

Notice and Agenda of a Meeting of the Beaumont Basin Watermaster

Wednesday, December 3, 2014 at 10:00 a.m.

Meeting Location:

Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, California 92223
(951) 845-9581

Watermaster Members:

City of Banning
City of Beaumont
Beaumont Cherry Valley Water District
South Mesa Water Company
Yucaipa Valley Water District

I. Call to Order

II. Roll Call

City of Banning: Duane Burk (Alternate: Arturo Vela)
City of Beaumont: Dave Dillon (Alternate: Kyle Warsinski)
Beaumont Cherry Valley Water District: Eric Fraser (Alternate: Tony Lara)
South Mesa Water Company: George Jorritsma (Alternate: Dave Armstrong)
Yucaipa Valley Water District: Joseph Zoba (Alternate: Jennifer Ares)

III. Pledge of Allegiance

IV. Public Comments At this time, members of the public may address the Beaumont Basin Watermaster on matters within its jurisdiction; however, no action or discussion may take place on any item not on the agenda. To provide comments on specific agenda items, please complete a Request to Speak form and provide that form to the Secretary prior to the commencement of the meeting.

V. Consent Calendar

- A. Meeting Minutes
 - 1. Approval of Meeting Minutes for October 1, 2014
 - 2. Approval of Meeting Minutes for October 15, 2014
 - 3. Approval of Meeting Minutes for October 29, 2014

VI. Reports

- A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering
- B. Report from Legal Counsel - Keith McCullough, Alvarado Smith

VII. Discussion Items

- A. Authorization for ALDA to Prepare a Water Level Monitoring Assessment Plan
[Memorandum No. 14-12, Page 13 of 71]

Recommendation: That the Watermaster Committee authorizes ALDA Inc. to conduct an assessment of existing monitoring wells and to develop a cost estimate to repair, maintain, and collect water level data during Calendar Year 2015.

- B. Amendment No. 1 to Task Order No. 3 Related to the Groundwater Model Update and Redetermination of Safe Yield [Memorandum No. 14-13, Page 15 of 71]

Recommendation: That the Watermaster Committee approves Amendment No. 1 to Task Order No. 3 with ALDA, Inc. for a sum not to exceed \$26,430.

- C. Review of Documents Pertaining to the Transfer of Overlying Water Rights from Sunny-Cal Egg & Poultry Company to CV Communities, LLC [Memorandum No. 14-14, Page 22 of 71]

Recommendation: That the Watermaster Committee reviews the attached documentation and provides direction to the Watermaster Legal Counsel.

- D. Presentation of Recycled Water Recharge Requirements by the California Department of Public Health and the Regional Water Quality Control Board [Memorandum No. 14-15, Page 64 of 71]

Recommendation: No recommendation.

- E. Reimbursement to Beaumont Cherry Valley Water District for the Water Meter Installation at Sunny Cal Egg Ranch [Memorandum No. 14-16, Page 65 of 71]

Recommendation: That the Watermaster Committee approves the water meter installation reimbursement for a sum not to exceed \$2,412.72.

VIII. Topics for Future Meetings

- A. Other Topics

IX. Comments from the Watermaster Committee Members

X. Announcements

- A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, February 4, 2015 at 10:00 a.m.

XI. Recess the Meeting to a Beaumont Basin Watermaster Special Project Committee

- - - - Meeting Recess- - - -

XII. Reconvene the Meeting of the Beaumont Basin Watermaster - Special Project Committee of Beaumont Cherry Valley Water District, City of Banning, Yucaipa Valley Water District, and South Mesa Mutual Water Company

- A. Status Report on the Beaumont Basin Groundwater Model and Redetermination of Safe Yield [Memorandum No. 14-17, Page 71 of 71]

XIII. Adjournment

XIV.

Consent Calendar

**Record of the Minutes of the
Beaumont Basin Watermaster
October 1, 2014**

Meeting Location:

Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

I. Call to Order

Member George Jorritsma called the meeting to order at 10:04 a.m.

II. Roll Call

<i>City of Banning</i>	<i>Duane Burk</i>	<i>Absent</i>
<i>City of Beaumont</i>	<i>Kyle Warsinski</i>	<i>Present</i>
<i>Beaumont-Cherry Valley Water District</i>	<i>Eric Fraser</i>	<i>Present</i>
<i>South Mesa Water Company</i>	<i>George Jorritsma</i>	<i>Present</i>
<i>Yucaipa Valley Water District</i>	<i>Joseph Zoba</i>	<i>Present</i>

Kyle Warsinski was present as the alternate representing the City of Beaumont in the absence of Member Dave Dillon. Keith McCullough was present representing legal counsel for the Watermaster.

Members of the public who registered their attendance were: John Jeter, Bill Dickson, Tom Harder, Jan Kiel, John Guldseth and John Covington.

III. Pledge of Allegiance

Member Jorritsma led the pledge of allegiance.

IV. Public Comments

No public comment was received at this time.

V. Consent Calendar

a. Meeting Minutes

Member Zoba motioned to approve item "a" of the consent calendar. Member Fraser seconded the motion and it passed 4-0 with Chairman Burk absent.

VI. Reports

a. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering

Mr. Blandon had nothing to report.

b. Report from Legal Counsel – Keith McCullough, Alvarado Smith

Mr. McCullough had nothing to report.

VII. Discussion Items

- a. Overview of the 2013 Consolidated Annual Report and Engineering Report
[Memorandum No. 14-09, Page 3 of 11]

Recommendation: That the Watermaster Committee receives and files the 2013 Consolidated Annual Report and Engineering Report.

Mr. Blandon presented the consolidated report and corrections to the amount of water transferred to the Beaumont-Cherry Water District from the South Mesa Water Company in 2012 were addressed. A miscalculation to the operating safe yield was also presented.

After discussion, Member Zoba motioned to receive and file the consolidated report after the corrections were made. Member Fraser seconded the motion and it passed 4-0 with Chairman Burk absent.

- b. Independent Accountant's Financial Report of Agreed-Upon Procedures for the Beaumont Basin Watermaster [Memorandum No. 14-10, Page 4 of 11]

Recommendation: That the Watermaster Committee receives and files the Independent Accountant's Financial Report for the period ending June 30, 2014.

After a brief explanation of the report, Member Zoba motioned to receive and file the report. Member Warsinski seconded the motion and it passed 4-0 with Chairman Burk absent.

VIII. Topics for Future Meetings

- a. Other Topics

Member Fraser requested the Committee consider a draft revision to section 5 of the Rules and Regulations or another mechanism to address the quality of recycled water for basin recharge and to consider only issuing credit when that water meets standards set by the Department of Public Health. Member Eric Fraser suggested Engineering staff work in conjunction with Legal Counsel to prepare a draft policy to be reviewed at the next meeting. There was a consensus by all present members to approve the request.

Member Zoba requested the surface water/ground water monitoring report submitted to the regional board be brought back to the Committee at the next meeting as an information item.

IX. Comments from the Watermaster Committee Members

No comments were made.

X. Announcements

- a. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, December 3, 2014 at 10:00 a.m.

Member Jorritsma made the announcement above.

XI. Recess the Meeting to a Beaumont Basin Watermaster Special Project Committee

Recess was cancelled and the meeting proceeded.

XII. Reconvene the Meeting of the Beaumont Basin Watermaster- Special Project Committee of Beaumont Cherry Valley Water District, City of Banning, Yucaipa Valley Water District, and South Mesa Mutual Water Company

- a. Status Report on the Beaumont Basin Groundwater Model and Redetermination of Safe Yield
[Memorandum No. 14-11, Page 11 of 11]

Recommendation: That the Special Project Committee sets workshops meetings at 10:00 am on October 15, 2014, October 29, 2014 and November 12, 2014, to review and discuss the model and final report.

After a brief discussion, all members accepted the recommended workshop meetings schedule proposed.

XIII. Adjournment

Member Jorritsma adjourned the meeting at 10:33 a.m.

Eric Fraser, Member
Beaumont Basin Watermaster

**Record of the Minutes of the
Special Project Committee Meeting of the
Beaumont Basin Watermaster
October 15, 2014**

Meeting Location:

Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

I. Call to Order

Chairman Duane Burk called the meeting to order at 10:00 a.m.

II. Roll Call

<i>City of Banning</i>	<i>Duane Burk</i>	<i>Present</i>
<i>City of Beaumont</i>	<i>Kyle Warsinski</i>	<i>Present</i>
<i>Beaumont-Cherry Valley Water District</i>	<i>Eric Fraser</i>	<i>Present</i>
<i>South Mesa Water Company</i>	<i>George Jorritsma</i>	<i>Present</i>
<i>Yucaipa Valley Water District</i>	<i>Joseph Zoba</i>	<i>Present</i>

Thierry Montoya was present representing legal counsel for the Watermaster.

Members of the public who registered their attendance were: Ray Morris, Bob Wall, John Covington, Fran Flanders, Hannibal Blandon, Tom Harder and Barbara Voigt.

III. Pledge of Allegiance

Chairman Burk led the pledge of allegiance.

IV. Public Comments

Luwana Ryan spoke to the Committee about her concerns regarding land use plans and what measures will be taken to protect the Basin.

V. Special Project Committee Consisting of the Beaumont Cherry Valley Water District, City of Banning, Yucaipa Valley Water District, and South Mesa Mutual Water Company

- a. Status Report and Discussion Regarding the Beaumont Basin Groundwater Model and Redetermination of Safe Yield**

Engineering Consultant Hannibal Blandon of ALDA Engineering has been given the task of creating a presentation at the next meeting to address issues discussed by the Committee including quantifying return flows and outlining the factors that affect it. Committee members clarified what information would be considered for the presentation, including consideration of boundaries, return flow rationales, a consensus to forgo credits from the past temporarily so that a baseline can be established, focusing on land use categories, and sources of water that can be considered for return flow analysis.

VI. Announcements

- a. The Beaumont Basin Watermaster has tentatively scheduled a Special Project Committee Meeting on Wednesday, October 29, 2014 at 10:00 a.m.
- b. The Beaumont Basin Watermaster has tentatively scheduled a Special Project Committee Meeting on Wednesday, November 12, 2014 at 10:00 a.m.
- c. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, December 3, 2014 at 10:00 a.m.

Chairman Burk made the announcement above.

VII. Adjournment

Chairman Burk adjourned the meeting at 11:00 a.m.

Duane Burk, Chairman
Beaumont Basin Watermaster

**Record of the Minutes of the
Special Project Committee Meeting of the
Beaumont Basin Watermaster
October 29, 2014**

Meeting Location:

Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

I. Call to Order

Chairman Duane Burk called the meeting to order at 10:00 a.m.

II. Roll Call

<i>City of Banning</i>	<i>Duane Burk</i>	<i>Present</i>
<i>City of Beaumont</i>	<i>Kyle Warsinski</i>	<i>Present</i>
<i>Beaumont-Cherry Valley Water District</i>	<i>Tony Lara</i>	<i>Present</i>
<i>South Mesa Water Company</i>	<i>George Jorritsma</i>	<i>Present</i>
<i>Yucaipa Valley Water District</i>	<i>Joseph Zoba</i>	<i>Present</i>

Tony Lara was present as the alternate representing the Beaumont-Cherry Valley Water District in the absence of Member Eric Fraser. Thierry Montoya was present representing legal counsel for the Watermaster.

III. Pledge of Allegiance

Counsel Montoya led the pledge of allegiance.

IV. Public Comments

No public comment was received at this time.

V. Special Project Committee Consisting of the Beaumont Cherry Valley Water District, City of Banning, Yucaipa Valley Water District, and South Mesa Mutual Water Company

- a. Status Report and Discussion Regarding the Beaumont Basin Groundwater Model and Redetermination of Safe Yield**

Engineering Consultant Hannibal Blandon of ALDA Engineering provided a two-part presentation for Committee discussion. The first part of the presentation was a return flow analysis that took into consideration potential sources including source water, location use, and methods of deliveries as well as presenting scenarios when return flows are enhanced. The second portion of the presentation dealt with subsurface inflow enhancements and challenges that could occur considering several different scenarios.

The Committee discussed the information provided and considered the complicated variables and assumptions that would have to be made in order to quantify the safe yield and what the next step for the Committee should be. The main question of what elements of return flow are quantifiable were considered and discussed with the consensus being that the 2013 annual return flow allocation be used as a baseline moving forward. Consultant Blandon was asked to add to his report a focus on land use categories as well as sources of water that can be used in the return flow analysis 2013 forward. The adjudicated boundary

would be the consideration for the return flow and the outside and above north boundaries being the Consideration for the subsurface flow. The return flow within legal boundaries of the Watermaster for 2013 will then be the starting point for return flow calculations with the additional information requested of Consultant Blandon being added to the 2014 financial statements in regards to agency credits.

VI. Announcements

- a.** The Beaumont Basin Watermaster has tentatively scheduled a Special Project Committee Meeting on Wednesday, November 12, 2014 at 10:00 a.m.
- b.** The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, December 3, 2014 at 10:00 a.m.

After discussion item “a” was cancelled with Member Zoba commenting that another workshop may be needed after the regular Watermaster meeting. Chairman Burk made announcement “b” above.

VII. Adjournment

Chairman Burk adjourned the meeting at 11:19 a.m.

Duane Burk, Member
Beaumont Basin Watermaster

Reports

Discussion Items

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 14-12

Date: December 3, 2014

From: Joseph Zoba, Treasurer

Subject: Authorization for ALDA to Prepare a Water Level Monitoring Assessment Plan

Recommendation: That the Watermaster Committee authorizes ALDA Inc. to conduct an assessment of existing monitoring wells and to develop a cost estimate to repair, maintain, and collect water level data during Calendar Year 2015.

In fiscal year 2006/07, the Beaumont Basin Watermaster initiated a groundwater level monitoring program. The initial objectives of the program were to determine the location of subsurface groundwater barriers and to collect consistent, long-term groundwater level information for its own use and for the use of Watermaster Parties. Initially, 10 monitoring wells were equipped with pressure transducers to record water levels every 15 minutes; the number of monitoring wells was later increased to 13. From the program inception through sometime in 2011, Wildermuth Environmental Inc. was tasked to maintain the monitoring equipment and to download the water level information on a quarterly basis. Water level equipment has not been maintained since.

As part of the long-term management of the groundwater basin, it is important to collect and maintain adequate static long-term water level information at various locations in the basin. Information collected would be used to determine the amount of water in storage and to evaluate water levels decline or recovery. Further, water level information at these monitoring wells should be documented and presented at each Watermaster meeting.

This program should be re-established as part of the long-term management of the groundwater basin. The first step to achieving this objective is to authorize ALDA to conduct an assessment of the existing monitoring equipment to determine whether equipment should be replaced, repaired, and/or updated including a cost estimate to bring every monitoring well and equipment to working conditions. The cost estimate should also include the cost to maintain the equipment and download the water level information at regular intervals.

