/El Dorado County line to the US 50/Silva Valley Parkway interchange; and
- Non-motorized multi-modal facilities.

Most of the improvements in the Connector project corridor would occur on the centerline of existing roadways, with the following exceptions, where the alignment would venture to either side of the centerline or would be located completely outside the existing road right-of-way:

- An approximately 3-mile-long extension of Kammerer Road between Hood Franklin Road and Bruceville Road (3 miles);
- A potential bypass of Kammerer Road east of Bruceville Road (1.5 miles);
- A second potential bypass of Kammerer Road west of Bruceville Road (1.3 miles);
- A potential bypass of Grant Line Road through Sheldon (9.0 miles);
- A second potential bypass of Grant Line Road through Sheldon (8.0 miles);
- A short segment from Silva Valley Parkway to US 50 (0.3 mile); and
- If selected as an alternate option as opposed to an enhanced in-corridor multi-use path, an off-corridor multi-use path with new trail segments linking to an existing trail system between the southwestern and northeastern project limits (approximately 25 miles of new trail).

For these segments where the new road would not be located along the proposed centerline of existing roadways, more right-of-way acquisition would be required and more extensive conversion of ground resources (e.g., biological communities, agricultural lands) would occur.

4. Grant Line Road. In the case of Grant Line Road in the vicinity of the Cordova Hills Project, the Cordova Hills Project has been conditioned to irrevocably offer to dedicate a right of way 100 feet wide on the eastside of the centerline of the existing Grant Line Road to accommodate the future widening of Grant Line Road and the potential construction of the Connector project as a four-lane expressway. The proposed access for the Cordova Hills Project to Grant Line Road, via University Avenue, Chrysanthy Boulevard, and North Loop Road, may be modified in the future with the implementation of the Connector project. It is anticipated that full roadway access to and from Grant Line Road at University Boulevard and Chrysanthy Boulevard may be accommodated with grade separated interchanges. Access to and from Grant Line Road at North Loop Road may be limited and/or accommodated with an extension of Town center Boulevard from North Loop Road to Douglas Road, with a right turn-in to North Loop Road from Grant Line Road and a right turn-out from North Loop Road to Grant Line Road being provided. Any future changes to the Cordova Hills Project's access points to and from Grant Line Road will be a part of the Connector project and will be subject to future CEQA review and approval by the appropriate authority.

EXHIBIT M

MAP OF EAST CARSON CREEK PROPERTY

