

**AGENDA**  
**NOTICE AND CALL OF SPECIAL MEETING**  
**CITY COUNCIL OF THE CITY OF MORENO VALLEY**  
**MORENO VALLEY COMMUNITY SERVICES DISTRICT**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF**  
**MORENO VALLEY**

**July 6, 2010**

**SPECIAL MEETING – 6:00 P.M.**

**City Council Closed Session**

First Tuesday of each month – 6:00 p.m.

**City Council Study Sessions**

Third Tuesday of each month – 6:00 p.m.

**City Council Meetings**

Second and Fourth Tuesdays – 6:30 p.m.

City Hall Council Chamber - 14177 Frederick Street

*Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Mel Alonzo, ADA Coordinator, at 951.413.3027 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.*

Robin N. Hastings, Mayor Pro Tem  
Jesse L. Molina, Council Member

Bonnie Flickinger, Mayor

Richard A. Stewart, Council Member  
William H. Batey II, Council Member

**AGENDA  
SPECIAL MEETING OF THE  
CITY COUNCIL OF THE CITY OF MORENO VALLEY  
MORENO VALLEY COMMUNITY SERVICES DISTRICT  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF  
MORENO VALLEY**

**SPECIAL MEETING - 6:00 PM  
JULY 6, 2010**

**NOTICE IS HEREBY GIVEN** that a special meeting of the Moreno Valley City Council, Moreno Valley Community Services District and the Community Redevelopment Agency of the City of Moreno Valley will be held on July 6, 2010, commencing at 6:00 PM, in the City Council Chamber, City Hall, located at 14177 Frederick Street, Moreno Valley, California.

Said special meeting shall be for the purpose of:

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**INVOCATION**

**ROLL CALL**

**INTRODUCTIONS**

**PUBLIC COMMENTS ON MATTERS ON THE SPECIAL MEETING AGENDA**

Those wishing to speak should submit a LAVENDER speaker slip to the Bailiff. There is a three-minute time limit per person. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

**G. REPORTS**

- G.1 PA07-0090 – ACCEPT THE AGREEMENT AND SECURITY FOR THE REDLANDS SEWER IMPROVEMENTS ASSOCIATED WITH THE HIGHLAND FAIRVIEW LOGISTICS CORPORATE PARK BETWEEN STATE ROUTE 60 AND EUCALYPTUS AVENUE, AND REDLANDS BOULEVARD AND THEODORE STREET; DEVELOPER: HF LOGISTICS – SKX T1, LLC, MORENO VALLEY, CA 92553 (Report of: Public Works Department)

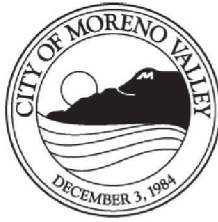
**Recommendation: That the City Council:**

1. Accept the Agreement and Security for the Redlands Sewer Improvements associated with the Highland Fairview Logistics Corporate Park;
2. Authorize the Mayor to execute the Agreement and the Escrow Instructions contingent upon the cash security being placed into the escrow account;
3. Direct the City Clerk to forward the signed Agreement to the County Recorder's Office for recordation; and
4. Authorize the Public Works Director/City Engineer to execute any future time extensions, amendments to the agreement, subject to City Attorney approval, if the required sanitary sewer improvements within Redlands Boulevard are not completed within said timeframe.

**ADJOURNMENT to Regular City Council Closed Session**

\*Materials related to an item on this Agenda submitted to the City Council/Community Services District/Community Redevelopment Agency after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>BMB</i>
CITY MANAGER	<i>mos</i>

## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Chris A. Vogt, P.E., Public Works Director/City Engineer

**AGENDA DATE:** July 13, 2010

**TITLE:** PA07-0090 – ACCEPT THE AGREEMENT AND SECURITY FOR THE REDLANDS SEWER IMPROVEMENTS ASSOCIATED WITH THE HIGHLAND FAIRVIEW LOGISTICS CORPORATE PARK

BETWEEN STATE ROUTE 60 AND EUCALYPTUS AVENUE, AND REDLANDS BOULEVARD AND THEODORE STREET

**DEVELOPER:** HF LOGISTICS – SKX T1, LLC  
14425 CORPORATE WAY  
MORENO VALLEY, CA 92553

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### **RECOMMENDED ACTION**

Staff recommends that the City Council:

1. Accept the Agreement and Security for the Redlands Sewer Improvements associated with the Highland Fairview Logistics Corporate Park.
2. Authorize the Mayor to execute the Agreement and the Escrow Instructions in the form attached hereto contingent upon the cash security being placed into the escrow account.
3. Direct the City Clerk to forward the signed Agreement to the County Recorder's Office for recordation.
4. Authorize the Public Works Director/City Engineer to execute any future time extensions, amendments to the agreement, subject to City Attorney approval, if the required sanitary sewer improvements within Redlands Boulevard are not completed within said timeframe.

**ADVISORY BOARD/COMMISSION RECOMMENDATION**

Not applicable.

**BACKGROUND**

On January 15, 2009, the Planning Commission of the City of Moreno Valley denied Tentative Parcel Map 35629.

On February 10, 2009, the City Council of the City of Moreno Valley approved Master Plot Plan No. PA07-0090 and Tentative Parcel Map 35629 and accepted phase-specific Conditions of Approval. The tentative parcel map is a proposal to subdivide the 158-acre site into four parcels, one for establishment of a logistics warehouse development and three for future development. The master plot plan provides for establishment of a business park development consisting of four buildings, internal circulation, parking and various site amenities. Tract Map 35629 was conditionally approved requiring construction of the Redlands Sewer improvements.

**DISCUSSION**

The Conditions of Approval for this project require that the developer provide surety for the required sewer improvements.

The developer has completed and submitted a Public Improvement Agreement and Security for the sewer improvements. The developer has provided City staff with the escrow instructions and agrees to perform and complete all of the required sewer improvements within twenty-four (24) months of the date the agreement is executed. The Public Works Director/City Engineer may execute any future amendments to the agreement, subject to City Attorney approval, if the required sewer improvements are not completed within said timeframe. The sanitary sewer improvements are within Redlands Boulevard approximately from Alessandro Boulevard to Eucalyptus Avenue and include but are not limited to: installation of sanitary sewer main, manholes and associated pavement repairs.

Accompanying the agreement is a Faithful Performance cash security in the amount of \$563,000 and a Material and Labor Performance cash security in the amount of \$281,500 issued by First American Title Insurance Company. The cash securities shall be placed in escrow accounts that allow for disbursement of funds in accordance with the details in the Agreement for Redlands Sewer improvements. Given the present economy, the cash security and the use of an escrow account seem appropriate and are consistent with the conditions of approval for the project.