This initial step could be conducted under ALDA's Task Order No. 4, which has been designated for On-Call technical support. This task order has an upper limit of \$20,000.00 of which \$4,100.00 or 20.50 percent of the total have been spent.

The results of this initial investigation should be presented to the Board at the February meeting for further consideration.

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 14-13

Date: December 3, 2014

From: Joseph Zoba, Treasurer

Subject: Amendment No. 2 to Task Order No. 3 Related to the Groundwater Model Update and Redetermination of Safe Yield

Recommendation: That the Watermaster Committee approves Amendment No. 2 to Task Order No. 3 with ALDA, Inc. for a sum not to exceed \$26,430.

On February 6, 2013, the Watermaster Committee approved the initial contract with ALDA Inc. for Task Order No. 3 for a value not to exceed \$229,210.00. At the May 7, 2014, the Committee approved and authorized ALDA Inc. to conduct additional analyses in support of finalizing the Safe Yield of the Beaumont Basin study. The additional analyses involved additional model runs to assess the Safe Yield without San Geronio Pass Water Agency (SGPWA) recharge and quantification of the location and magnitude of subsurface underflow losses out of the basin. As a result of this out of scope services, the not to exceed budget was increased by \$11,720.00 to \$240,930.00.

Over the last six months significant discussions have taken place to address the issue of return flows, as a component of the basin safe yield, from imported sources brought into the Beaumont Basin. These discussions continue to evolve as proper accounting needs to be given to each Appropriator for the amount of imported water delivered. The results of this evaluation will be incorporated into the final Safe Yield of the Beaumont Basin report.

During our last meeting, Mr. Blandon (ALDA Inc.) indicated that he would like the Watermaster Committee to consider an increase in the upper limit of the contract to cover additional expenses related to the evaluation of return flows.

Attached, please find a letter from ALDA Inc., dated November 26, 2014, requesting that the upper limit for Task Order No. 3 be increased by \$26,430.00 to \$267,360.00. The increased amount should cover out of scope services conducted over the last few months and anticipated services required to complete the return flow analysis and incorporation into the Beaumont Basin Final Safe Yield Report.

Based on the cost distribution used by the members of the Special Project Committee, the approval of Amendment No. 1 would result in invoices sent to the participating members as follows:

City of Banning	31.43%	\$8,306.95
Beaumont Cherry Valley Water District	42.51%	\$11,235.40
South Mesa Mutual Water Company	12.48%	\$3,298.46
Yucaipa Valley Water District	<u>13.58%</u>	<u>\$3,589.19</u>
Total		\$26,430.00

Beaumont Basin Watermaster

INDEPENDENT CONTRACTOR'S TASK ORDER ISSUED TO ALDA, INC.

AMENDMENT NO. 2 TO TASK ORDER NO. 3

Project Title: Professional Engineering Services - Groundwater Model Update and Redetermination of Safe Yield

Task Order Authorization Date: February 6, 2013

Contractor Name: Alda, Inc.
Contact: Mr. F. Anibal Blandon
Address: 5928 Vineyard Avenue
Alta Loma, California 91701
Telephone: (909) 587-99160
Fed. Tax ID #: _____

SUMMARY OF TASK ORDER:

Description	Amount	Reference
Original Contract Amount	\$229,210	Watermaster Memorandum No. 13-06
Amendment No. 1	\$11,720	Watermaster Memorandum No. 14-03
Amendment No. 2	\$26,430	Watermaster Memorandum No. 14-13
Total	\$267,360	

This TASK ORDER No. 3 is issued pursuant to that certain Agreement for Services by Independent Contractor between the BEAUMONT BASIN WATERMASTER ("OWNER") and ALDA, INC. (CONTRACTOR") dated May 16, 2012 (the "AGREEMENT").

The OWNER and CONTRACTOR have entered into this TASK ORDER as specifically set forth herein below, and except as specifically provided herein, the AGREEMENT shall remain in full force and effect as originally stated.

1. Tasks to be Performed & Compensation. CONTRACTOR shall provide all labor, materials and equipment to perform the following tasks as fully described in the attached Task Order No. 3 - Amendment No. 1 Scope of Services dated November 26, 2014 and the proposal to Provide Professional Engineering Services by the CONTRACTOR dated April 16, 2012.

2. Term. This Task Order shall remain in full effect until the proposed project is completed which is estimated to be by June 30, 2015.

IN WITNESS WHEREOF, the parties have executed this Task Order No. 3 on the date indicated below.

Beaumont Basin Watermaster

Alda, Inc.

By: _____

By: _____

Dated: December 3, 2014

Dated: _____

Name: Duane Burk, Chairman

Name: _____

ALDA Inc.

5928 Vineyard Avenue
Alta Loma, CA 91701
Tel: (909) 587-9916
Fax: (909) 498-0423

November 26, 2014

Daune Burke, President
Beaumont Basin Watermaster
560 Magnolia Avenue
Beaumont, CA 92223

**Subject: Task Order No. 3 – Groundwater Model Update and
Re-determination of Safe Yield - Request to Increase Upper Limit**

Dear Mr. Burke:

Per the Watermaster Board request during our last meeting, October 29th, 2014, ALDA Inc., in association with Thomas Harder & Company, (ALDA) have prepared this letter documenting the scope of work and cost estimate to conduct additional analyses related to the evaluation of return flows and their impact on the safe yield of the Beaumont Basin. While a small budget was included in the initial scope of services to address return flows as part of the groundwater model, the current evaluation is far beyond its original intent. The current analyses focus on providing additional detail to determine the portion of annual return flow that is contributed by each Appropriator. Our detailed scope of work is presented below along with our cost estimate to complete.

Task 1 – Return Flow Accounting

Our draft report on the 2013 Reevaluation of the Safe Yield of the Beaumont Basin, presented our estimate of return flow recharge from municipal water use contributions to the Safe Yield of the basin. Based on direction from the Board, we have been asked to conduct a more detailed analysis to quantify the return flow that can be attributed to each Appropriator based on their respective water delivery records within the Beaumont Basin Adjudication boundary. As per the October 29, 2014 Board meeting, the accounting of return flow by Appropriator was to be based on 2013 water delivery records.

ALDA will compile the water delivery records, by Appropriator, and apply the return flow factors established for each land use within the respective Appropriators' service areas of the Beaumont Basin Adjudication area. The Appropriator service areas to be evaluated will include the Beaumont-Cherry Valley Water District, the City of Banning, and the Yucaipa Valley Water District. It is assumed that the water delivery records will be provided by the Appropriators in electronic and editable format.

As a second alternative, ALDA will develop annual return flow accounting specific to each Appropriator that takes into account the lag time that has been estimated for the applied water to reach the regional aquifer (which is estimated to be 25 years). Using this method, appropriator-specific return flow will be developed based on historical land use data.

ALDA Inc.

Mr. Duane Burke
November 26, 2014
Page 2 of 3

The initial results of these two alternate evaluations will be presented at the December 3, 2014 Board meeting for discussion and selection of a preferred alternative. Additional refinements will be required to the selected alternative as most of the information requested has not been received.

Task 2 – Incorporation of Return Flows and Completion of Safe Yield Report

Once a return flow methodology has been approved by the Board, ALDA will incorporate a description of the methodology, tables showing the return flow data, and results of the analysis into the final 2013 Safe Yield report. For budget purposes, it is assumed that one more "Draft-Final" version of the report will be submitted to the Board for review and approval. Upon final approval, ALDA will prepare the final Safe Yield report.

Task 3 – Meeting Preparation and Attendance

Over the last few months ALDA has prepared for and attended out-of-scope Board meetings/workshops for the purpose of addressing the return flow issue for the Safe Yield analysis. The additional meetings included:

- ✓ October 1, 2014 Board Workshop
- ✓ October 15, 2014 Board Workshop
- ✓ October 29, 2014 Board Workshop

Budget is also included to prepare for and attend two additional meetings to present the return flow analysis results and to receive final Board comments for finalizing the Safe Yield report. The budget for this task includes five meetings.

Cost Estimate

The estimated cost to complete the return flow analysis and to finalize the Safe Yield Study, is \$ 26,430.00. This cost estimate is based on 207 engineering and administrative hours as detailed in the attached Table 1. This additional cost will increase the budget for Task Order No. 3 from the current upper limit of \$ 240,930.00 to the revised upper limit of \$ 267,360.00.

We appreciate the opportunity to continue providing engineering and hydro-geologic support services to the Beaumont Basin Watermaster and would like to thank you for your consideration of this letter. Should you have any questions on this matter, please contact us at 909-587-9916.

Very truly yours,

ALDA Inc.



F. Anibal Blandon, P.E.
Principal



Mr. Duane Burke
November 26, 2014
Page 3 of 3

Table 1

Cost Estimate for Engineering and Hydrogeologic Services

Additional Analyses in Support of Finalizing the Safe Yield of the Beaumont Basin

Task Description	Principal Engineer	Principal Hydro-geologist	Staff Hydro-geologist	Graphics	Clerical	Total Labor	Total Cost
Task 1 - Return Flow Accounting	16	16	40	4		76	\$ 8,900.00
Task 2 - Incorporation into Final Report	12	24	20	6	12	74	\$ 8,730.00
Task 3 - Meeting Preparation & Attendance	32	25				57	\$ 8,800.00
	60	65	60	10	12	207	\$ 26,430.00

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 14-14

Date: December 3, 2014

From: Joseph Zoba, Treasurer

Subject: Review of Documents Pertaining to the Transfer of Overlying Water Rights from Sunny-Cal Egg & Poultry Company to CV Communities, LLC

Recommendation: That the Watermaster Committee reviews the attached documentation and provides direction to the Watermaster Legal Counsel.

CV Communities, LLC's ("CV") is purchasing Assessor Parcel Nos. 407-190-016, 407-190-017; 407-230-022 through 026; and 407-230-028; and has an option to purchase Assessor Parcel No. 407-230-027 (see Recorded Grant Deed and legal descriptions, Purchase Agreement and Joint Escrow Instructions, section 1.44, Seller's Retained Parcel) from Sunny-Cal Egg & Poultry Company ("Sunny-Cal").

The Beaumont Basin Watermaster received the attached draft resolution and the supporting recorded deed, purchase agreement, and relevant exhibits confirming acquisition of certain property from representatives of CV. The draft resolution requests that the Watermaster transfer to CV, Sunny-Cal's five hundred fifty (550) acre feet of "overlying water rights", attributable to the APNs being acquired. Watermaster Legal Counsel has confirmed that the referenced APNs are identified as Sunny-Cal's property under the Judgment, Exhibit D.

The draft resolution also advises the Watermaster that Sunny-Cal's remaining eight hundred eighty-nine and one-half (889.5) acre feet of water rights will remain in Sunny-Cal's name, and will be available for use either by CV on the parcels it has acquired from Sunny-Cal, or by Sunny-Cal on its remaining parcels.

This item is presented for discussion purposes to provide Legal Counsel with direction from the Watermaster Committee.

Allen Matkins

Allen Matkins Leck Gamble Mallory & Natis LLP
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Mark J. Hattam
E-mail: mhattam@allenmatkins.com
Direct Dial: 619.235.1529 File Number: 371373-00016/SD823859.01

Via Overnight Mail

October 28, 2014

Keith E. McCullough, Esq.
AlvaradoSmith, APC
One MacArthur Place, Suite 200
Santa Ana, CA 92707

Re: CV Communities, Sunny-Cal Egg & Poultry

Dear Mr. McCullough:

In speaking with the Beaumont Basin Watermaster's office (the "Watermaster"), they have informed us that you are their counsel. Therefore, this letter is being addressed to you as the attorney for the Watermaster.

Our firm represents CV Communities, LLC ("CV"), which in late 2012 purchased certain property (the "Property")¹ from Sunny-Cal Egg & Poultry Company ("Sunny-Cal"). A copy of the purchase agreement, without all its exhibits, is enclosed herewith. Also enclosed is the recorded deed for this sale.

Sunny-Cal had certain water rights which were awarded to its land under the 2004 groundwater adjudication Judgment administered by the Watermaster (the "Judgment"). Over the years, as Sunny-Cal sold various pieces of property, the Watermaster regularly recognized the water rights that went along with such sales, because the terms of the Judgment make clear that the water rights go to successors and assigns (Judgment, page 24, for example). Here are references to previous Watermaster resolutions which recognized prior Sunny-Cal land sales and the accompanying changes in the total Sunny-Cal adjudicated overlying right:

- Resolution No. 2006-04 - Recognizing the Designation of a Specific Amount of Overlying Water Rights to Specific Parcels - Sunny-Cal Egg and Poultry Company, Assessor's Parcel Number 407-180-004 (9.35 acres).

¹ Specifically, Riverside County APN numbers 407-190-016, 407-190-017; 407-230-022 through -026; and 407-230-028.

Allen Matkins Leck Gamble Mallory & Natsis LLP
Attorneys at Law

Keith E. McCullough, Esq.
October 28, 2014

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- Resolution No. 2006-05 - Recognizing the Designation of a Specific Amount of Overlying Water Rights to Specific Parcels - Sunny-Cal Egg and Poultry Company, Assessor's Parcel Number 407-190-018 (0.93 acres).
- Resolution No. 2006-06 - Recognizing the Designation of a Specific Amount of Overlying Water Rights to Specific Parcels - Sunny-Cal Egg and Poultry Company, Assessor's Parcel Number 407-190-015 (1.35 acres).
- Resolution No. 2006-07 - Recognizing the Designation of a Specific Amount of Overlying Water Rights to Specific Parcels - Sunny-Cal Egg and Poultry Company, Assessor's Parcel Number 407-190-013 (2.01 acres).
- Resolution No. 2006-08 - Recognizing the Designation of a Specific Amount of Overlying Water Rights to Specific Parcels - Sunny-Cal Egg and Poultry Company, Assessor's Parcel Number 407-190-014 (0.50 acres).

CV requests that the Watermaster recognize the further division of the Sunny-Cal overlying right per the 2012 sale from Sunny-Cal to CV. We have drafted and enclosed a short Watermaster resolution to this effect for your review. It should be noted that the draft resolution reflects the fact that water which Sunny-Cal was retaining for its remaining land is listed as being usable on either the Sunny-Cal land that was sold to CV or retained by Sunny-Cal, because CV has an option to acquire the latter. This will avoid having to bother the Watermaster a second time, should CV exercise this option.

A copy of this letter and its enclosures is concurrently being provided to Sunny-Cal. We therefore ask that the Watermaster calendar this item for review at its next available meeting. If you have any questions, please call me. Thank you.