**ALTERNATIVES**

Not applicable.

**FISCAL IMPACT**

No fiscal impact is anticipated.

**CITY COUNCIL GOALS**

**PUBLIC FACILITIES AND CAPITAL PROJECTS:**

Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

**NOTIFICATION**

Publication of agenda.

**EXHIBITS**

Exhibit "A" - Vicinity Map

Exhibit "B" - Agreement for Redlands Sewer Improvements

Exhibit "C" - Escrow Instructions

Prepared By  
Liz Plazola  
Sr. Administrative Assistant

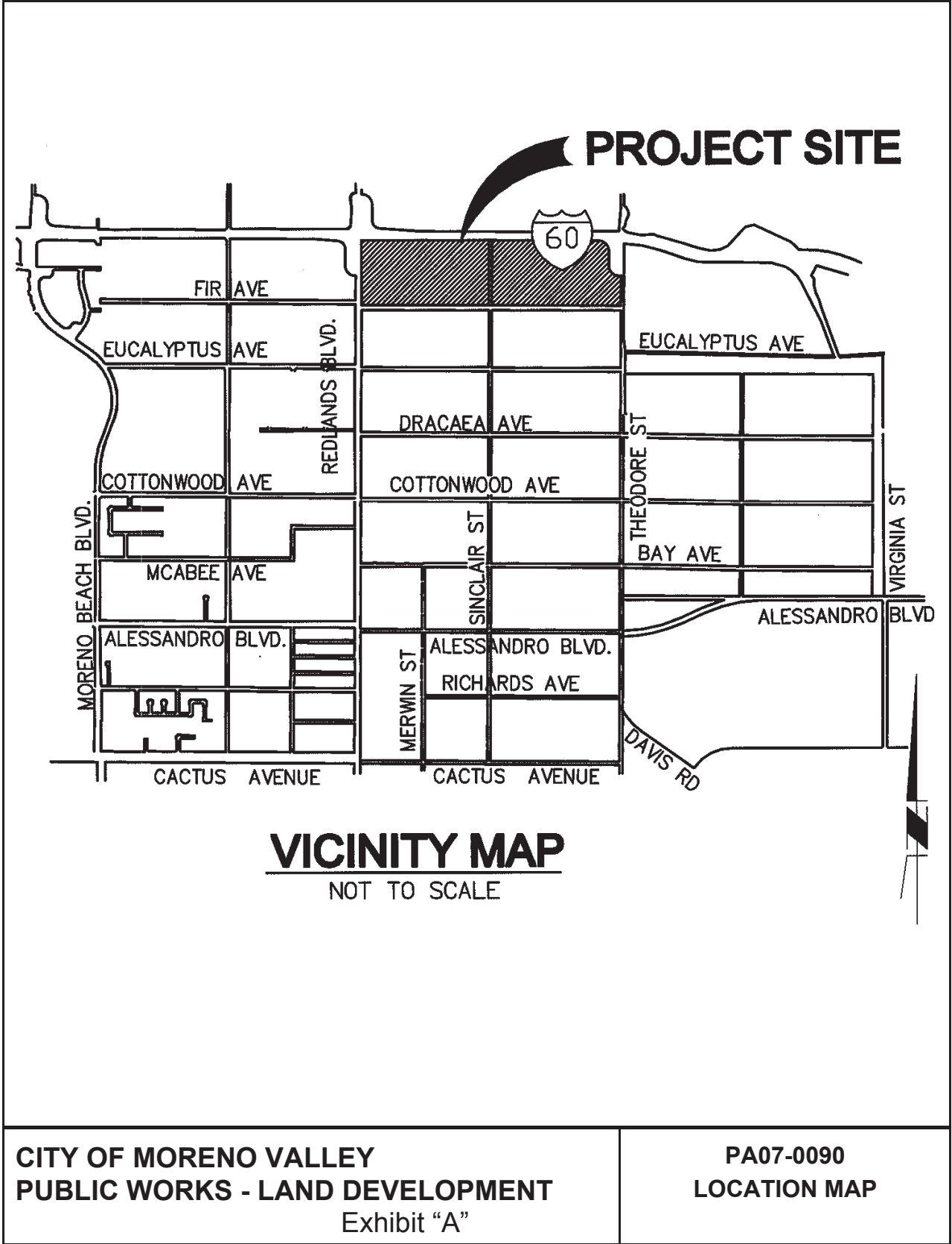
Department Head Approval  
Chris A. Vogt, P.E.  
Public Works Director/City Engineer

Concurred By  
Mark W. Sambito, P.E.  
Engineering Division Manager

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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RECORDING REQUESTED BY:  
City of Moreno Valley

**WHEN RECORDED, RETURN TO:**

CITY OF MORENO VALLEY  
City Clerk  
P. O. Box 88005  
Moreno Valley, CA 92552-0805

No recording fee per Government Code, Section 6103

This space for Recorder's use only.

**AGREEMENT FOR PUBLIC IMPROVEMENTS  
FOR REDLANDS SEWER IMPROVEMENTS AND ESCROW INSTRUCTIONS  
PROJECT NO. PA07-0090 (TENTATIVE PARCEL MAP 35629)**

This Agreement, made and entered into by and between the City of Moreno Valley, State of California, hereinafter called City, and HF Logistics-SKX T1, LLC herein after called Developer, on the date the City signs this agreement.

**WITNESSETH:**

**FIRST:** Developer, for and in consideration of the approval by the City of the final map of that certain land division, known as PA07-0090 (Tentative Parcel Map 35629) agrees, at Developer's own expense, to furnish all labor, equipment and material necessary, and within TWENTY-FOUR (24) months from the date this Agreement is executed, to perform and complete in a good and workmanlike manner, all of the required improvements in accordance with those improvement plans for the sewer improvements along Redlands Boulevard which have been approved by the City Engineer, and are on file in the office of the City Engineer, and to do all work incidental thereto in accordance with the standards set forth in City ordinances and regulations, and pay all costs of engineering necessary in connection therewith, which are expressly made a part of this Agreement. All of the above required work shall be done under the inspection of and to the satisfaction of the City Engineer, and shall not be deemed complete until approved and accepted as complete by the City. Developer further agrees to guarantee the required improvements for a period of one year following acceptance by the City and during this one year period to repair and replace, to the satisfaction of the City Engineer, any defective work or labor done or defective materials furnished. Developer shall complete the improvements described in this paragraph pursuant to Section 66462, Government Code. Developer shall also complete any offsite improvements required as a condition of approval and with plans approved by the City Engineer at such time as the City acquires an interest in the land which will permit the improvements to be made, and the Developer waives the 120 day time limitation set forth in Section 66262.5, Government Code. The estimated cost of said work and improvements, pursuant to the Preliminary Estimate of Cost labeled Exhibit A attached hereto and made part of this agreement by this reference, is the sum of FIVE HUNDRED SIXTY THREE THOUSAND AND NO/100 Dollars (\*\*\*\$563,000\*\*\*).

**SECOND:** Developer agrees to pay to the City the actual cost of such inspection of the works and improvements as may be required by the City Engineer. Developer further agrees that, if suit is brought upon this Agreement or any security guaranteeing the completion of the required improvements, all costs and reasonable expenses and fees incurred by the City in successfully enforcing such obligations shall be paid by Developer and guaranteed by the security, including reasonable attorney's fees, and that, upon entry of judgment, such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** City shall not, nor shall any officer or employee of City, except for its or their sole negligence, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this Agreement prior to the completion and approval thereof, nor shall City or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Developer, his agents or employees, in the performance of the work, and all of said liabilities are assumed by Developer. Developer agrees to protect, defend and hold harmless City and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Developer, his agents and employees, in the performance of this Agreement, or arising out of the use of any patent or patented article in the performance of this Agreement.

**FOURTH:** The Developer hereby grants to the City and/or to any authorized agent or employee of the City, the irrevocable permission to enter upon the lands of the above-referenced land division for the purpose of completing the Improvements. This permission shall terminate in the event that the Developer has completed the work within the time specified or any extension thereof granted by the City.

**FIFTH:** Developer agrees at all times, up to the completion and acceptance of the improvements by the City, to give good and adequate warning to the traveling public of each and every dangerous condition caused by the construction of the Improvements, and to protect the traveling public from such defective or dangerous conditions. The Developer shall keep all traveled ways that are a part of, or affected by the construction of this project free and clear of mud, dirt and debris and shall provide twice monthly street sweeping service. A copy of the contract for street sweeping service shall be provided to the City. The Developer's obligation under this provision shall be secured by the security in escrow securing performance of this Agreement.

**SIXTH:** The Developer, his agents and employees, shall give notice to the City Engineer at least 48 hours before beginning any work and shall furnish said City Engineer all reasonable facilities for obtaining full information with respect to the progress and manner of work.

**SEVENTH:** Developer agrees prior to the date this Agreement is executed, to deposit into two separate escrow accounts United States currency for 1) the estimated cost of the work and improvements, totaling \$563,000, for the faithful performance of the terms and conditions of this Agreement (First American Title Insurance Company Escrow Number: 445220), and 2) the estimated cost of labor and materials, in the amount of \$281,500, for the payment of labor and materials (First American Title Insurance Company Escrow Number: 445221) as prescribed by City ordinances and regulations to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. The escrow accounts shall be established at First American Title Insurance Company, 4380 La Jolla Village Drive, Suite 200, San Diego, Ca 92122, Attn: Verna Gregory-Senior Commercial Escrow Officer. Developer agrees to maintain said escrow account(s) with good and sufficient funds or increase the amounts of said escrow account(s), or both, within ten (10) days after being notified by the City Engineer that the amounts are insufficient. Notwithstanding any other provision herein, if Developer fails to take such action as is necessary to comply with said notice, he shall be in default of this Agreement unless all required Improvements are completed within ninety (90) days of the date on which the City Engineer notified the Developer of the insufficiency of said escrow account(s). Developer reserves the right to substitute the form of security, in accordance with the Moreno Valley Municipal Code, at anytime during the term of this agreement, subject to approval of the City Engineer and City Attorney. As this project is very unique in both the size and the timing of construction activities, as well as being considered eligible for Time and Material (T&M) fee collection, it has been determined by the City Engineer that the project may receive incremental reductions to the security ensuring the construction of the associated public improvements. At twenty percent (20%) completion, forty percent (40%) completion, sixty percent (60%) completion and eighty percent (80%) completion of the public improvements as measured by the dollar value of said improvements as set forth in the Engineer's Preliminary Estimate of Cost and associated unit costs (Exhibit A) and upon written request by the Developer for a partial reduction of the security, the escrow officer shall be instructed by the City Engineer in writing to release an amount in the escrow account to Developer not to exceed twenty percent (20%) increments of the original amount deposited into escrow, provided that all such work has been reviewed, verified, inspected and approved by the City Engineer, Land Development engineering staff and applicable City inspectors. The remaining percentage of the escrow account securing the estimated cost of labor and materials shall be released to the Developer no sooner than 90 days after acceptance of the improvements by the City. After one hundred percent (100%) completion of the public improvements and formal acceptance of the improvements by the City Council, ten percent of the original escrow deposit for the faithful performance shall be retained in the escrow account until expiration of the twelve (12) month warranty period pursuant to Government Code Section 66499 to secure required warranty work.

**EIGHTH:** If the Developer, or his agents or employees, neglects, refuses, or fails to prosecute any of the work with such diligence as to insure its completion within the specified time, or within such extensions of time as have been granted by the City, or if the Developer violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this Agreement and notice in writing of such default shall be served upon him. Whereupon, the City Engineer shall unilaterally have the ability to withdraw from escrow all funds necessary to correct the violation(s). The escrow officer shall be instructed in writing by the City Engineer to release the necessary funds without any consent from the Developer. The City Council shall have the power, on recommendation by the City Engineer, to terminate all rights of the Developer because of such default. The determination by the City Engineer of the question as to whether any of the terms of the Agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Developer, and any and all parties who may have any interest in the Agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to the City under law.

**NINTH:** It is further agreed by and between the parties hereto, including the escrow company securing this Agreement that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this Agreement, extensions of time **may** be granted by the City from time to time, either at its own option, or upon request of Developer, and such extensions shall in no way affect the validity of this Agreement or release the security or securities. Developer further agrees to maintain the aforesaid securities in full force and effect during the terms of this Agreement, including any extensions of time as may be granted therein.

**TENTH:** It is understood and agreed by the parties hereto that if any part, term or provision of this Agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term or provision held to be invalid.