Very truly yours,



Mark J. Hattam

MJH:cs
Enclosures

cc: Ms. Kathi Berman
Mr. Howard Berman

DRAFT**RESOLUTION NO. 2014-_____****A RESOLUTION OF THE
BEAUMONT BASIN WATERMASTER
RECOGNIZING THE DESIGNATION OF
OVERLYING WATER RIGHTS TO SPECIFIC PARCELS**

WHEREAS, in 2004, the Beaumont Basin was adjudicated by Judgment entitled San Timoteo Watershed Management Authority v. City of Banning, et al. (Riverside County Superior Court Case No. RIC 389197) ("Judgment");

WHEREAS, among other determinations, the Judgment awarded "Overlying Water Rights" to Sunny-Cal Egg and Poultry Company ("Sunny-Cal") and other named defendants owning real property overlying the Beaumont Basin;

WHEREAS, in late December 2012, Sunny-Cal sold to CV Communities, LLC ("CV Communities") approximately 166 acres identified in Exhibit D of the Judgment as Assessor Parcel Nos. ("APN's") 407-190-016 and 407-190-017, and 407-230-022 through -026, and 207-230-028 (the "Conveyed Parcels") as well as Sunny-Cal Overlying Water Rights, subject to a Deed of Trust in favor of Sunny-Cal, and such sale included an option by which CV Communities could acquire the Sunny-Cal Retained Land described below;

WHEREAS, Sunny-Cal and CV Communities desire that the Watermaster recognize that five hundred fifty (550) acre feet of the Sunny-Cal Overlying Water Rights awarded under the Judgment be designated for use on the above-listed APN's and henceforth be placed in the name of CV Communities. Sunny-Cal and CV Communities also desire that the remaining eight hundred eighty-nine and one-half (889.5) acre feet of Sunny-Cal water rights awarded under the Judgment ("Sunny-Cal Retained Water Rights") remain in the name of Sunny-Cal and remain available for use on either the Conveyed Parcels or the other Sunny-Cal parcels listed in Exhibit D of the Judgment which remain in Sunny-Cal ownership ("Sunny-Cal Retained Land"). Sunny-Cal and CV Communities further desire that the Sunny-Cal Retained Water Rights, whether in whole or in part, remain eligible for use on either the Conveyed Parcels or the Sunny-Cal Retained Land at a future date.

NOW, THEREFORE, the Beaumont Basin Watermaster hereby resolves as follows:

1. CV Communities Rights. The Beaumont Basin Watermaster hereby recognizes the designation of five hundred fifty (550) acre feet of Sunny-Cal's Overlying Water Right to the Conveyed Parcels. Such five hundred fifty (550) acre feet of Overlying Rights shall henceforth be placed in the name of CV Communities in the records of the Watermaster.
2. Sunny-Cal Rights. The remaining eight hundred eighty-nine and one-half (889.5) acre feet of Sunny-Cal Overlying Water Rights awarded under the Judgment remain in

the name of Sunny-Cal and remain available for use on the Conveyed Parcels or on the Sunny-Cal Retained Land, or both.

3. Future Designation. The Beaumont Basin Watermaster hereby recognizes that the Sunny-Cal Retained Water Rights remain eligible for designation, whether in whole or in part, to CV Communities for use on the Conveyed Parcels or on the Sunny-Cal Retained Land, or on both, at a future date.

4. Wells. The Beaumont Basin Watermaster hereby recognizes that the wells on the Conveyed Parcels may be used to extract water for use on either the Conveyed Parcels or the Sunny-Cal Retained Land.

5. Effect of Judgment on Successors and Assigns. The Judgment provides, in Article VII.4, that the Judgment "shall be binding on and shall inure to the benefit of . . . successors and assigns of the parties." To the extent that either the Conveyed Parcels or the Sunny-Cal Retained Land are ever sold or otherwise transferred to new owners, the water rights under the Judgment described herein shall pass to such successors and assigns.

6. Further Documentation or Action. The Chief of Watermaster Services is hereby authorized and directed to execute such further documents and instruments, and take such further action, as shall be reasonably required to carry out the purposes and intent of this resolution.

7. Effective Date. The effective date of this designation is January 1, 2015.

BEAUMONT BASIN WATERMASTER

By _____
Chairperson of the
WATERMASTER

RECORDING REQUESTED BY:

First American Title Insurance Company

**WHEN RECORDED, MAIL THIS DEED
AND, UNLESS OTHERWISE SHOWN
BELOW, MAIL TAX STATEMENTS TO:**CV Communities, LLC
1900 Quail Street
Newport Beach, CA 92660
Attention: August Belmont**DOC # 2012-0627127**

12/24/2012 10:40 AM Fees: \$43.00

Page 1 of 7 Doc T Tax Paid

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder

**This document was electronically submitted
to the County of Riverside for recording**
Received by: TVERBA

DTT Ok-D

NCS 210165

Tra: 056-014

APN: see Attached Exhibit 1

(Space Above Line for Recorder's Use Only)

GRANT DEED

The undersigned grantor declares: Documentary Transfer Tax not shown pursuant to Section 11932 of the Revenue and Taxation Code, as amended

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, SUNNY-CAL EGG & POULTRY COMPANY, a California corporation ("Grantor"), hereby GRANTS to CV COMMUNITIES, LLC, a Delaware limited liability company ("Grantee"), all that certain real property (the "Property") in the County of Riverside, State of California, as described in Exhibit "1" attached hereto and incorporated herein by this reference, together with all the water rights associated therewith, including as decreed in that certain Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin filed February 4, 2004 in Riverside County Superior Court Case No. RIC 389197 ("Judgment"), but not to exceed five hundred fifty (550) acre feet of groundwater per annum under that Judgment, unless allowed to increase extraction as permitted by any amendments or changes to such Judgment.

The remaining water rights owned by Grantor or its affiliates under such Judgment (i.e., those water rights above five hundred fifty (550) acre feet per annum) ("Retained Water Rights") shall remain in the ownership of Grantor and be associated with real property owned by Grantor contiguous to the Property being conveyed under this Grant Deed, but subject to the provisions of Sections 18.5 and 18.6 of that certain unrecorded Purchase Agreement and Joint Escrow Instructions dated November 16, 2012 between Grantor, as Seller, and Grantee, as Buyer. A copy of Sections 18.5 and 18.6 are attached hereto as Exhibit "2" and incorporated herein by this reference.

Grantor and Grantee agree that Grantor retains the right to convey all or a portion of its Retained Water Rights to Grantee at a future date for use on or for the benefit of the Property or any development thereon, and nothing in this Grant Deed is intended to prohibit any such future

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First American Title Insurance Company

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AND, UNLESS OTHERWISE SHOWN
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CV Communities, LLC
1900 Quail Street
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Attention: August Belmont

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Tra: 056-014

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conveyance. In addition, Grantee retains the right to reconvey to Grantor any of its unused water rights under the Judgment.

IN WITNESS WHEREOF, the undersigned has executed this document as of the day and year indicated.

Dated: December 18th, 2012

SUNNY-CAL EGG & POULTRY COMPANY, a
California corporation

By: Kathi L. Berman VP
Kathi L. Berman, Vice President

By: Michael G. Manheim, PRES
Michael G. Manheim, President

STATE OF CALIFORNIA)
COUNTY OF Riverside) ss.

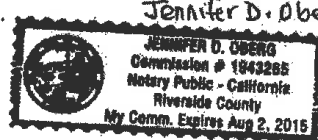
On December 18, 2012 before me, Jennifer D. Oberg
notary public, personally appeared Kathi L. Burman and Michael G. Hankins who proved to
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed 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

Jennifer D. Oberg



STATE OF CALIFORNIA)
COUNTY OF _____) ss.

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

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

Witness my hand and official seal.

Signature _____

EXHIBIT "1" TO GRANT DEED**LEGAL DESCRIPTION OF REAL PROPERTY**

All of that certain real property in the County of Riverside, State of California, described as follows:

PARCEL ONE:

THE WESTERLY 208.71 FEET OF THE NORTHERLY 1,073.55 FEET OF THE SOUTH HALF OF SECTION 29, TOWNSHIP 2 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THE NORTHERLY 30 FEET IN WOODLAND AVENUE, NOW CHERRY VALLEY BOULEVARD.

ALSO EXCEPTING THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED NOVEMBER 14, 1974 AS INSTRUMENT NO. 146636.

PARCEL TWO:

THAT PORTION OF THE SOUTH HALF OF SECTION 29, TOWNSHIP 2 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTH HALF OF SECTION 29, SAID POINT BEING ALSO A POINT IN THE CENTER OF WOODLAND AVENUE;

THENCE NORTH 89° 33' 30" EAST ON THE CENTER LINE OF WOODLAND AVENUE, 786.12 FEET, MORE OR LESS, TO A POINT DISTANT SOUTH 89° 33' 30" WEST, 791 FEET, FROM THE NORTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO J. VINCENT HANNON AND JEREMIAH C. HANNON BY DEED RECORDED JANUARY 28, 1909 IN BOOK 276, PAGE 324 OF DEEDS, RIVERSIDE COUNTY RECORDS;

THENCE SOUTH 0° 28' 50" WEST AND PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL CONVEYED TO HANNON, 1975 FEET TO A POINT ON THE NORTHERLY LINE OF THAT CERTAIN PARCEL CONVEYED TO MELVIN F. KLAGUOS AND PAULINE M. KLAGUOS, HUSBAND AND WIFE BY DEED RECORDED AUGUST 4, 1959 AS INSTRUMENT NO. 67500;

THENCE WESTERLY ON THE NORTHERLY LINE OF SAID PARCEL CONVEYED TO KLAGUOS TO A POINT IN THE WEST LINE OF SAID SECTION 29;

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THENCE NORTH 0° 07' 40" EAST ON THE WEST LINE OF SAID SECTION 29, TO THE POINT OF BEGINNING;

EXCEPTING THEREFROM THE WESTERLY 208.71 FEET OF THE NORTHERLY 1,073.55 FEET; ALSO EXCEPTING THEREFROM THE NORTHERLY 30 FEET IN WOODLAND AVENUE, NOW CHERRY VALLEY BOULEVARD.

ALSO EXCEPTING THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED NOVEMBER 14, 1974 AS INSTRUMENT NO. 146646.

PARCEL TWO A:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE NORTHERLY LINE OF SAID SOUTHWEST QUARTER DISTANT SOUTH 89° 33' 30" WEST, 791 FEET FROM THE NORTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO J. VINCENT HANNAN BY DEED RECORDED JANUARY 28, 1909 IN BOOK 276, PAGE 324 OF DEEDS, RIVERSIDE COUNTY RECORDS; SAID POINT ALSO BEING DISTANT NORTH 89° 33' 30" EAST 786.12 FEET FROM THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION;

THENCE SOUTH 0° 28' 50" WEST, PARALLEL WITH THE WEST LINE OF THE PARCEL CONVEYED TO J. VINCENT HANNON 313.5 FEET TO THE TRUE POINT OF BEGINNING;

THENCE EASTERLY ON SAID SOUTHERLY LINE OF THE PARCEL CONVEYED TO GEORGEUS GEORGE AND ELIZABETH B. GEORGE, BY DEED FILED FOR RECORD AUGUST 21, 1952 AS INSTRUMENT NO. 35786, IN BOOK 1394 PAGE 352 OFFICIAL RECORDS, 11 FEET;

THENCE SOUTHERLY 1, 221.5 FEET TO A POINT ON THE SOUTHERLY LINE OF THAT CERTAIN PARCEL CONVEYED TO FRANK J. FABIAN AND MARY R. FABIAN BY DEED RECORDED NOVEMBER 4, 1939 IN BOOK 434, PAGE 587 OF OFFICIAL RECORDS, RIVERSIDE COUNTY RECORDS, 20.5 FEET OF THE SOUTHWEST CORNER OF SAID PARCEL SO CONVEYED TO FRANK J. FABIAN AND WIFE;

THENCE WEST ON SAID SOUTH LINE 20.5 FEET;

THENCE NORTH 1,221.5 FEET TO THE POINT OF BEGINNING.

PARCEL TWO C:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SOUTHWEST QUARTER DISTANT SOUTH 89° 33' 30" WEST, 791 FEET FROM THE NORTHWEST CORNER OF THAT CERTAIN PARCEL CONVEYED TO J. VINCENT HANNON BY DEED RECORDED JANUARY 28, 1909 IN BOOK 276, PAGE 324 OF DEEDS, RIVERSIDE COUNTY RECORDS; SAID POINT ALSO BEING DISTANT NORTH 89° 33' 30" EAST 786.12 FEET FROM THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER;

THENCE SOUTH 0° 28' 50" WEST, PARALLEL WITH THE WEST LINE OF THE PARCEL CONVEYED TO J. VINCENT HANNON 313.4 FEET;

THENCE NORTH 89° 33' 30" EAST, 30 FEET;

THENCE NORTH 0° 28' 50" EAST, 313.4 FEET, TO THE NORTH LINE OF SAID SOUTHWEST QUARTER;

THENCE SOUTH 89° 33' 30" WEST, 30 FEET TO THE POINT OF BEGINNING;

EXCEPTING THEREFROM THE NORTH 30 FEET IN WOODLAND AVENUE, NOW CHERRY VALLEY BOULEVARD.

ALSO EXCEPTING THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED NOVEMBER 14, 1974 AS INSTRUMENT NO. 146646.

PARCEL THREE:

PARCELS 1 TO 5, INCLUSIVE, AND 7, AND LOTS A TO K, INCLUSIVE OF PARCEL MAP NO. 12218, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN PARCEL MAP BOOK 85, PAGE 66 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TIA: 056-014

Apns:

<i>407-190-016-6</i>	<i>407-230-025-7</i>
<i>407-190-017-7</i>	<i>407-230-026-8</i>
<i>407-230-022-4</i>	<i>407-230-027-9</i>
<i>407-230-023-5</i>	<i>407-230-028-0</i>
<i>407-230-024-6</i>	

EXHIBIT "2" TO GRANT DEED**SECTIONS 18.5 AND 18.6 OF UNRECORDED PURCHASE AGREEMENT AND JOINT
ESCROW INSTRUCTIONS DATED NOVEMBER 16, 2012**

18.5 Subrogation. If, for any reason, including, without limitation, by court or administrative order, there is a reduction in Seller's Total Water Rights which would otherwise result in a reduction of Buyer's Water Rights, then (i) the reduction shall come entirely from Seller's Retained Water Rights such that Buyer's Water Rights shall be unaffected and (ii) if such reduction is in Buyer's Water Rights, then Seller shall immediately convey to Buyer by Grant Deed the quantity from Seller's Retained Water Rights that is sufficient to fully restore Buyer's Water Rights to five hundred fifty (550) acre feet per year, or a lesser amount if BCVWD has provided Buyer with the Conditional Will Serve Letter and the Fee Waiver, in forms reasonably acceptable to Buyer. This covenant and subrogation shall be included in the Option Agreement, and shall be included in any agreement by which Seller transfers its Seller's Retained Water Rights to any third party including, without limitation, to BCVWD.