PUBLIC IMPROVEMENTS FOR REDLANDS SEWER IMPROVEMENTS AND ESCROW INSTRUCTIONS

**ELEVENTH:** Any notice or notices required or permitted to be given pursuant to this Agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

**City:**

City Engineer  
P.O. Box 88005  
14177 Frederick  
Moreno Valley, CA 92552-0805

**Developer:**

HF LOGISTICS-SKX T1, LLC,  
14225 Corporate Way  
Moreno Valley, California 92553

**Escrow:**

First American Title Insurance Company  
4380 La Jolla Village Drive  
Suite 200  
San Diego, CA 92122

**IN WITNESS WHEREOF** Contractor has affixed his name, address and seal.

Date approved by the City: \_\_\_\_\_

**HF LOGISTICS-SKX T1, LLC:**

Developer

BY: [Signature]  
Signature

BY: \_\_\_\_\_  
Signature

Iddo Benzeevi  
Print/Type Name

\_\_\_\_\_  
Print/Type Name

President + CEO  
Title

\_\_\_\_\_  
Title

**ATTEST:  
CITY CLERK  
OF THE CITY OF MORENO VALLEY**

**CITY OF MORENO VALLEY**

By: \_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Mayor

**(SEAL)**

**APPROVED AS TO FORM:  
CITY ATTORNEY**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
City Attorney

**NOTE: TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS UNLESS CORPORATE DOCUMENTS ARE PROVIDED THAT INDICATES OTHERWISE.**

SIGNATURES OF CONTRACTOR MUST BE EXECUTED IN QUADRUPPLICATE AND THE EXECUTION OF THE ORIGINAL COPY MUST BE ACKNOWLEDGED BEFORE A NOTARY.  
ORIGINAL - CITY CLERK; PINK - CONTRACTOR; GREEN - SURETY; BLUE - PROJECT FILE

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Riverside

On 6-30-10 before me, Lorinne J. Phillips, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Iddo Benzzevi  
Name(s) of Signer(s)

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: Lorinne J. Phillips  
Signature of Notary Public

Place Notary Seal and/or Stamp Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: PIA Redlands Sewer

Document Date: none Number of Pages: 3

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Iddo Benzzevi Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_  Corporate Officer — Title(s): \_\_\_\_\_

- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

Signer Is Representing: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**EXHIBIT "A"  
ENGINEER'S ESTIMATE**

Sheet 1 of 8

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10  
PREPARED BY: Patrick Revere

**PUBLIC PAVEMENT SECTIONS**

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Street Work - Non DIF Non TUMF</b>				
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 1	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 1	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 2	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 2	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 3	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 3	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 4	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 4	0	Thickness (ft.)		
	0	S.F.	80.00	0
<b>Street Work - DIF</b>				
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 1	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 1	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 2	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 2	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 3	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 3	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 4	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 4	0	Thickness (ft.)		
	0	S.F.	80.00	0
<b>Street Work - TUMF</b>				
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 1	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 1	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 2	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 2	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 3	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 3	0	Thickness (ft.)		
	0	S.F.	80.00	0
Roadway Excavation	0	C.Y.	29.00	0
A.B. Class II - Street 4	0	Thickness (ft.)		
	0	S.F.	33.00	0
A.C. - Street 4	0	Thickness (ft.)		
	0	S.F.	80.00	0
			<b>SUBTOTAL:</b>	<b>0</b>

**EXHIBIT "A"  
ENGINEER'S ESTIMATE**

**PROJECT:** City ID#3918 (Redlands SS)  
**PUBLIC STREET WORK**

**DATE:** 06/18/10  
**PREPARED BY:** Patrick Revere

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Offsite Street Work</b>				
<b>Pavement</b>				
Grind & Pave 0.15'	0	S.F.	3.25	0
A.C. Cap/Overlay	0	Ton	65.00	0
Slurry Seal (Based on \$150/Ton Type II)	0	S.Y.	2.25	0
Paving Fabric	0	S.Y.	1.15	0
Sawcut	0	L.F.	2.00	0
Utility Trench	0	L.F.	17.00	0
Trench Repaving	0	S.F.	12.00	0
Redwood Header	0	L.F.	6.00	0
A.C. Berm - 6"	0	L.F.	10.00	0
A.C. Berm - 8"	0	L.F.	15.00	0
Adjust M.H. to Grade	0	EA.	800.00	0
Adjust Water Valve to Grade	0	EA.	400.00	0
Remove & Dispose Existing Pavement & Base	0	SF	28.00	0
Remove Existing Curb & Gutter	0	L.F.	12.00	0
<b>Concrete</b>				
P.C.C. Paving - 6"	0	S.F.	14.00	0
P.C.C. Paving - 8"	0	S.F.	16.00	0
Curb and Gutter - 6"	0	L.F.	25.00	0
Curb and Gutter - 8"	0	L.F.	30.00	0
Curb and Gutter - 8" (DIF Street Name)	0	L.F.	30.00	0
Curb and Gutter - 8" (TUMF Street Name)	0	L.F.	30.00	0
Curb Only - 6"	0	L.F.	20.00	0
Curb Only - 8"	0	L.F.	25.00	0
Curb Only - 8" (DIF Street Name)	0	L.F.	25.00	0
Curb Only - 8" (TUMF Street Name)	0	L.F.	25.00	0
A.C. Curb 6"	0	L.F.	12.00	0
A.C. Curb 8"	0	L.F.	15.00	0
Cross Gutter and Spandrel	0	S.F.	12.00	0
Sidewalk	0	S.F.	7.00	0
Sidewalk (DIF Street Name)	0	S.F.	7.00	0
Sidewalk (TUMF Street Name)	0	S.F.	7.00	0
Median Stamped Concrete	0	S.F.	14.00	0
Driveway Approach - 6"	0	S.F.	14.00	0
Driveway Approach - 8"	0	S.F.	16.00	0
Wheelchair Ramp	0	EA.	2,400.00	0
Alley Approach - 8"	0	S.F.	16.00	0
1/2 Alley Apron	0	S.F.	16.00	0
Barricade	0	L.F.	100.00	0
Bus Bay	0	EA.	20,000.00	0
<b>Miscellaneous</b>				
Relocate Power Poles	0	EA.	30,000.00	0
Relocate Power Poles (DIF Street Name)	0	EA.	30,000.00	0
Erosion Control	0	AC	5,000.00	0
Walls - Masonry: 6' Maximum	0	L.F.	100.00	0
Walls - Retaining: 6' Maximum	0	L.F.	150.00	0
<b>SUBTOTAL</b>				0
<b>Traffic Improvements (Plan Checked by Trans. Eng'rg.staff/Inspected by LDD staff)</b>				
Traffic Striping/raised pavement markers	0	L.S.	--	0
Traffic Striping (DIF Street -Perris Blvd)	1	L.S.	--	0
Street Name Sign	0	EA.	300.00	0
Stop Sign	0	EA.	200.00	0
Signs and Posts	0	EA.	200.00	0
Signs and Posts (DIF Street -Perris Blvd )	0	EA.	200.00	0
Street Sweeping Sign	0	EA.	200.00	0
Warning Markers - Type L, Type N	0	EA.	100.00	0
Traffic Control	1	L.S.	10000	10,000
Traffic Control (DIF Street Name)	0	L.S.	10000	0
Traffic Signal PB-Adjust to Grade	0	EA.	250.00	0
Metal Guard Rail	0	L.F.	90.00	0
<b>SUBTOTAL:</b>				10,000
<b>Bondable Street Work Only (not plan checked)</b>				
Undergrounding of Utilities	0	L.F.	196.00	0
Cluster Mail Boxes	0	EA.	4,500.00	0
Relocate Mailbox	0	EA.	350.00	0
Relocate Cluster Mailbox	0	EA.	1,200.00	0
Monuments	0	EA.	300.00	0
Relocate Trees	0	EA.	2,500.00	0
<b>SUBTOTAL:</b>				0



EXHIBIT "A"  
ENGINEER'S ESTIMATE

Sheet 3 of 8

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10  
PREPARED BY: Patrick Revere

PUBLIC STREET WORK (CONTINUED)

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Special Districts</b>				
Landscaping - Medians	0	S.F.	6.00	0
Landscaping - Parkways	0	S.F.	6.00	0
Street Lights (9500 lumen)	0	EA.	4,000.00	0
Street Lights (22000 lumen)	0	EA.	5,000.00	0
SPECIAL DISTRICTS SUBTOTAL:				0
<b>Moreno Valley Utilities</b>				
Electrical Utility Infrastructure	0	L.S.	0.00	0
MVU SUBTOTAL:				0
<b>Water Quality Basin</b>				
Landscaping	0	S.F.	6.00	0
Filtration Devices	0	EA.	0	0
Access Ramp PCC	0	S.F.	0	0
Low-Flow Pipe System	0	L.F.	0	0
Headwalls	0	EA.	0	0
Outlets	0	EA.	0	0
Risers	0	EA.	0	0
Forebay PCC	0	S.F.	0	0
Toe of slope protection PCC	0	S.F.	20.00	0
WQB SUBTOTAL:				0
<b>Transportation Engineering</b>				
Traffic Signal New (Interconnect, Controller, Software, Initial Coordination,	0	EA.	272,000.00	0
Traffic Signal Modification	0	L.S.	0	0
Traffic Signal Interconnect (Existing Signals Only)	0	L.F.	30.00	0
TRANSPORTATION SUBTOTAL:				0

**EXHIBIT "A"**  
**ENGINEER'S ESTIMATE**

Sheet 4 of 8

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10  
PREPARED BY: Patrick Revere

**PUBLIC STORM DRAIN SYSTEM**

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Pipe</b>				
12" Reinforced Concrete Pipe	0	L.F.	130.00	0
18" Reinforced Concrete Pipe	0	L.F.	140.00	0
24" Reinforced Concrete Pipe	0	L.F.	160.00	0
24" Reinforced Concrete Pipe (DIF Street Name)	0	L.F.	160.00	0
30" Reinforced Concrete Pipe	0	L.F.	180.00	0
36" Reinforced Concrete Pipe	0	L.F.	190.00	0
42" Reinforced Concrete Pipe	0	L.F.	210.00	0
48" Reinforced Concrete Pipe	0	L.F.	250.00	0
54" Reinforced Concrete Pipe	0	L.F.	300.00	0
60" Reinforced Concrete Pipe	0	L.F.	350.00	0
66" Reinforced Concrete Pipe	0	L.F.	375.00	0
72" Reinforced Concrete Pipe	0	L.F.	414.00	0
78" Reinforced Concrete Pipe	0	L.F.	459.00	0
84" Reinforced Concrete Pipe	0	L.F.	505.00	0
90" Reinforced Concrete Pipe	0	L.F.	557.00	0
96" Reinforced Concrete Pipe	0	L.F.	613.00	0
102" Reinforced Concrete Pipe	0	L.F.	671.00	0
108" Reinforced Concrete Pipe	0	L.F.	724.00	0
114" Reinforced Concrete Pipe	0	L.F.	785.00	0
12" HDPE	0	L.F.	45.00	0
18" HDPE	0	L.F.	50.00	0
24" HDPE	0	L.F.	55.00	0
30" HDPE	0	L.F.	60.00	0
36" HDPE	0	L.F.	70.00	0
42" HDPE	0	L.F.	80.00	0
48" HDPE	0	L.F.	90.00	0
54" HDPE	0	L.F.	125.00	0
60" HDPE	0	L.F.	140.00	0
4" PVC SCH. 40	0	L.F.	25.00	0
4" PVC SCH. 80	0	L.F.	30.00	0
6" PVC SCH. 40	0	L.F.	30.00	0
6" PVC SCH. 80	0	L.F.	35.00	0
8" PVC SCH. 40	0	L.F.	40.00	0
8" PVC SCH. 80	0	L.F.	48.00	0
Reinforced Concrete Structure	0	C.Y.	500.00	0
8' X 10' Reinforced Concrete Box	0	C.Y.	1200.00	0
8' X 12' Reinforced Concrete Box	0	C.Y.	1400.00	0
2 - 72" Reinforced Concrete Pipe	0	L.F.	840.00	0
3 - 4' X 2' Reinforced Concrete Pipe	0	L.F.	461.00	0
	0		0.00	0
<b>Manholes</b>				
Manhole No. 1	0	EA.	5000.00	0
Manhole No. 2	0	EA.	7500.00	0
Manhole No. 3	0	EA.	9000.00	0
Manhole No. 4	0	EA.	10000.00	0
	0		0.00	0
<b>Catch Basins</b>				
Catch Basin (3.5')	0	EA.	3100.00	0
Catch Basin (7')	0	EA.	5500.00	0
Catch Basin (10')	0	EA.	6700.00	0
Catch Basin (14')	0	EA.	8000.00	0
Catch Basin (21') (Dif St-Perris Blvd)	0	EA.	12500.00	0
Local Depressions	0	EA.	535.00	0
Catch Basin (3.5') (DIF Street Name)	0	EA.	3100.00	0
Catch Basin (7') (DIF Street Name)	0	EA.	5500.00	0
Catch Basin (14') (DIF Street Name)	0	EA.	8000.00	0
Catch Basin (21') (DIF Street Name)	0	EA.	12500.00	0
Local Depressions (DIF Street Name)	0	EA.	535.00	0
24" X 24" Grate basin	0	EA.	2500.00	0
18" X 18" Grate Basin	0	EA.	2100.00	0
6" Wide Strip Basin	0	EA.	3000.00	0
Removal/Relocation- Catch Basin	0	EA.	5000.00	0
Grated Catch Basin	0	EA.	6000.00	0
Headwall	0	EA.	5500.00	0