18.6 Insufficiency. If, prior to the delivery to Buyer of the Conditional Will Serve Letter and the Fee Waiver executed by BCVWD in forms reasonably acceptable to Buyer, it is determined that Buyer's Water Rights are not sufficient to support the Project of five hundred thirty (530) single family homes, then Seller agrees to convey to Buyer by Grant Deed such additional water rights from Seller's Retained Water Rights as are sufficient to support such development.

**PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS
(Sunny-Cal)**

THIS PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made this 16th day of November 2012 by and between SUNNY-CAL EGG & POULTRY COMPANY, a California corporation ("Seller"), and CV COMMUNITIES, LLC, a Delaware limited liability company ("Buyer"), as follows:

1. Definitions. For the purpose of this Agreement, certain initially capitalized terms used in this Agreement and not otherwise defined in the body of this Agreement shall have the meanings set forth below:

1.1 "Additional Waivers" means fees assessed by BCVWD on a per Lot basis for other than the Assumed Waiver Items.

1.2 "Adjudication" means that certain Judgment Pursuant to Stipulation Adjudicating Ground Water Rights in the Beaumont Basin filed February 4, 2004 in Riverside County Superior Court Case No. RIC 389197.

1.3 "Approval Notice" means a written notice from Buyer to Seller and Escrow Holder given, if at all, on or before the last day of the Feasibility Period in which Buyer approves its feasibility analysis of the Real Property. Any Approval Notice containing conditions or qualifications will be deemed a Termination Notice.

1.4 "Appurtenances" means all rights, privileges and easements appurtenant to the Real Property, including, without limitation, all minerals, oil, gas and other hydrocarbon substances on and under the Real Property, as well as all governmental and other approvals, permits, licenses, development rights and entitlements, air rights, Buyer's Water Rights, utility and other permits, deposits, CFD and other district proceeds, fee and tax credits (except fee credits taking the form of Additional Waivers benefitting Seller, as addressed herein), any refunds relating to the Real Property, and any other easements, rights-of-way or appurtenances used in connection with the beneficial use and enjoyment of the Real Property including, without limitation, instruments signed by neighboring property owners evidencing permission to grade on their properties.

1.5 "Assignment" means an Assignment and Assumption Agreement between Seller and Buyer with respect to the Well Acquisition Agreement in the form of Exhibit "E" attached hereto.

1.6 "Assumed Waivers" means (i) the current Water Rights Fee of One Thousand Two Hundred Twenty-Five and 00/100 Dollars (\$1,225.00) per Lot currently imposed by BCVWD, (ii) the current Water Treatment Plant Fee of Nine Hundred Twenty-One and 00/100 (\$921.00) per Lot currently imposed by BCVWD, and (iii) the current Local Water Resources Fee of Four Hundred Eighty-Five and 00/100 (\$485.00) per Lot currently imposed by BCVWD.

- agency.
- 1.7 "BCVWD" means the Beaumont-Cherry Valley Water District, a public agency.
- 1.8 Intentionally Deleted.
- 1.9 "Business Day" means any day other than a Saturday or Sunday or legal holiday in the State of California.
- 1.10 "Buyer's Water Rights" means the right to extract five hundred fifty (550) acre feet of ground water per annum in accordance with the Adjudication, to be conveyed by Seller to Buyer pursuant to the Grant Deed.
- 1.11 "City" means the City of Beaumont.
- 1.12 "Closing Date" means December 21, 2012.
- 1.13 "Conceptual Lotting Study" means the Conceptual Lotting Study for the Sunny-Cal Specific Plan, a copy of which is attached hereto as Exhibit "F".
- 1.14 "Conditional Will Serve Letter" means a written commitment from BCVWD to issue a will serve letter for the Real Property to support the Project of five hundred thirty (530) single family homes upon the assignment to BCVWD of Buyer's Water Rights.
- 1.15 "County" means the County of Riverside.
- 1.16 "Deposit" means an amount equal to One Hundred Thousand and 00/100 Dollars (\$100,000.00).
- 1.17 "Development Agreement" means that certain Pre-Annexation and Development Agreement (No. 06-DA-01) between the City of Beaumont, on one hand, and Seller and Manheim, Manheim & Berman, on the other hand, approved pursuant to the City's Ordinance No. 918 on September 18, 2007 and recorded October 18, 2012 as Document No. 2012-0497525, records of Riverside County, California.
- 1.18 "Development Agreement Assignment" means an assignment by Seller to Buyer of all the right, title and interest of Owner (as defined in the Development Agreement) with the consent of the City, substantially in the form of Exhibit "G" attached hereto or as otherwise required by the City.
- 1.19 "Effective Date" means the date on which both Seller and Buyer have executed and delivered this Agreement to the other. That date shall be inserted in the introductory paragraph of this Agreement.
- 1.20 "Escrow Holder" means First American Title Insurance Company located at 5 First American Way, Santa Ana, California 92707, Attn: Ryan Hahn, telephone: (714) 250-8394, facsimile: (714) 250-8412, email: rhahn@firstam.com.

1.21 "Feasibility Period" means the period commencing on the Effective Date and ending at 5:00 p.m. California time on December 14, 2012.

1.22 "Fee Waiver" means an unconditional commitment executed by the BCVWD to eliminate certain per Lot fees for the Project of five hundred thirty (530) single family homes which are presently imposed by BCVWD, without necessity of any further action or consideration.

1.23 "Final Map" means a final map to be recorded in the Office of the County Recorder to establish the Lots necessary for the construction of the Project.

1.24 "General Assignment" is defined in Section 7.3.4 below.

1.25 "Grant Deed" is defined in Section 7.3.3 below.

1.26 "Ground Lease and Water Rights Use Agreement" means an agreement between Buyer and Seller in the form attached hereto as Exhibit "H" wherein (i) Buyer leases the Real Property to Seller on a net basis excepting only the obligation of Buyer, as lessor, to pay real property taxes, and (ii) permits the use by Seller of Buyer's Water Rights (A) in consideration of the payment of One Hundred and 00/100 Dollars (\$100.00), and the obligation of Seller to pay charges and fees with respect to Seller's use of water (and specifically not including any development impact or similar fees associated with construction of the Project) imposed by BCVWD when due, if any, and (B) for a term expiring on the earlier of (1) forty-two (42) months after the Close of Escrow or (2) ninety (90) days after written notice from Buyer to Seller accompanied by the payment of Ten Thousand and 00/100 Dollars (\$10,000.00) for each full calendar month of early termination prior to the end of the thirty-sixth (36th) full calendar month after the Close of Escrow, but given in no event prior to the date on which Buyer provides written notice to Seller that Buyer has made an initial application to the City for a rough grading permit for the Real Property, accompanied by a copy of that application and evidence of the payment of any application fee required in connection therewith.

1.27 "Intangible Property" means all of the rights of Seller in any intangible personal property (including without limitation, all plans, designs, reports, and studies) now or hereafter owned by Seller and used in connection with the ownership, use and operation of the Real Property, Improvements and Appurtenances, but not including intangible personal property relating to Seller's prior business operations upon the Real Property and unrelated to the Sunny-Cal Specific Plan and/or the prospective development of the Real Property.

1.28 "Lot" means each of the Lots.

1.29 "Lots" means the 530 single-family residential lots, more or less, generally as depicted on that portion of the Conceptual Lotting Study which covers the Real Property and Seller's Retained Parcel, to be established upon the recording of the Final Map.

1.30 "Memorandum of Option Agreement" means a Memorandum of the Option Agreement in the form attached as Exhibit "C" to the Option Agreement.

1.31 "Note" means a promissory note (i) in the principal amount of Ten Million Dollars (\$10,000,000.00) bearing interest at the simple rate of seven percent (7%) per annum, payable in quarterly installments of interest only commencing on the fifth (5th) day of January 2013, and continuing on the fifth (5th) day of the first month of each calendar quarterly period thereafter, (ii) with principal and accrued interest due and payable on December 21, 2016, (iii) with principal reductions in the amount of Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$675,000.00) on each of December 21, 2013, December 21, 2014 and December 21, 2015, (iv) secured by the Trust Deed, and (v) in the form of a note attached hereto as Exhibit "J-1". In addition, the Note shall provide that during the pendency of a Seller's Retained Parcel Default or a default by Seller of any of its obligations to Buyer set forth in Section 19.2 which is not cured within ten (10) Business Days after written notice (i) interest shall cease to accrue, and (ii) all interest and principal payments shall cease.

1.32 "Option Agreement" means an agreement setting forth the right of Buyer to purchase the Seller's Retained Parcel from Seller in the form of Exhibit "K" attached hereto.

1.33 "Option Exercise Notice" means a written notice from Buyer to Seller exercising Buyer's option to cause Seller to deliver title to Seller's Retained Parcel to Buyer pursuant to the terms of the Option Agreement given at any time on or after the earlier of (i) forty-two (42) months after the Close of Escrow or (ii) the date on which Buyer provided written notice to Seller that Buyer has made an initial application to the City for a rough grading permit for the Real Property, accompanied by a copy of that application and evidence of the payment of any application fee required in connection therewith.

1.34 "Option Escrow" means a separate escrow to be established between Buyer and Seller on or before December 14, 2012 with respect to the Option Agreement which shall provide, among other things, (i) for the deposit by Seller of a Grant Deed in favor of Buyer to Seller's Retained Parcel (the "SRP Grant Deed"), executed by Seller in recordable form, concurrently with the opening thereof, (ii) Seller's irrevocable and unconditional instruction to Escrow Holder to record the SRP Grant Deed in the office of the County Recorder (A) based solely upon Buyer's delivery to Escrow Holder, with a copy to Seller, of a written instruction to Escrow Holder to record the SRP Grant Deed containing Buyer's certificate that Buyer has given the Option Exercise Notice pursuant to the terms of the Option Agreement and that Seller has failed to authorize Escrow Holder to record the SRP Grant Deed within ten (10) business days thereafter, and (B) without regard to any conflicting instruction from Seller whatsoever, (iii) Escrow Holder's commitment to act in accordance with the foregoing provisions, (iv) an agreement by Buyer and Seller to indemnify, defend and hold Escrow Holder harmless for acting in accordance with the escrow instructions and (v) that the Option Escrow is conditioned upon the Close of Escrow hereunder.

1.35 "Option Escrow Condition" means that Buyer and Seller have established the Option Escrow with Escrow Holder, including, without limitation, Seller's delivery of the SRP Grant Deed to Escrow Holder, executed in recordable form.

1.36 "Permitted Subleases" means those leases listed on Exhibit "L" attached hereto that will become subleases upon the Close of Escrow.

1.37 Intentionally Deleted.

1.38 "Project" means an approximately five hundred thirty (530) single-family residential community to be constructed on the Real Property, together with any streets, paseos, parks and other public amenities required in connection therewith, all substantially in accordance with the Development Agreement and the Sunny-Cal Specific Plan.

1.39 "Project Documents" means copies of those reports, approvals, drawings, specifications, studies, tests and other documents relating to the Property which are in Seller's possession or control, all of which, unless prepared directly by Seller, are provided to Buyer without representation or warranty regarding the accuracy or completeness of the information contained therein.

1.40 "Property" means the Real Property, the Appurtenances and the Intangible Property.

1.41 "Purchase Price" is defined in Section 5 below.

1.42 "Real Property" means the approximately one hundred eighty-eight (188) acres (reduced by the acreage of Seller's Retained Parcel) of real property located between Cherry Valley Boulevard to the north and Brookside Avenue to the south in the County, commonly known as the Sunny-Cal Specific Plan, consisting of APNs: 407-190-016 and -017, and 407-230-022 through -026, inclusive, and -028, and more particularly described on Exhibit "A" attached hereto, together with any Appurtenances, structures, fixtures and other improvements affixed to or located thereon.

1.43 "Seller Financing" means a loan from Seller to Buyer in the amount of Ten Million Dollars (\$10,000,000.00) evidenced by the Note and secured by the Trust Deed.

1.44 "Seller's Retained Parcel" means APN: 407-230-027 which is located in the southwesterly corner of the Real Property and is more particularly described on Exhibit "A-1" attached hereto.

1.45 "Seller's Retained Parcel Default" means a default by Seller in the timely performance of any of its obligations set forth in Section 19.2 below, which is not cured within ten (10) Business Days after written notice to Seller from Buyer.

1.46 "Seller's Retained Water Rights" means Seller's Total Water Rights, less Buyer's Water Rights.

1.47 "Seller's Total Water Rights" means the right to extract one thousand four hundred thirty-nine and one-half (1,439.5) acre feet of ground water per annum with respect to the Real Property and Seller's Retained Parcel in accordance with the Superior Court Adjudication.

1.48 "Sunny-Cal Specific Plan" means a Specific Plan approved by the City on August 21, 2007 (Resolution 2007-46 adopting specific plan no. 05-01), covering the Real Property, together with adjacent real property.

1.49 "Termination Notice" means a written notice from Buyer to Seller and Escrow Holder given, if at all, on or before the last day of the Feasibility Period wherein Buyer elects to terminate the Agreement based upon its physical inspection of the Real Property or for any other reason.

1.50 "Title Company" means First American Title Insurance Company located at 3281 East Guasti Road, Suite 440, Ontario, California 91761, Attn: Greg Franke, telephone: (909) 510-6233, facsimile: (877) 461-2090, email: gfranke@firstam.com.

1.51 "Trust Deed" means a first deed of trust to be recorded through Escrow against the Property securing the Note, providing for the release of the Well No. 4 Lot without reduction in the principal balance of the Note upon the recording of the Final Map, and in the form of Exhibit "J-2" attached hereto.

1.52 "Watermaster" means the Beaumont Basin Watermaster appointed or selected in accordance with the Adjudication to administer the water rights established thereby.

1.53 "Watermaster Resolution" means a resolution or resolutions substantially in the form of Exhibit "M" attached hereto, acknowledging the conveyance of Buyer's Water Rights from Seller to Buyer pursuant to the terms of the Grant Deed.

1.54 "Well Acquisition Agreement" means the Well Acquisition Agreement executed on October 11, 2006 between BCVWD and Seller.

1.55 "Well Acquisition Agreement Estoppel Certificate" means an estoppel certificate executed by BCVWD in favor of Buyer with respect to the Well Acquisition Agreement in the form attached hereto as Exhibit "N".

1.56 "Well No. 4" means the water well marked with a red dot within the Well No. 4 Lot.

1.57 "Well No. 4 Lot" means the lot marked in blue on the Conceptual Lotting Study to be transferred to BCVWD pursuant to the Well Acquisition Agreement.

2. Purchase and Sale. In consideration of Buyer's payment of the Purchase Price to Seller, Seller agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Seller on the terms and conditions set forth in this Agreement and the option to acquire Seller's Retained Parcel pursuant to the terms of the Option Agreement.