EXHIBIT "A"  
ENGINEER'S ESTIMATE

Sheet 5 of 8

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10  
PREPARED BY: Patrick Revere

PUBLIC STORM DRAIN SYSTEM (CONTINUED)

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Structures</b>				
Transition Structure	0	EA.	5500.00	0
Junction Structure	0	EA.	6000.00	0
Type IX Inlet Structure	0	EA.	2500.00	0
Inlet Structure (drop)	0	EA.	5000.00	0
Outlet Structure	0	EA.	8000.00	0
Concrete Collar (to 48")	0	EA.	3000.00	0
Headwall	0	EA.	5500.00	0
Concrete Collar (Grater than 48")	0	EA.	5000.00	0
Modified Junction Structure	0	EA.	15000.00	0
End Cap	0	EA.	1000.00	0
<b>Drains</b>				
Terrace Drain	0	S.F.	10.00	0
Down Drain	0	S.F.	10.00	0
Parkway Drain	0	EA.	3500.00	0
Under Sidewalk	0	EA.	600.00	0
Curb Outlet	0	EA.	250.00	0
"V" Gutter	0	S.F.	10.00	0
	0		0	0
<b>Miscellaneous</b>				
Rip Rap	0	TON	60.00	0
Concrete Pipe Slope Anchor	0	EA.	2500.00	0
Manhole Shaft	0		6000.00	0
Access Opening	0		15000	0
			SUBTOTAL:	0

**EXHIBIT "A"  
ENGINEER'S ESTIMATE**

Sheet 6 of 8

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10  
PREPARED BY: Patrick Revere

**PUBLIC WATER SYSTEMS**

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Pipes - Water System</b>				
4" PVC C-900	0	L.F.	25.00	0
6" PVC C-900	0	L.F.	30.00	0
8" PVC C-900	0	L.F.	35.00	0
10" PVC C-900	0	L.F.	40.00	0
12" PVC C-900	0	L.F.	55.00	0
16" PVC C-900	0	L.F.	90.00	0
18" PVC C-900	0	L.F.	135.00	0
20" PVC C-900	0	L.F.	180.00	0
		L.F.		0
<b>Valves - Water System</b>				
4" Gate Valve	0	EA.	715.00	0
6" Gate Valve	0	EA.	830.00	0
8" Gate Valve	0	EA.	1,340.00	0
10" Gate Valve	0	EA.	1,500.00	0
12" Gate Valve	0	EA.	2,300.00	0
16" Gate Valve	0	EA.	6,270.00	0
18" Gate Valve	0	EA.	14,300.00	0
4" Butterfly Valve	0	EA.	330.00	0
6" Butterfly Valve	0	EA.	520.00	0
8" Butterfly Valve	0	EA.	990.00	0
10" Butterfly Valve	0	EA.	1,200.00	0
12" Butterfly Valve	0	EA.	1,800.00	0
16" Butterfly Valve	0	EA.	2,700.00	0
18" Butterfly Valve	0	EA.	2,800.00	0
20" Butterfly Valve	0	EA.	4,200.00	0
24" Butterfly Valve	0	EA.	5,200.00	0
1" Air Vac Release	0	EA.	2,400.00	0
2" Air Vac Release	0	EA.	4,000.00	0
2" Backflow Preventor, Pad & Cover	0	EA.	4,300.00	0
4" Blow Off	0	EA.	3,500.00	0
6" Blow Off	0	EA.	4,000.00	0
				0
<b>Fire Hydrants - Water System</b>				
6" Standard Fire Hydrants	0	EA.	4,000.00	0
6" Super Fire Hydrants	0	EA.	4,500.00	0
				0
<b>Services Connections</b>				
1" Service	0	EA.	800.00	0
1 1/2" Service	0	EA.	1,100.00	0
2" Service	0	EA.	1,600.00	0
				0
<b>Fittings - Water System</b>				
Misc. Fittings 4"	0		120.00	0
Misc. Fittings 6"	0		160.00	0
Misc. Fittings 8"	0		200.00	0
Misc. Fittings 10"	0		240.00	0
Misc. Fittings 12"	0		750.00	0
				0
<b>Water Meters - Water System</b>				
5/8" Meter	0		230.00	0
1" Meter	0		320.00	0
1 1/2" Meter	0		420.00	0
2" Meter	0		525.00	0
				0
<b>Hot Tap Connections - Water System</b>				
6" Hot Tap	0	EA.	1,750.00	0
8" Hot Tap	0	EA.	2,200.00	0
12" Hot Tap	0	EA.	3,150.00	0
Hot Tap Service Clamp	0	EA.	1,000.00	0
Water Service	0	EA.	330.00	0
				0
<b>Miscellaneous - Water System</b>				
Thrust Block	0	CY	150.00	0
Jack & Bore	0	L.F.	300.00	0
Joint at Existing 8"	0	EA.	650.00	0
Adjust Water Meter Box to Grade	0	EA.	150.00	0
				0
<b>SUBTOTAL:</b>				<b>0</b>

EXHIBIT "A"  
ENGINEER'S ESTIMATE

Sheet 7 of 8

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10  
PREPARED BY: Patrick Revere

PUBLIC SEWER SYSTEMS

TYPE	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Pipes - Sewer System</b>				
4" V.C. Pipe	0	L.F.	25.00	0
6" V.C. Pipe	0	L.F.	40.00	0
8" V.C. Pipe	179	L.F.	55.00	9,845
10" V.C. Pipe	0	L.F.	60.00	0
12" V.C. Pipe	0	L.F.	70.00	0
15" V.C. Pipe	4593	L.F.	80.00	367,440
18" V.C. Pipe	0	L.F.	160.00	0
21" V.C. Pipe	0	L.F.	180.00	0
24" V.C. Pipe	0	L.F.	195.00	0
27" V.C. Pipe	0	L.F.	215.00	0
30" V.C. Pipe	0	L.F.	235.00	0
33" V.C. Pipe	0	L.F.	280.00	0
36" V.C. Pipe	0	L.F.	300.00	0
4" SDR - 35	0	L.F.	25.00	0
6" SDR - 35	0	L.F.	30.00	0
8" SDR - 35	0	L.F.	35.00	0
10" SDR - 35	0	L.F.	45.00	0
12" SDR - 35	0	L.F.	54.00	0
15" SDR - 35	0	L.F.	90.00	0
Concrete Encasement	0	L.F.	20.00	0
	0		0.00	0
<b>Cleans Outs - Sewer System</b>				
Clean-outs	0	EA.	730.00	0
Clean Out Lateral	0	EA.	200.00	0
	0		0.00	0
<b>Manholes - Sewer System</b>				
Standard Manhole 48"	5	EA.	3,140.00	15,700
Standard Manhole 48" Extra Depth	7	EA.	3,500.00	24,500
Standard Manhole 60"	1	EA.	4,500.00	4,500
Shallow Manhole	0	EA.	3,300.00	0
Adjust Manhole to Grade	0	EA.	460.00	0
Tie Into Existing Manhole	0	EA.	2,100.00	0
Rechannel Existing Manhole	0	EA.	1,500.00	0
Join Existing 8" Pipe	0	EA.	1,500.00	0
Join Existing 12" Pipe	0	EA.	2,000.00	0
Pave around MH	1422	SF	14.00	19,908
<b>Miscellaneous - Sewer System</b>				
Wyes	0	EA.	90.00	0
TV Sewer	0	L.F.	1.20	0
Trench Paving	0	S.F.	5.00	0
Pavement Replacement	5720	S.F.	3.00	17,160
			<b>SUBTOTAL:</b>	<b>459,053</b>