3. Opening of Escrow. Within one (1) business day of their execution of this Agreement, Buyer and Seller shall open an escrow ("Escrow") with Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully-executed copies hereof to Buyer and Seller when Escrow has opened. Escrow shall be deemed "open" upon Escrow Holder's execution of this Agreement ("Opening of Escrow"). Escrow Holder shall notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller shall execute Escrow Holder's general escrow instructions upon request; provided, however, that if there is any conflict or inconsistency between such general escrow instructions and this Agreement, this Agreement shall control.

4. Closing. The closing under this Agreement shall take place through Escrow on the Closing Date. The date on which the Grant Deed (as defined below) is recorded in the Office of the County Recorder is hereinafter referred to as the "Closing" or the "Close of Escrow".

5. Purchase Price. The Purchase Price means Thirteen Million Four Hundred Seventy-Five Thousand and 00/100 Dollars (\$13,475,000.00) (i) reduced by one-half (½) of the product of five hundred thirty (530) multiplied by the aggregate per Lot value of Assumed Waivers for which Seller fails to deliver a Fee Waiver to Buyer and to Escrow Holder on or before the last day of the Feasibility Period, and (ii) increased by one-half (½) of the product of five hundred thirty (530) multiplied by the per Lot amount of any Additional Waivers for which Seller delivers a Fee Waiver to Buyer and Escrow Holder on or before the last day of the Feasibility Period. As an example, if Seller timely delivers (i) a Fee Waiver as to the \$485.00 per Lot Local Water Resources Fee only, then the Purchase Price decrease shall equal \$568,690.00 – one half (½) the product of 530 multiplied by \$2,146.00 (the sum of the \$1,225.00 per Lot Water Rights Fee and the \$921.00 per Lot Water Treatment Plant Fee) or (ii) Fee Waivers for all of the Assumed Waivers other than the Local Water Resources Fee and a Fee Waiver for an Additional Waiver as to \$1,000.00 per Lot, then the Purchase Price would increase by an amount equal to \$136,475.00 – one-half (½) the product of 530 multiplied by \$515.00 (the difference between \$1,000.00 and the \$485.00 Local Water Resources Fee). If Seller delivers Fee Waivers as to any Assumed Waiver or any Additional Waiver during the period commencing after the last day of the Feasibility Period and ending on the date that is three (3) years after the Close of Escrow then the Purchase Price shall be increased as calculated in accordance with clause (ii) above, provided that Buyer may elect to either (A) add that increase to the principal balance of the Note, in which event such increase shall start to accrue interest on the first (1st) day after the calendar quarter following the increase or (B) pay that increase in cash within thirty (30) days after the determination of the amount thereof. Buyer agrees to execute an amendment or amendments to the Note and the Trust Deed to reflect any such increase.

5.1 Deposit.

5.1.1 Deposit. Within one (1) business day after Opening of Escrow, Buyer shall deposit into Escrow cash or other immediately available funds in the amount of the Deposit. One Hundred and 00/100 Dollars (\$100.00) of the Deposit (the "Contract Fee") shall constitute non-refundable independent consideration for Seller's execution of this Agreement and shall be (i) immediately disbursed by Escrow Holder to Seller without necessity of any further instruction from Buyer and (ii) retained by Seller in the event of any termination of this Agreement notwithstanding any other provision of this Agreement. If Buyer does not deliver an Approval Notice to Seller and Escrow Holder on or before the last day of the Feasibility Period or Buyer delivers to Seller and Escrow Holder a Termination Notice on or before the last day of the Feasibility Period, then (i) Buyer shall conclusively be deemed to have terminated this Agreement and (ii) Escrow Holder shall immediately return the Deposit, less the Contract Fee, to Buyer, without necessity of any further instruction from Seller. If Buyer delivers an Approval Notice to Seller and Escrow Holder on or before the last day of the Feasibility Period, then the Deposit shall be nonrefundable, except (A) in the event of Seller's material uncured default under this Agreement (B) upon the failure of a condition to Closing set forth in Section 7.1, (C) due to termination of this Agreement in accordance with the terms of Section 21.3, or (D) as

otherwise expressly provided in this Agreement. The Deposit shall be made by Buyer in cash or other readily available funds.

5.2 Interest. The Deposit, less the Contract Fee, shall be deposited by Escrow Holder in an interest-bearing account with a federally insured national bank. Interest earned shall be for the benefit of Buyer and shall become part of the Deposit.

5.3 Applicability. The Deposit shall be applicable to the Purchase Price if Escrow closes.

5.4 Cash Balance. Buyer shall deposit or cause to be deposited, into Escrow the Cash Balance (as hereinafter defined) in the form of immediately available federal funds delivered to Escrow Holder not less than one (1) business day prior to the Closing Date. "Cash Balance" means an amount equal to the Purchase Price, decreased by the Deposit, the principal amount of the Note and any other credits due Buyer under this Agreement, and increased by the amount of any items chargeable to Buyer under this Agreement.

6. Review.

6.1 Feasibility Contingency. During the Feasibility Period, Buyer, at Buyer's sole cost and expense, shall conduct all inspections, tests and studies of the Property as Buyer deems necessary or desirable in connection with the Property. If Buyer disapproves in its sole and absolute discretion the condition of the Property, Buyer shall have the right at any time during the Feasibility Period to terminate this Agreement by delivering a Termination Notice to Seller and Escrow Holder. If Buyer so terminates this Agreement or is deemed to have terminated this Agreement by failing to timely deliver an Approval Notice to Seller and Escrow Holder, then (i) Escrow Holder shall promptly deliver all documents deposited with Escrow Holder to the party that deposited such documents, (ii) Buyer shall pay all escrow and title cancellation fees, (iii) Seller shall retain the Contract Fee and the balance of the Deposit shall be refunded to Buyer, and (iv) neither party shall have any further rights or obligations hereunder, excepting Buyer's indemnity obligations under Section 6.3 below.

6.2 Project Documents. In order to assist Buyer in its feasibility determination, Seller has delivered the Project Documents to Buyer. Except as otherwise set forth in this Agreement, Seller makes no representations and warranties of any kind or nature with respect to the Project Documents. In the event that additional Project Documents become available after the time set forth for delivery by Seller to Buyer, Seller shall deliver such documents to Buyer.

6.3 License to Enter Upon Real Property. Seller hereby grants to Buyer and its agents and employees a license to enter upon the Real Property during the term of this Agreement for the purpose of conducting feasibility studies and physical examinations of the Real Property, including soils and environmental tests, and agrees to cooperate in Buyer's investigation of the Real Property. Buyer shall deliver to Seller not less than one (1) business day's written notice prior to each such entry. Buyer agrees (i) that neither Buyer, nor its employees or agents, will permit waste or material damage to the Real Property during the course of such investigation, and (ii) to indemnify, protect, defend and hold Seller and the Real

Property free and harmless from and against any and all damages, claims, losses, liabilities, costs and expenses arising from such activities of Buyer, its agents and employees, and from all mechanic's, materialmen's and other liens resulting from any such conduct. Notwithstanding the foregoing, Buyer shall not be obligated to reimburse Seller for liens, liability, loss or damages resulting from the mere discovery of any existing conditions in, on or under the Real Property, provided that neither Buyer, nor its employees or agents negligently or willfully exacerbate the condition. As a condition to Buyer's entry, Buyer shall provide Seller with a certificate evidencing the issuance of a policy of commercial general liability insurance covering liability of Buyer and Seller arising out of any investigative activities of Buyer or Buyer's agents on the Real Property. Such policy of insurance shall cover any claims of damages suffered by persons or property resulting from any acts or omissions of Buyer, Buyer's employees, agents, contractors, suppliers, consultants or other related parties; shall have aggregate liability limits of not less than One Million Dollars (\$1,000,000.00) for bodily injury, personal injury and property damage liability; and shall name Seller and its successors and assigns as additional insureds.

6.4 Natural Hazard Disclosure. Prior to the date which is thirty (30) days before the expiration of the Feasibility Period, Seller shall provide Buyer with a natural hazard disclosure statement ("Natural Hazard Disclosure Statement") as set forth in California Civil Code Section 1103.2. Buyer acknowledges that Seller has engaged or will cause the Title Company to engage the services of a natural hazard disclosure expert (the "Natural Hazard Expert") to examine the maps and other information made available to the public by government agencies for the purpose of enabling Seller to fulfill its disclosure obligations and to prepare a written report of the result of its examination. Delivery of the Natural Hazard Disclosure Report to Buyer shall completely satisfy Seller's obligations under this Section 6.4.

6.5 Covenants.

6.5.1 Seller agrees to cooperate with Buyer (i) by signing any and all applications, consents and approvals which are reasonably requested by Buyer in connection with Buyer's efforts to obtain any entitlements which are necessary or appropriate in connection with the Project and (ii) to satisfy all conditions of approval relating to such entitlements (excepting only those entitlements that are likely to have a material adverse affect on Seller's Retained Water Rights in a manner not contemplated by this Agreement). Buyer agrees to reimburse Seller for any reasonable third party costs incurred by Seller in connection with such requested cooperation.

6.5.2 Seller shall deliver possession of the Real Property to Buyer on the Close of Escrow free of all leases, licenses or other occupancy agreements (collectively, "Leases") other than the Ground Lease and Water Rights Use Agreement and the Permitted Subleases, and free of any parties in possession other than those permitted under the Ground Lease and Water Rights Use Agreement and the Permitted Subleases. Seller shall cause any and all Leases other than the Ground Lease and Water Rights Use Agreement and the Permitted Subleases affecting the Real Property or any portion thereof to be terminated prior to the Close of Escrow.

6.5.3 So long as this Agreement is in effect, Seller covenants and agrees that it shall not solicit offers to purchase the Property; and, after Buyer delivers an Approval Notice, Seller shall not engage or negotiate any unsolicited offers to purchase the Property that it may receive.

6.5.4 If Escrow fails to close for any reason other than a default by Seller, then Buyer shall deliver to Seller, without representation or warranty and subject to any restrictions of the preparer on use or assignment, copies of all third party reports, studies, drawings, plans, renderings and permits (collectively, "Work Product") prepared for Buyer in connection with Buyer's due diligence investigation of the Real Property within ten (10) days after the date on which this Agreement is terminated.

6.5.5 Seller shall work with Buyer to ensure that the Well Acquisition Agreement Estoppel Certificate is delivered to Buyer not less than ten (10) Business Days prior to the Closing Date.

6.5.6 Seller shall work with Buyer to ensure that the Watermaster Resolution has been executed by the Watermaster, and delivered to Buyer not less than ninety (90) days after the Closing Date.

6.5.7 Seller shall execute the Development Agreement Assignment and shall diligently endeavor to cause the City to execute the Development Agreement Assignment evidencing the City's consent thereto prior to the Closing Date.

6.5.8 Subject to and conditioned upon the receipt by Buyer from BCVWD of the Conditional Will Serve Letter and the Fee Waiver in forms that are reasonably acceptable to Buyer (the "SRWR Sale Condition"), Buyer shall cooperate with Seller by taking all actions necessary to allow Seller to sell or otherwise convey Seller's Retained Water Rights to a third party, provided such Seller actions do not unreasonably interfere with development of the Project. Seller agrees to reimburse Buyer for any reasonable third party costs incurred by Buyer in connection with such requested cooperation. Seller agrees to use commercially reasonable efforts to obtain the Conditional Will Serve Letter and the Fee Waiver, at Seller's sole cost and expense. Seller shall not sell or otherwise convey Seller's Retained Water Rights to a third party until the SRWR Sale Condition has been satisfied.

7. Contingencies/Conditions to Closing.

7.1 Buyer's Conditions to Closing. The obligation of Buyer to complete the purchase of the Property is subject to the satisfaction or waiver of each of the following conditions at or prior to the Closing:

(i) The due and timely performance by Seller of each material covenant, undertaking and agreement to be performed by Seller as provided in this Agreement, subject to the notice and cure provisions of Section 13.3 below.

(ii) All representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date made and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing Date.

(iii) Title Company's irrevocable commitment to issue or the issuance of an ALTA Standard Owner's Policies complying with the requirements of Section 7.3.5 below.

(iv) No material adverse change in either the physical condition or the entitlement status of the Real Property shall have occurred between the last day of the Feasibility Period and the Closing Date.

(v) Buyer's approval of the Well Acquisition Agreement Estoppel Certificate, which approval shall not be unreasonably withheld, in each case within five (5) business days after Buyer's receipt thereof.

(vi) The City shall have consented in writing to the Development Agreement Assignment.

(vii) The Option Escrow shall have been opened with Escrow Holder.

7.2 Seller's Conditions to Closing. The obligation of Seller to complete the sale of the Property is subject to satisfaction or waiver of each of the following conditions at or prior to Closing:

(i) The due and timely performance by Buyer of each material covenant, undertaking and agreement to be performed by Buyer as provided in this Agreement, subject to the notice and cure provisions of Section 13.3 below.

(ii) All representations and warranties of Buyer contained in this Agreement shall be true and correct as of the date made and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing Date.

(iii) Title Company's irrevocable commitment to issue or the issuance of Lender's Policy complying with the requirements of Section 7.3.6 below.

7.3 Title and Title Insurance.

7.3.1 Preliminary Title Report. Within five (5) Business Days after the Opening of Escrow, Seller shall cause the Title Company to deliver a current preliminary title report for the Real Property and Seller's Retained Parcel to Buyer, together with legible copies of all documents referred to therein and a plot of locatable exceptions (the Title Report, together with such documents and plot, may be referred to herein collectively as the "Title Documents"). Buyer's failure to approve or disapprove the Title Documents or any items disclosed on any survey by delivery of written notice ("Buyer's Title Notice") thereof to Seller and Escrow Holder not less than fifteen (15) days prior to the last day of the Feasibility Period, shall be deemed Buyer's approval thereof, provided that any monetary lien other than non-delinquent property taxes shall automatically be deemed a Disapproved Exception (as defined below), whether or not

Buyer provides notice of disapproval of same, that Seller shall be obligated to cure on or before the Closing. If Buyer disapproves any of the Title Documents or items disclosed on any survey obtained by Buyer, Buyer shall specify which Title Documents or survey issues are disapproved (the "Disapproved Exceptions"). If Buyer timely notifies Seller in writing of any Disapproved Exceptions, then Seller shall have five (5) Business Days after receipt of Buyer's Title Notice to notify Buyer either (i) that Seller will remove such Disapproved Exception(s) from title on or before the Closing Date; or (ii) that Seller elects not to cause such Disapproved Exception(s) to be removed ("Seller's Title Notice"). Seller's failure to provide such notification to Buyer shall be deemed to be Seller's election not to cause such Disapproved Exception(s) to be removed. If Seller elects (or is deemed to have elected) not to remove any Disapproved Exception, then Buyer may, by written notice to Seller delivered within three (3) Business Days thereafter, in its sole discretion, elect to waive its objection and proceed with the Closing or terminate this Agreement and receive a refund of the Deposit, less the Contract Fee. Buyer's failure to provide written notice of its election within such three (3) Business Day period shall be deemed Buyer's election to proceed with the Closing.