EXHIBIT "A"  
ENGINEER'S ESTIMATE

Sheet 8 of 8

CITY OF MORENO VALLEY  
PUBLIC WORKS DEPARTMENT - LAND DEVELOPMENT DIVISION  
BOND COMPUTATION SHEET

PROJECT: City ID#3918 (Redlands SS)

DATE: 06/18/10

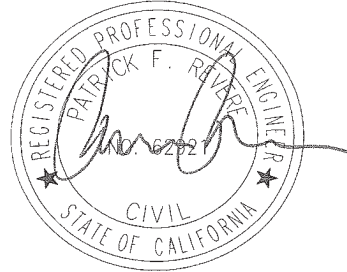
PREPARED BY: Patrick Revere

**IMPROVEMENT TYPE:**

PAVEMENT SECTION WORK	:	\$0
OFFSITE STREET WORK	:	\$0
SPECIAL DISTRICTS	:	\$0
MORENO VALLEY UTILITIES	:	\$0
WATER QUALITY BASIN	:	\$0
TRANSPORTATION ENGINEERING	:	\$0
STORM DRAIN SYSTEM	:	\$0
WATER SYSTEM	:	\$0
SEWER SYSTEM	:	\$459,053
TRAFFIC IMPROVEMENTS	:	\$10,000
BONDABLE WORK (not plan checked)	:	\$0
TOTAL COST (VALUE) OF IMPROVEMENTS:		\$469,053
+20% CONTINGENCY:		\$93,811
<b><u>GRAND TOTAL:</u></b>		<b>\$562,864</b>

**BOND AMOUNT:**

**\$563,000**





**First American**  
**Title Insurance Company**  
NATIONAL COMMERCIAL SERVICES

4380 La Jolla Village Drive, Suite 200  
San Diego, CA 92122

## SUPPLEMENTAL ESCROW INSTRUCTIONS

ESCROW NO.: NCS-445220-SD / NCS-445221-SD

DATE: 06/21/2010

First American Title Insurance Company is hereby handed by the undersigned parties, that certain "original" document entitled Agreement for Redlands Sewer Improvement plans. Security Project No. PA07-0090 (Tentative Parcel Map 35629) dated June 8, 2010 executed by and between City of Moreno Valley, ("City") and HF Logistics -SKX-T1,LLC, ("Developer").

First American Title Insurance Company is hereby requested to accept the "Agreement for Redlands Sewer Plans" Security Project No. PA07-0090 (Tentative Parcel Map 35629)" as its escrow instructions and to act as escrow agent for the parties in accordance with the terms and conditions contained in said document.

Each of the parties to this escrow specifically acknowledges that the consummation of this escrow is contingent upon compliance with some or all of the executory terms and provisions of this "Agreement", and that the parties to this "Agreement" are and shall be the sole persons entitled to and authorized to determine whether all of said executory terms and provisions due to be performed prior to the close of escrow have been met or complied with prior to such close. Accordingly, the parties hereby agree that prior to the scheduled close of escrow they shall each deposit with Escrow Holder a written instruction or acknowledgement specifying that all the executory terms and provisions of this "Agreement", insofar as the same pertain to each said party respectively and any obligation of escrow holder relative thereto, have been fully met or complied with, or are waived.

Further, each said party shall specifically release Escrow Holder from all liability, if any, which it may have in connection with this escrow because of any party's failure to meet or comply with any such executory term or provision of this "Agreement", prior to close of escrow. Deposit of written instruction or acknowledgement with Escrow Holder shall constitute each said party's specific authorization to close this escrow.

General provisions of First American Title Insurance Company, attached hereto and made a part hereof, are hereby incorporated in said "Agreement". To the extent that the agreement contains any provisions inconsistent with or contrary to the provisions of the General Provisions attached hereto, such "Agreement" shall remain as the agreement of the parties thereto but First American Title Insurance shall be guided by the terms of their General Provisions.

City of Moreno Valley

HF Logistics-SKX-T1, LLC, a California limited liability company

By: \_\_\_\_\_

  
By: Iddo Benzeevi, President and CEO

## Escrow General Provisions

The parties understand and acknowledge:

### 1. SPECIAL DISCLOSURES:

#### A. DEPOSIT OF FUNDS & DISBURSEMENTS

Unless directed in writing to establish a separate, interest-bearing account together with all necessary taxpayer reporting information, all funds shall be deposited in general escrow accounts in a federally insured financial institution including those affiliated with Escrow Holder ("depositories"). All disbursements shall be made by Escrow Holder's check or by wire transfer unless otherwise instructed in writing. The Good Funds Law (California Insurance Code 12413.1) mandates that Escrow Holder may not disburse funds until the funds are, in fact, available in Escrow Holder's account. Wire transfers are immediately disburseable upon confirmation of receipt. Funds deposited by a cashier's or certified check are generally available on the next banking day following deposit. Funds deposited by a personal check and other types of instruments may not be available until confirmation from Escrow Holder's bank which can vary from 2 to 10 days.

#### B. DISCLOSURE OF POSSIBLE BENEFITS TO ESCROW HOLDER

As a result of Escrow Holder maintaining its general escrow accounts with the depositories, Escrow Holder may receive certain financial benefits such as an array of bank services, accommodations, loans or other business transactions from the depositories ("collateral benefits"). All collateral benefits shall accrue to the sole benefit of Escrow Holder and Escrow Holder shall have no obligation to account to the parties to this escrow for the value of any such collateral benefits.