7.3.2 Revised Title Report. In the event that any revised version of the Title Report (each, a "Revised Title Report") discloses an exception to title that was not disclosed on the Title Report or any Revised Title Report (a "New Exception") and such New Exception is not caused by Buyer, Buyer shall have three (3) Business Days after receipt of the Revised Title Report to notify Seller in writing that such New Exception is a Disapproved Exception. Seller will thereupon have three (3) Business Days after receipt of Buyer's written notice to notify Buyer either (i) that Seller will remove or cause to be removed or insured over such Disapproved Exception from title on or before the Closing Date; or (ii) that Seller elects not to cause such Disapproved Exception to be removed or caused to be removed or insured over (also a "Seller's Title Notice"). Seller's failure to provide such notification to Buyer shall be deemed to be Seller's election not to cause such Disapproved Exception to be removed. If Seller elects (or is deemed to have elected) not to remove any Disapproved Exception, then Buyer may elect, by written notice to Seller delivered within three (3) Business Days thereafter, in its sole discretion, to waive its objection and proceed with the Closing or terminate this Agreement and receive a refund of the Deposit, less the Contract Fee. Buyer's failure to provide written notice of its election within such three (3) Business Day period shall be deemed Buyer's election to proceed with the Closing.

7.3.3 Deed. Seller shall convey title to the Real Property and Buyer's Water Rights to Buyer by grant deed in the form of Exhibit "B" attached hereto and incorporated herein by this reference ("Grant Deed"), subject only to the Permitted Exceptions (as defined in Section 7.3.5 below), with a separate statement of documentary transfer tax due.

7.3.4 General Assignment. Seller shall assign to Buyer, Seller's right, title and interest in (i) the Appurtenances and Intangible Property pursuant to an assignment in the form of Exhibit "C" attached hereto ("General Assignment").

7.3.5 ALTA Policies. At the Closing and as a condition to the Closing for the benefit of Buyer, Escrow Holder shall cause the Title Company to issue to Buyer two (2) ALTA Standard Coverage Owner's Policies of Title Insurance (collectively, the "ALTA Standard Policies") as follows:

(i) an ALTA Standard Coverage Owner's Policy covering the Real Property (A) shall be written with liability in an amount equal to that portion of the Purchase Price designated in a written instruction from Buyer to Title Company delivered prior to the Closing Date, and (B) shall insure title to the Real Property to be vested in Buyer, such only to the following exceptions (the "Permitted Exceptions"): (x) the exceptions to title reflected in the Title Documents other than any Disapproved Exceptions, and (y) any exceptions caused by Buyer; and

(ii) an ALTA Standard Coverage Owner's Policy that shall insure Buyer's right to purchase the Seller's Retained Parcel from Seller pursuant to the terms of the Option Agreement which (A) shall be written with liability in an amount equal to that portion of the Purchase Price designated by Buyer in a written instruction delivered to Title Company prior to the Closing Date, and (B) shall insure Buyer's right to acquire Seller's Retained Parcel subject only to the following exceptions: (x) the exceptions to title reflected in the Title Documents that pertain to Seller's Retained Parcel other than any Disapproved Exceptions, and (y) any exceptions caused by Buyer; and

(iii) in lieu of the ALTA Standard Policies, Buyer shall have the right to procure ALTA Extended Coverage Owner's Policies of Title Insurance ("ALTA Extended Policies"). Buyer shall pay for the increased cost of such ALTA Extended Policies, the cost of any survey that the Title Company requires for issuance of such ALTA Extended Policies and the cost of any other increase in the amount or scope of title insurance if Buyer elects to increase the amount or scope of title insurance coverage beyond that provided in the ALTA Standard Policies.

7.3.6 Lender's Policy. At the Closing and as a condition to the Closing for the benefit of Seller, Escrow Holder shall cause the Title Company to issue to Seller an ALTA Lender's Policy of Title Insurance ("Lender's Policy") which:

- (i) shall be written with liability in the amount of the Note; and
- (ii) shall insure the priority of the Trust Deed in a first lien position against the Real Property.

8. Closing Costs and Charges.

8.1 Buyer's Costs. In addition to those other costs allocated to Buyer under this Agreement, Buyer shall be responsible for the following closing costs at Closing:

- (i) one-half (½) of Escrow Holder's charges in connection with the Escrow and Closing hereunder;
- (ii) the cost of the ALTA Extended Policies (if any), including any survey costs in connection with the ALTA Extended Policies and the cost of title endorsements (if any) requested by Buyer, to the extent this cost exceeds the cost of the ALTA Standard Policies;
- (iii) the cost of the Lender's Policy; and

- (iv) the cost of recording the Trust Deed.

8.2 Seller's Costs. In addition to those other costs allocated to Seller under this Agreement, Seller shall be responsible for the following closing costs:

- (i) one-half (½) of all Escrow Holder's charges in connection with the Escrow and the Closing hereunder;
- (ii) the cost of the ALTA Standard Policies;
- (iii) all county and city transfer taxes; and
- (iv) all other recording costs.

8.3 Taxes and Assessments. All current real property taxes and all payments on general and special bonds and assessments on the Real Property shall be prorated through Escrow between Buyer and Seller as of the Closing Date based upon the latest available tax information, using the customary escrow procedures. Seller shall be responsible for the payment of all past due or delinquent real property taxes, assessments and payments from all years prior to the current year. Any taxes levied, whether prior to or after the Closing, under the Supplemental Tax Roll applicable to the period prior to the Closing Date shall be paid by Seller and any such taxes applicable to the period from and after the Closing Date shall be paid by Buyer. The payment obligations in this Section 8.3 shall survive the Closing.

8.4 Other Costs. All other costs, if any, shall be apportioned in the customary manner in the County.

9. Deposit of Documents by Seller. Not later than two (2) business days prior to the Closing Date, Seller shall deposit the following items into Escrow each of which shall be duly executed and acknowledged by Seller where appropriate:

- 9.1 The Grant Deed.
- 9.2 The Certification of Non-Foreign Status in the form of Exhibit "D" attached hereto ("Certification"), together with the California equivalent thereof.
- 9.3 The General Assignment.
- 9.4 Intentionally Deleted.
- 9.5 The Option Agreement.
- 9.6 The Memorandum of Option Agreement.
- 9.7 The Grant Deed to Seller's Retained Parcel provided for in the Option Agreement.
- 9.8 The Assignment.

9.9 The Ground Lease and Water Rights Use Agreement.

9.10 The Development Agreement Assignment consented to by the City.

9.11 An estimated closing statement prepared by Escrow Holder and approved by Seller.

9.12 Other documents that may reasonably be required by Escrow Holder to close the Escrow in accordance with this Agreement, including, without limitation, any affidavit that may be required by Title Company in order to issue the Title Policy.

10. Deposit of Documents and Funds by Buyer. Not later than the Closing Date, Buyer shall deposit the following items into Escrow each of which shall be duly executed and acknowledged by Buyer where appropriate:

10.1 The Cash Balance.

10.2 The Note.

10.3 The Trust Deed.

10.4 The Assignment.

10.5 The Ground Lease and Water Rights Use Agreement.

10.6 The Option Agreement.

10.7 The Memorandum of Option Agreement.

10.8 The Development Agreement Assignment.

10.9 An estimated closing statement prepared by Escrow Holder and approved by Buyer.

10.10 All other funds and documents as may reasonably be required by Escrow Holder to close the Escrow in accordance with this Agreement;

11. Delivery of Documents and Funds at Closing. Provided that all conditions to Closing set forth in this Agreement have been satisfied or, as to any condition not satisfied, waived by the party intended to be benefited thereby, on the Closing Date, Escrow Holder shall conduct the Closing by recording or distributing the following documents and funds in the following manner:

11.1 Recorded Documents. Record the Grant Deed, the Trust Deed, the Memorandum of Option Agreement and the Development Agreement Assignment in the Official Records of the County in that order;

11.2 Buyer's Documents. Deliver to Buyer: (i) the original ALTA Standard Policies (or the ALTA Extended Policies, if requested by Buyer); (ii) the original Certification;

(iii) conformed copies of the recorded Grant Deed, Trust Deed, the Memorandum of Option Agreement and the Development Agreement Assignment showing recording information; (iv) the General Assignment executed by Seller; (v) the Closing Statement; (vi) the Option Agreement, executed by Seller; (vii) the Assignment, executed by Seller; (viii) the Ground Lease and Water Rights Use Agreement, executed by Seller; (ix) the Development Agreement Assignment, executed by Seller and the City; and (x) a copy of every other document;

11.3 Seller's Documents. Deliver to Seller: (i) conformed copies of the recorded Grant Deed, Trust Deed, Memorandum of Option Agreement and the Development Agreement Assignment showing recording information; (ii) the original Note, executed by Buyer; (iii) the Assignment, executed by Buyer; (iv) the Ground Lease and Water Rights Use Agreement, executed by Buyer; (v) the Option Agreement, executed by Buyer; (vi) the Development Agreement Assignment, executed by Buyer; and (vii) a copy of every other document; and

11.4 Purchase Price. Deliver to Seller the Purchase Price and such other funds, if any, as may be due to Seller by reason of credits under this Agreement, less the principal amount of the Note all items chargeable to Seller under this Agreement.

12. Assignment. Buyer may not assign its rights and interests under this Agreement without the prior written consent of Seller, which Seller shall not unreasonably withhold, condition or delay. Notwithstanding the foregoing, Buyer may assign its rights and obligations under this Agreement to any entity controlled by City Ventures, LLC, a Delaware limited liability company, Buyer's parent company (each, a "Permitted Assignee") if (i) the Permitted Assignee assumes in writing each and all of Buyer's obligations under this Agreement, (ii) Buyer remains liable for the performance of each and all of its obligations under Agreement, and (iii) Buyer notifies Seller and Escrow Holder of such assignment not less than five (5) Business Days prior to the Closing Date.

13. Time of Essence and Defaults.

13.1 Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13.2 Seller's Failure. Subject to Section 13.3, if Seller fails to perform any of its covenants and obligations provided in this Agreement, then Buyer may pursue any and all available remedies in law or in equity including, without limitation, the right to pursue specific performance of this Agreement and/or the right to terminate this Agreement and sue for damages.

13.3 Notice and Cure. Notwithstanding anything to the contrary contained in this Agreement, a party's failure to perform or observe any covenant or condition of this Agreement to be performed or observed shall not be a default under this Agreement and neither Party shall not be permitted to terminate this Agreement unless and until such party has delivered to the other party written notice of such failure and the defaulting party shall have been given the

opportunity to cure such failure within ten (10) days after receipt of such written notice, provided that in no event may Buyer utilize such cure right to extend the Close of Escrow beyond December 31, 2012.

13.4 LIQUIDATED DAMAGES. IF ESCROW DOES NOT CLOSE AND THIS AGREEMENT IS TERMINATED DUE TO A MATERIAL DEFAULT BY BUYER AFTER THE EXPIRATION OF THE FEASIBILITY PERIOD WHICH IS NOT CURED BY BUYER WITHIN THE CURE PERIOD, THEN SELLER SHALL BE ENTITLED TO RECEIVE THE DEPOSIT AND WORK PRODUCT AS LIQUIDATED DAMAGES AND SELLER'S SOLE REMEDY FOR BUYER'S BREACH OR FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, ET SEQ., WHICH AMOUNT IS THE BEST ESTIMATE BY THE PARTIES OF THE DAMAGES SELLER WOULD SUFFER FROM SUCH BREACH, IT BEING AGREED THAT IT IS EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE AND IMPRACTICABLE, TO FIX THE EXACT AMOUNT OF DAMAGE WHICH WOULD BE INCURRED BY SELLER AS A RESULT OF SUCH DEFAULT BY BUYER. THEREUPON ESCROW SHALL BE CANCELLED AS PROVIDED ABOVE, ALL INSTRUMENTS SHALL BE RETURNED TO THE RESPECTIVE PARTIES WHO DEPOSITED SAME, AND BUYER SHALL PAY ALL TITLE AND ESCROW CANCELLATION CHARGES.

Buyer's Initials

[Handwritten initials]

M.M.

Seller's Initials

[Handwritten initials]

14. Further Documents and Acts. Each of the parties hereto agrees to cooperate in good faith with each other, and to execute and deliver such further documents and perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

15. "AS IS" Sale. Subject to the representations, warranties, covenants and agreements expressly made by Seller in this Agreement and the Exhibits hereto, Buyer's election to purchase the Property is based upon and constitutes evidence of Buyer's independent investigation of the Property, its use, development potential and suitability for Buyer's intended use, including (without limitation) the following: the feasibility of developing the Property for the purposes intended by Buyer; the size and dimensions of the Property; the availability, cost and adequacy of water, sewage and any utilities serving or required to serve the Property; the presence and adequacy of current or required infrastructure or other improvements on, near or affecting the Property; any surface, soil, subsoil, fill or other physical conditions of or affecting the Property, such as climate, geological, drainage, air, water or mineral conditions; the extent and conditions of title to the Property; the existence of governmental laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location or suitability of the Property for any proposed development thereof; the necessity or availability of any general or specific plan amendments, rezoning, zoning variances, conditional use permits, building permits, environmental impact reports, parcel or subdivision maps, requirements of any improvement agreements; and any other governmental permits, approvals or acts (collectively "Permits"); the necessity or existence of any dedications, taxes, fees, charges, costs or assessments which may be imposed in connection with any governmental regulations or the obtaining of any required Permits; the presence of endangered plant or animal species upon

the Property; and all of the matters concerning the condition, use, development or sale of the Property.

Buyer acknowledges that except for Seller's express representations and warranties contained herein, Buyer is relying solely on its own investigations of the Property and review of such information and documentation as it deems necessary and appropriate. Seller has not independently verified the accuracy or completeness of information provided by Seller that may have been prepared by third parties and therefore makes no representation regarding the accuracy or completeness thereof. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any real estate broker, agent, employee or other person. Buyer further acknowledges and agrees that to the maximum extent permitted by law, the sale of the Property as provided herein is made on an "as is" basis, with all faults. With respect to Buyer's acceptance of the condition of the Property in accordance with the provisions of this Section 15, Buyer expressly waives any rights under California Civil Code Section 1542, which provides as follows:

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

Buyer's Initials: NS AS

16. Representations and Warranties of Buyer. Buyer represents and warrants to Seller that as of the date of this Agreement and as of the Closing Date:

16.1 Authority. Buyer has all requisite power and authority to execute and deliver, and to perform all its obligations under this Agreement.

16.2 Due Execution. Buyer is duly organized, validly existing, and in good standing under the laws of the state of its formation. If Buyer is an entity, the execution, delivery and performance of this Agreement has been duly authorized by all necessary acts on the part of Buyer and does not and will not require any consent or approval that has not been obtained.

16.3 Enforceability. This Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights and general equitable principles.

16.4 Expertise. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks relating to its purchase of the Property and making an informed purchase and investment decision in connection therewith.

The foregoing representations and warranties shall survive the Close of Escrow and shall not merge into the Grant Deed.

17. Representations and Warranties of Seller. Seller represents and warrants to Buyer that as of the date of this Agreement and as of the Closing Date:

17.1 Authority. Seller has the full power and authority to execute, deliver and perform its obligations under this Agreement.

17.2 Due Execution. The execution, delivery and performance of this Agreement has been duly authorized by all necessary acts on the part of Seller and does not and will not require any consent or approval that has not been obtained.

17.3 Enforceability. This Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights and general equitable principles.

17.4 Non-Foreign. Seller is not a "foreign person" within the meaning of Section 1455 et seq. of the Federal Code, and Sections 18662 and 18668 of the California Revenue and Taxation Code.

17.5 Actions. Seller has not been served with any, and to Seller's current, actual knowledge, there are no actions, suits or proceedings pending against, threatened or affecting the Property, and there are no pending or threatened proceedings in condemnation or eminent domain affecting the Property.

17.6 Hazardous Material. Pursuant to California Health and Safety Code Section 25259.7, Seller discloses that to its current, actual knowledge and except as set forth in the Project Documents, no release of Hazardous Substances (as defined by applicable local, state and federal statutes, rules and regulations) have come to be located upon or under the Property at levels requiring remediation. Buyer is aware of the historic agricultural use of the Property and Seller discloses that such use may have involved the use of fertilizers, pesticides and herbicides, all of which, to Seller's current, actual knowledge, were used in accordance with accepted agricultural practices. Seller makes no warranty or representation regarding the presence of asbestos or lead paint within building improvements at the Property.

17.7 Options and Purchase Rights. Seller is not a party to or bound by any oral or written options to purchase or other purchase rights in effect pertaining to the Property, and no third parties have any such options or rights.

17.8 Leases. Except for the Permitted Subleases, Seller is not a party to or bound by any oral or written Leases; no parties other than Seller are in possession of the Real Property; and no third parties have any Leases.

17.9 Consultant Agreements. All amounts payable by Seller pursuant to any contracts or agreements with consultants, engineers or contractors have been and will continue to be paid on a current basis. Buyer will have no obligation or liability with respect to any such contracts or agreements following the Close of Escrow unless and except to the extent that Buyer specifically elects to assume the same with the consent of any such consultant.

17.10 Encumbrances. Seller covenants that it shall not create or allow any new encumbrances, liens, easements, restrictions, occupancy agreements or other exceptions to title against the Real Property or any leases or occupancy rights which could by their terms survive Closing.

17.11 Liens. To Seller's current, actual knowledge, there are no mechanic's or materialman's liens or similar claims or liens asserted against the Real Property for work performed or commenced prior to the Closing that will not be removed prior to Closing.

17.12 Compliance with Laws. Seller has received no notice of violations of any applicable law, ordinance, rule, regulation or requirement of any governmental agency, body or subdivision affecting or relating to the Real Property, including, without limitation, any environmental law, ordinance, rule, requirement or regulation. Seller shall deliver to Buyer each and every notice or communication Seller receives from any governmental body relating to the Property upon Seller's receipt of the same.

17.13 Project Documents. To Seller's knowledge, the Project Documents prepared by Seller are true, correct and complete. Seller makes no warranty or representation regarding the accuracy or completeness of Project Documents prepared by third parties.

17.14 Well Acquisition Agreement. The Well Acquisition Agreement is true correct and complete, is in full force and effect and Seller is not in default of its obligations thereunder.

17.15 Seller's Knowledge. References herein to "Seller's knowledge" or "Seller's current, actual knowledge" refer to the current, actual knowledge of Kathi L. Berman, without duty of inquiry or further investigation.

17.16 Survival. All the representations, warranties, covenants, agreements and indemnities of Seller set forth herein and elsewhere in this Agreement shall be true upon the execution of this Agreement, and shall be deemed to be repeated at and as of Closing, shall survive Closing for a period of one (1) year.

18. Representations, Warranties and Covenants With Respect to Buyer's Water Rights.

18.1 Seller Representations. Seller represents and warrants to Buyer that, subject to the terms, conditions and limitations of the judgment in *San Timoteo Watershed Management Authority v. City of Banning, et al.*, Riv. County Superior Ct. Case No. RIC 389197, any lawful rules and regulations related thereto, the decision in *Cherry Valley Acres and Neighbors v. City of Beaumont, et al.*, 190 Cal. App. 4th 316 (2010), California Constitution, Art. X, Section 2, the California Water Code, and other applicable laws, (i) Seller is the absolute owner of Buyer's Water Rights, with full right to sell and transfer its interest in the Buyer's Water Rights free and clear of any and all mortgages, liens, pledges, charges, encumbrances, equities, claims, interests or restrictions of any nature whatsoever, (ii) no other party has any rights with respect to Buyer's Water Rights, and (iii) the obligations of Seller provided for in this Agreement with respect to Buyer's Water Rights will not result in or constitute a default, or an event that with notice or lapse of time, or both, would be default, breach or violation of any

agreement, instrument or arrangement to which Seller is a party or by which Seller or Buyer's Water Rights are bound. The foregoing representations and warranties concerning Buyer's Water Rights are true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date.

18.2 Further Assurances. In addition to the Grant Deed, Seller shall, at any time from time to time, upon written request therefor, and without any additional consideration, execute and deliver to Buyer, Buyer's successors, nominees and assigns, any new or confirmatory instruments which Buyer, Buyer's successors, nominees and/or assigns may reasonably request in order to fully assign and transfer to and vest in Buyer, or Buyer's successors, nominees and assigns, and to protect Buyer or Buyer's successors', nominees' and assigns' right, title and interest in and to Buyer's Water Rights, or to otherwise realize upon or enjoy such rights.

18.3 Indemnification. Seller shall indemnify, defend and hold Buyer harmless from and against any and all claims, judgments, liabilities, damages, injuries, losses, costs and expenses whatsoever (including reasonable attorneys' fees and costs) (collectively, "Claims") which Buyer may incur, or which may be claimed against Buyer, by reason of any obligation owed by Seller under or relating to Buyer's Water Rights accruing or arising out of actions or conditions which have occurred or exist up to the Close of Escrow or for any material breach of one or more of Seller's representations or warranties set forth in Section 18.1 above.

18.4 Watermaster Resolution. If Seller fails to timely deliver the Watermaster Resolution to Buyer within ninety (90) days after Close of Escrow, then Buyer shall have the right to seek, obtain and record a resolution or resolutions executed by the Watermaster which recognize (i) the transfer of Buyer's Water Rights to Buyer, and (ii) the designation of specific portions of Buyer's Water Rights to specific legal parcels comprising the Real Property, substantially in the form of the Watermaster Resolution, and/or their free transferability.

18.5 Subrogation. If, for any reason, including, without limitation, by court or administrative order, there is a reduction in Seller's Total Water Rights which would otherwise result in a reduction of Buyer's Water Rights, then (i) the reduction shall come entirely from Seller's Retained Water Rights such that Buyer's Water Rights shall be unaffected and (ii) if such reduction is in Buyer's Water Rights, then Seller shall immediately convey to Buyer by Grant Deed the quantity from Seller's Retained Water Rights that is sufficient to fully restore Buyer's Water Rights to five hundred fifty (550) acre feet per year, or a lesser amount if BCVWD has provided Buyer with the Conditional Will Serve Letter and the Fee Waiver, in forms reasonably acceptable to Buyer. This covenant and subrogation shall be included in the Option Agreement, and shall be included in any agreement by which Seller transfers its Seller's Retained Water Rights to any third party including, without limitation, to BCVWD.

18.6 Insufficiency. If, prior to the delivery to Buyer of the Conditional Will Serve Letter and the Fee Waiver executed by BCVWD in forms reasonably acceptable to Buyer, it is determined that Buyer's Water Rights are not sufficient to support the Project of five hundred thirty (530) single family homes, then Seller agrees to convey to Buyer by Grant Deed such additional water rights from Seller's Retained Water Rights as are sufficient to support such development.

18.7 Assessments, Fees and Charges. So long as the Ground Lease and Water Rights Use Agreement is in effect, Seller shall assume and satisfy each and all of any assessments, fees or charges made with respect to Buyer's Water Rights including, without limitation, any assessments, fees or charges (but not including any development impact or similar fees associated with construction of the Project) imposed by the Watermaster or BCVWD, provided such assessments, fees or charges relate to Seller's use of Buyer's Water Rights. So long as Seller has not effectuated a transfer of the Seller's Retained Parcel to Buyer, Seller also shall have the obligation to satisfy each and all of any assessments, fees or charges made with respect to Seller's Retained Water Rights including, without limitation, any assessments, fees or charges imposed by the Watermaster or BCVWD.

18.8 Buyer Reconveyance of Any Excess Buyer's Water Rights to Seller. Within thirty (30) days after the Project's water supply verification (Government Code section 66473.7) has been issued, Buyer shall reconvey to Seller, at no charge, any and all Buyer's Water Rights above and beyond those needed to fulfill the water supply needs of the Project.

19. Representations, Warranties and Covenants With Respect to Seller's Retained Parcel.

19.1 Recording. Concurrently with the Close of Escrow, the Memorandum of Option shall be recorded against the Seller's Retained Parcel.

19.2 Covenants. Seller hereby covenants and agrees for the benefit of Buyer that Seller (i) will not sell, transfer, assign or lease Seller's Retained Parcel or any interest therein or any portion thereof, (ii) shall convey Seller's Retained Parcel to Buyer pursuant to the terms of the Retained Parcel Option Agreement within ten (10) business days after receipt from Buyer of an Option Exercise Notice, (iii) shall not, either voluntarily or involuntarily, permit any exceptions to be recorded against Seller's Retained Parcel after the Close of Escrow; and (iv) shall cause the Option Escrow to be timely opened.

19.3 Subject to Deed of Trust. Buyer hereby covenants and agrees that unless the Note has previously been satisfied in full, concurrent with conveyance of Seller's Retained Parcel to Buyer, the Deed of Trust will be modified to include and encumber Seller's Retained Parcel as security for Buyer's obligations under the Note. The priority of the Deed of Trust as modified, as first in priority with respect to Seller's Retained Parcel will be insured, at Buyer's cost, by an appropriate endorsement to the Lender's Policy.

20. Broker's Commission. Seller and Buyer each represents and warrants to the other that except for Pat Kennedy of Newport Investment Group ("Buyer's Broker"), there are no other brokers or finders engaged by or claiming through them in this transaction. Buyer and Seller each shall indemnify, protect, defend (using counsel reasonably acceptable to the other) and hold the other harmless from any claim for a broker's commission or finder's fee arising out of its conduct or the inaccuracy of its representation and warranty set forth above. If and only if the Closing occurs, Buyer's Broker shall be paid a commission by Buyer pursuant to the terms of a separate agreement.

21. Miscellaneous Provisions.

21.1 Waiver, Consent and Remedies. Each provision of this Agreement to be performed by either party shall be deemed both a covenant and a condition and shall be a material consideration for the other party's performance hereunder, and any breach thereof by either party shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. In the event of a material uncured default by Seller in its obligation to convey the Property at Closing, Buyer may elect to enforce its rights under this Agreement by an action for specific performance or to terminate the Agreement and obtain an immediate refund of the Deposit plus accrued interest thereon. Seller's remedies with respect to a material default by Buyer will be as set forth in Section 13.4 herein.

21.2 Attorneys' Fees. In the event of any action or proceeding instituted between Seller, Buyer and/or Escrow Holder in connection with this Agreement, then as between Buyer and Seller the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including, without limitation, court costs, all costs of appeals and reasonable attorneys' fees.

21.3 Eminent Domain Proceedings. If at any time before the Closing all or any significant portion of the Real Property and/or Seller's Retained Parcel is threatened with condemnation or legal proceedings are commenced under the power of eminent domain, then notwithstanding anything to the contrary contained herein, Buyer may terminate this Agreement and cancel Escrow by giving written notice to Seller. Thereupon, (i) all instruments shall be returned to the respective parties who deposited the same, (ii) Buyer shall pay all escrow cancellation charges, (iii) all other funds then in Escrow and any funds paid outside of Escrow shall be disbursed to Buyer, and (iv) each party shall be excused from any further obligations hereunder.

21.4 Notices. Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and (i) delivered in person to the party and person specified below, (ii) deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, (iii) sent via Federal Express or other reputable overnight delivery carrier providing tracking service or (iv) via facsimile with electronic confirmation and addressed to the party for whom intended, as follows:

If to Seller:

Sunny-Cal Egg & Poultry Company
 37251 Cherry Valley Boulevard
 Cherry Valley, CA 92223
 Attn: Kathi Berman/Michael Manheim
 Telephone: (951) 769-8615
 Facsimile: (951) 7690-8615
 Email: kathi.berman@verizon.net

With copy to:

Howard Berman, Esq.
 Ervin Cohen & Jessup LLP
 9401 Wilshire Boulevard, Ninth Floor
 Beverly Hills, CA 90212
 Telephone: (310) 281-6369
 Facsimile: (310) 887-6869
 Email: hberman@ecjlaw.com

With copy to:

Steven M. Anderson, Esq.
 Best Best & Krieger LLP
 3390 University Avenue, Fifth Floor
 Riverside, CA 92501
 Telephone: (951) 686-1450
 Facsimile: (951) 686-3083
 Email: Steve.Anderson@bbklaw.com

If to Buyer:

City Ventures, LLC
 1900 Quail Street
 Newport Beach, CA 92660
 Attn: R. Mark Buckland
 Telephone: (949) 258-7518
 Facsimile: (949) 200-8070
 Email: mark@cityventures.com

With copy to:

CV Communities, LLC
1900 Quail Street
Newport Beach, CA 92660
Attn: August Belmont
Telephone: (949) 258-7515
Facsimile: (949) 200-8070
Email: august@cityventures.com

With copy to:

Kenneth M. Kaplan, Esq.
361 Forest Avenue, Suite 204
Laguna Beach, CA 92651-2148
Telephone: (949) 715-0770
Facsimile: (949) 715-0772
Email: kaplankm@gmail.com

If to Escrow Holder:

First American Title Company
5 First American Way
Santa Ana, CA 92707
Attn: Ryan Hahn
Telephone: (714) 250-8394
Facsimile: (877) 372-0261
Email: rhahn@firstam.com

If to Title Company:

First American Title Insurance Company
3281 East Guasti Road, Suite 440
Ontario, CA 91761
Attn: Greg Franke
Telephone: (909) 510-6233
Facsimile: (877) 461-2090
Email: gfranke@firstam.com

Any party may from time to time, by written notice to the other, designate a different address which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received upon the earlier of (i) actual receipt or refusal of delivery as provided above, (ii) if by Federal Express or other reputable overnight carrier, one (1) business day after sending as provided above, (iii) if by certified or registered U.S. Mail, five (5) business days after sending as provided above, or (iv) if by facsimile or email, upon delivery, provided that notice is also mailed on that day by general mail.

21.5 Days. All references in this Agreement to "day" or "days" shall refer to a calendar day or days, unless expressly stated otherwise herein. If the Closing or the day for performance of any act required under this Agreement falls on a Saturday, Sunday or legal holiday, then the Closing Date or the day for such performance, as the case may be, shall be the next following regular business day.

21.6 Entire Agreement. This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

21.7 Governing Law. This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. Venue for any disputes arising under this Agreement shall be in Riverside County, California.

21.8 Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement; the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

21.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

21.10 Construction. The parties acknowledge that each party and its counsel have reviewed and approved this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and such date shall be deemed the date of this Agreement.

SELLER:

BUYER:

SUNNY-CAL EGG & POULTRY
COMPANY, a California corporation

CV COMMUNITIES, LLC,
a Delaware limited liability company

By: Kathi L. Berman
Kathi L. Berman, Vice President

By: August Belmont
August Belmont, President

By: Michael G. Manheim
Michael G. Manheim, President

By: R. Mark Backland
R. Mark Backland, Chief Executive Officer

ORIGINAL

**FIRST AMENDMENT TO PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS FIRST AMENDMENT TO PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Amendment") is made and entered into this 5th day of December 2012, by and between SUNNY-CAL EGG & POULTRY COMPANY, a California corporation ("Seller"), and CV COMMUNITIES, LLC, a Delaware limited liability company ("Buyer"), with respect to the following:

RECITALS

A. Seller and Buyer are parties to that certain Purchase Agreement and Joint Escrow Instructions dated November 16, 2012 (the "Agreement").

B. Each of the initially capitalized terms used in this Amendment and not otherwise defined in this Amendment shall have the meaning given to it in the Agreement.

C. Seller and Buyer desire to amend the Agreement in the particular respects set forth below.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, Seller and Buyer do hereby agree as follows:

1. Definition of Lots. Section 1.29 of the Agreement is hereby amended and restated in its entirety to read as follows:

"1.29 "Lots" means five hundred (500) single-family residential lots, more or less, to be established upon the recording of the Final Map."

2. References to 530. All references in the Agreement to 530 Lots or 530 single-family homes are hereby changed to 500 Lots or 500 single-family homes.

3. Principal Amount of Note. Clause (i) of Section 1.31 of the Agreement is hereby amended to provide that the principal amount of the Note shall be Nine Million Five Hundred Thousand and 00/100 Dollars (\$9,500,000.00). The form of Note and the form of Trust Deed attached to the Agreement as Exhibits J-1 and J-2, respectively, are hereby replaced by the forms attached to this Amendment as Exhibits J-1 and J-2, respectively.

4. Purchase Price. Section 5 is hereby amended to provide that the Purchase Price shall mean Twelve Million Nine Hundred Seventy-Five Thousand and 00/100 Dollars (\$12,975,000.00).

5. Post Closing Adjustment. If Buyer records a Final Map which provides for more than five hundred (500) Lots suitable for single-family residential development, then Buyer and Seller agree to increase the Purchase Price and amend the Note to reflect such increase by an amount (the "Increase") equal to the difference by the number of single-family residential Lots shown on the recorded Final Map and five hundred (500), multiplied by Twenty-Five Thousand

and 00/100 Dollars (\$25,000.00), provided that (A) in no event shall the Increase exceed \$500,000.00, (B) Buyer shall have no obligation whatsoever to seek approval of a tentative map or to record a Final Map that maximizes the number of Lots in the Project, and (C) if the Note has been paid prior to the recording of the Final Map, any Increase shall be paid by Buyer to Seller in cash within ten (10) Business Days after the date on which the Final Map is recorded. The provisions of this Section 5 shall survive the Close of Escrow and shall not merge into the Grant Deed.

6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

7. Ratification. Except as expressly amended in Sections 1 through 5 above, the Agreement is hereby ratified and reaffirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Buyer have executed this Amendment as of the date set forth above.

SELLER:

SUNNY-CAL EGG & POULTRY
COMPANY, a California corporation

By: 
Rami L. Berman, Vice President

By: 
Michael G. Manheim, President

BUYER:

CV COMMUNITIES, LLC, a Delaware
limited liability company

By: 
August Belmont, President

By: 
Mark Buckland, Chief Executive Officer

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 14-15

Date: December 3, 2014

From: Joseph Zoba, Treasurer

Subject: Presentation of Recycled Water Recharge Requirements by the California Department of Public Health and the Regional Water Quality Control Board

Recommendation: No recommendation

As part of the Governor's drought declarations in 2014 was a call for the California Department of Public Health to finalize, before the end of the fiscal year, the long awaited regulations governing the use of recycled water for groundwater recharge. On June 12, 2014, California Department of Public Health met the mandate, adopting emergency [Regulations for Groundwater Replenishment Using Recycled Water](#). The new rules govern the recharge of groundwater with recycled water via direct injection or spreading basins.

The purpose of this agenda item is to receive a brief presentation from the Watermaster Engineer related to the recharge of recycled water.

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 14-16

Date: December 3, 2014

From: Joseph Zoba, Treasurer

Subject: Reimbursement to Beaumont Cherry Valley Water District for the Water Meter Installation at Sunny Cal Egg Ranch

Recommendation: That the Watermaster Committee approves the water meter installation reimbursement for a sum not to exceed \$2,412.72.

The Beaumont Basin Watermaster received a reimbursement request for an 8" water meter installation for Sunny Cal Egg Ranch. The reimbursement request was received on October 29, 2014 in the amount of \$2,412.72 (attached).

In the past the Watermaster has reimbursed Appropriators for the cost of purchasing and installing water meters within the jurisdiction of the Beaumont Basin Watermaster.

Beaumont-Cherry Valley Water District

560 Magnolia Avenue
Beaumont CA 92223
(951) 845-9581
www.bcvwd.org



DATE	INVOICE NO
10/23/2014	0000484

BILL TO
Beaumont Basin Watermaster c/o Yucaipa Valley Water District P O Box 730 Yucaipa, CA 92399-0730

RECEIVED
OCT 29 2014
YUCAIPA VALLEY
WATER DISTRICT

11/27/14

						DUE DATE
						11/23/2014
DESCRIPTION	QUANTITY	EFFECTIVE RATE	AMOUNT	DISCOUNT	CREDIT	BALANCE
PREVIOUS ACCOUNT BALANCE						0.00
1 8" Discharge Meter for Well #3:						
Discharge Meter for Sunny Cal Egg Ranch	1.00	2,412.72	2,412.72	0.00	0.00	2,412.72
INVOICE TOTAL:			2,412.72	0.00	0.00	2,412.72

*GL 5064
(not in budget)*

PLEASE DETACH BOTTOM PORTION & REMIT WITH YOUR PAYMENT

For questions please contact us at (951) 845-9581

Customer Name: Beaumont Basin Watermaster
Customer No: 049621
Account No: 0000181

DUE DATE	INVOICE NO
11/23/2014	0000484



Please remit payment by the due date to:

BCVWD
560 Magnolia Ave
P.O. Box 2037
Beaumont, CA 92223-0937

Invoice Total: 2,412.72
Discounts: 0.00
Credit Applied: 0.00
Ending Balance: 2,412.72

INVOICE BALANCE: \$2,412.72
AMOUNT PAID: 2,412.72

McCROMETER, INC. ORDER ACKNOWLEDGMENT
 **** FOR ORDER VERIFICATION ONLY ****
 THIS IS NOT AN INVOICE

Page Number- 1
 Date - 11/15/13
 Customer - 464
 Brn/Pit - MC1000
 Related Ord- 498411
 Order Nbr - 230982 SO
 Invoice -

Sold To: BEAUMONT-CHERRY VALLEY WD
 P.O. BOX 2037
 BEAUMONT CA 92223

Ship To: BEAUMONT-CHERRY VALLEY WD
 WILL CALL RECEIVED AND SIGNED FOR BY:
 951-845-9581
 HEMET CA 92545-7763

FINAL DEST: BEAUMONT-CHERRY VALLEY WD

Tax ID:

Tax Cert:

002 / 032 / 028

REP: 7869 McCALL'S METER SALES

RSM:

Request Date	Customer P.O.	Ship :	Inst :
11/22/13	VERBAL-62	WILL CALL	
EXW Seller's Premises			

Ln/Rq Dt	Description	Item Number	UM Ship/Back/Cance	Price	Extended Price	Tax
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GC/CG

1.000	METER 8" HWS 150# FF 13-12260-08	MW508		2,234.0000		
		Net Price	EA S	1	2,234.0000	2,234.00 Y
				Per EA		

Reg. Mech. Standard

400:1

McCrometer REGISTER FRAME

Canopy Assy STD

G/GM/100/2500

POLY PROP 8"

BQ11C-80

1.020	1-POINT CERTIFIED TEST REPORT	9999C-01	EA S	1		Y
					Per EA	
1.026	TUBE MW508 CL D	T0155-10	EA S	1		Y
					Per EA	
				SubTot		2,234.00

Tax Group Summary

CA RVR	8.000 (%)	2,234.00	178.72
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IMPORTANT: Our standard domestic delivery terms are EXW, FCA or FOB Hemet, Calif.
 unless other arrangements have been agreed to by McCrometer.
 Freight will be prepaid and charged on the invoice or shipped collect



3255 West Stetson Avenue • Hemet, CA 92545-7763 USA
Tel: 951 652-6811 • Fax: 951 652-3078 • payments@mccrometer.com

SALES INVOICE

Page Number- 1
Date - 12/04/13
Customer - 464
Brn/Ptl - MC1000
Related Ord- 498411
Order Nbr - 230982 50
invoice - 427938 RI

Sold To: BEAUMONT-CHERRY VALLEY WD
P.O. BOX 2037
BEAUMONT CA 92223

Ship To: BEAUMONT-CHERRY VALLEY WD
WILL CALL RECEIVED AND SIGNED FOR BY:
ANTHONY L. 12/03/13
HEMET CA 92545-7763

Approved for Payment

12-10-2013

FINAL DEST: BEAUMONT-CHERRY VALLEY WD

Tax ID:
Tax Cert: 0140 4052006 002 / 032 / 028

REP: 7869 McCALL'S METER SALES
RSM:

Request Date 11/22/13
Customer P.O. VERBAL-62

EXW Seller's Premises

Ship : WILL CALL
Inst : 12/03/13

Ln/Rq Dt	Description	Item Number	UM Ship/Back/Cance	Price	Extended Price	Tax
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Please Note.

All McCrometer facilities will be closed on December 25th, 26th, 27th and January 1st in observance of the U.S. Christmas and New Year's holidays. Normal operations will resume on January 2nd 2014.

Effective January 1st 2014 McCrometer's preferred small parcel carrier will be changing to UPS for domestic shipments and DHL Express for international shipments. After January 1st 2014 we will only be able to use FEDEX with a collect customer account number. If you have any questions regarding this change please contact us at customerservice@mccrometer.com for further clarification.

GC/CG

1.000	METER 8" HWS 150# FF 13-12260-08	MM508		2,234.0000		
		Net Price	EA S	1	2,234.0000	2,234.00 Y
			Per EA			
	Reg. Mech. Standard 400:1 McCrometer REGISTER FRAME Canopy Assy STD G/GM/100/2500 POLY PROP 8" B0110-80					
1.020	1-POINT CERTIFIED TEST REPORT	9999C-01	EA S	1		
1.026	TUBE MM508 CL D	T0155-10	EA S	1		

MCCROMETER'S TERMS AND CONDITIONS APPLY UNLESS OTHERWISE STATED IN WRITING BETWEEN THE PARTIES; MCCROMETER'S TERMS AND CONDITIONS CAN BE VIEWED AT THE FOLLOWING URL: WWW.MCCROMETER.COM/TERMS_AND_CONDITIONS.PDF
REMIT TO: McCrometer, Inc. • 96894 Collections Center Drive • Chicago, IL 60693-0329 USA
INTERNATIONAL WIRE TRANSFERS: Bank of America • 231 South LaSalle Street • Chicago, IL 60697 USA
A.B.A. No. 026009593 Swift: BOFAUS3N Acct# 87655-61569



3255 West Stetson Avenue • Hemet, CA 92545-7763 USA
Tel: 951 652-6811 • Fax: 951 652-3078 • payments@mccrometer.com

SALES INVOICE

Page Number - 2
Date - 12/04/13
Customer - 464
Brn/Plt - MC1000
Related Ord - 498411
Order Nbr - 230982 SO
Invoice - 427938 RI

Sold To: BEAUMONT-CHERRY VALLEY WD
P.O. BOX 2037
BEAUMONT CA 92223

Ship To: BEAUMONT-CHERRY VALLEY WD
WILL CALL RECEIVED AND SIGNED FOR BY:
ANTHONY L. 12/03/13
HEMET CA 92545-7763

FINAL DEST: BEAUMONT-CHERRY VALLEY WD

Tax ID:
Tax Cert:

002 / 032 / 028

REP: 7869 McCALL'S METER SALES
RSM:

Request Date 11/22/13
Customer P.O. VERBAL-62

EXW Seller's Premises

Ship : WILL CALL
Inst : 12/03/13

Ln/Rq Dt	Description	Item Number	UM Ship/Back/Cance	Price	Extended Price	Tax
					SubTot	2,234.00

Tax Group Summary			
CA RVR	8.000 (%)	2,234.00	178.72

		Sales Tax	Total Order
Terms	Net 30 Days from Invoice		
Net Due Date	01/03/14		
Tax Rt	8.000	178.72	2,412.72



MCCROMETER'S TERMS AND CONDITIONS APPLY UNLESS OTHERWISE STATED IN WRITING BETWEEN THE PARTIES; MCCROMETER'S
TERMS AND CONDITIONS CAN BE VIEWED AT THE FOLLOWING URL: WWW.MCCROMETER.COM/TERMS_AND_CONDITIONS.PDF
REMIT TO: McCrometer, Inc. • 96894 Collections Center Drive • Chicago, IL 60693-0329 USA
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A.B.A. No. 026009593 Swift: BOFAUS3N Acct# 87655-61569

Special Project Committee

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 14-17

Date: December 3, 2014

From: Joseph Zoba, Treasurer

Subject: Status Report on the Beaumont Basin Groundwater Model and Redetermination of Safe Yield

Recommendation: No recommendation

As a result of litigation initiated by the City of Beaumont, the Beaumont Groundwater Model and Redetermination of Safe Yield has been classified as a Special Project of the Watermaster to include the following Watermaster Committee Members:

Beaumont Cherry Valley Water District
City of Banning
Yucaipa Valley Water District
South Mesa Mutual Water Company

To complete the model and associated report, the Watermaster Committee conducted workshop meetings on October 15th and October 29th.

The purpose of this agenda item is to receive an update on the status of the Beaumont Groundwater Model and Redetermination of Safe Yield.