#### C. MISCELLANEOUS FEES

Escrow Holder may incur certain additional costs on behalf of the parties for services performed, or fees charged, by third parties. The fees charged by Escrow Holder for services including, but not limited to, wire transfers, overnight delivery/courier services, recording fees, notary fees, etc. may include a mark up over the direct cost of such services to reflect the averaging of direct, administrative and overhead charges of Escrow Holder for such services which shall, in no event, exceed \$10 for each markup.

#### D. METHOD TO DELIVER PAYOFF TO LENDERS/LIENHOLDERS

To minimize the amount of interest due on any existing loan or lien, Escrow Holder will deliver the payoff funds to the lender/lienholder in an expeditious manner as demanded by the lender/lienholder using (a) personal delivery, (b) wire transfer, or (c) overnight delivery service, unless otherwise directed in writing by the affected party.

### 2. PRORATIONS & ADJUSTMENTS

The term "close of escrow" means the date on which documents are recorded. All prorations and/or adjustments shall be made to the close of escrow based on the number of actual days, unless otherwise instructed in writing.

### 3. CONTINGENCY PERIODS

Escrow Holder shall not be responsible for monitoring contingency time periods between the parties. The parties shall execute such documents as may be requested by Escrow Holder to confirm the status of any such periods.

### 4. REPORTS

As an accommodation, Escrow Holder may agree to transmit orders for inspection, termite, disclosure and other reports if requested, in writing or orally, by the parties or their agents. Escrow Holder shall deliver copies of any such reports as directed. Escrow Holder is not responsible for reviewing such reports or advising the parties of the content of same.

### 5. INFORMATION FROM AFFILIATED COMPANIES

Escrow Holder may provide the parties' information to and from its affiliates in connection with the offering of products and services from these affiliates.

### 6. RECORDATION OF DOCUMENTS

Escrow Holder is authorized to record documents delivered through escrow which are necessary or proper for the issuance of the requested title insurance policy(ies). Buyer will provide a completed Preliminary Change of Ownership Report form ("PCOR"). If Buyer fails to provide the PCOR, Escrow Holder shall close escrow and charge Buyer any additional fee incurred for recording the documents without the PCOR. Escrow Holder is released from any liability in connection with same.

### 7. PERSONAL PROPERTY TAXES

No examination, UCC search, insurance as to personal property and/or the payment of personal property taxes is required unless otherwise instructed in writing.

### 8. REAL PROPERTY TAXES

Real property taxes are prorated based on the most current available tax statement from the tax collector's office. Supplemental taxes may be assessed as a result of a change in ownership or completion of construction. Adjustments due either party based on the actual new tax bill issued after close of escrow or a supplemental tax bill will be made by the parties outside of escrow and Escrow Holder is released of any liability in connection with such adjustments. The first installment of California real property taxes is due November 1<sup>st</sup> (delinquent December 10<sup>th</sup>) and the second installment is due February 1<sup>st</sup> (delinquent April 10<sup>th</sup>). If a tax bill is not received from the County at least 30 days prior to the due date, buyer should contact the County Tax Collector's office and request one. Escrow Holder is not responsible for same.

### 9. CANCELLATION OF ESCROW

(a) Any party desiring to cancel this escrow shall deliver written notice of cancellation to Escrow Holder. Within a reasonable time after receipt of such notice, Escrow Holder shall send by regular mail to the address on the escrow instructions, one copy of said notice to the other party(ies). Unless written objection to cancellation is delivered to Escrow Holder by a party within 10 days after date of mailing, Escrow Holder is authorized, at its option, to comply with the notice and terminate the escrow. If a written objection is received by Escrow Holder, Escrow Holder is authorized, at its option, to hold all funds and documents in escrow (subject to the funds held fee) and to take no other action until otherwise directed by either the parties' mutual written instructions or a final order of a court of competent jurisdiction. If no action is taken on this escrow within 6 months after the closing date specified in the escrow instructions, Escrow Holder's obligations shall, at its option, terminate. Upon termination of this escrow, the parties shall pay all fees, charges and reimbursements due to Escrow Holder and all documents and remaining funds held in escrow shall be returned to the parties depositing same.

(b) Notwithstanding the foregoing paragraph, Escrow Holder shall have the right to unilaterally terminate any escrow which is subject to the provisions of the Equity Purchaser Law (CA Civil Code Section 1695 et seq.) and may return all documents and funds without any consent by or notice to the buyer.

### 10. CONFLICTING INSTRUCTIONS & DISPUTES

If Escrow Holder becomes aware of any conflicting demands or claims concerning this escrow, Escrow Holder shall have the right to discontinue all further acts on Escrow Holder's part until the conflict is resolved to Escrow Holder's satisfaction. Escrow Holder has the right at its option to file an action in Interpleader requiring the parties to litigate their claims/rights. If such an action is filed, the parties jointly and severally agree (a) to pay Escrow Holder's cancellation charges, costs (including the funds held fees) and reasonable attorneys' fees, and (b) that Escrow Holder is fully released and discharged from all further obligations under the escrow. If an action is brought involving this escrow and/or Escrow Holder, the party(ies) involved in the action agree to indemnify and hold the Escrow Holder harmless against liabilities, damages and costs incurred by Escrow Holder (including reasonable attorneys' fees and costs) except to the extent that such liabilities, damages and costs were caused by the negligence or willful misconduct of Escrow Holder.

THIS COMPANY CONDUCTS ESCROW BUSINESS UNDER CERTIFICATE OF AUTHORITY  
ISSUED BY THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE.



## Escrow General Provisions

### 11. USURY

Escrow Holder is not to be concerned with usury as to any loans or encumbrances in this escrow and is hereby released of any responsibility and/or liability therefore.

### 12. AMENDMENTS TO ESCROW INSTRUCTIONS

Any amendment to the escrow instructions must be in writing, executed by all parties and accepted by Escrow Holder. Escrow Holder may, at its sole option, elect to accept and act upon oral instructions from the parties. If requested by Escrow Holder the parties agree to confirm said instructions in writing as soon as practicable. The escrow instructions as amended shall constitute the entire escrow agreement between the Escrow Holder and the parties hereto with respect to the subject matter of the escrow.

### 13. INSURANCE POLICIES

In all matters relating to insurance, Escrow Holder may assume that each policy is in force and that the necessary premium has been paid. Escrow Holder is not responsible for obtaining fire, hazard or liability insurance, unless Escrow Holder has received specific written instructions to obtain such insurance prior to close of escrow from the parties or their respective lenders.

### 14. COPIES OF DOCUMENTS; AUTHORIZATION TO RELEASE

Escrow Holder is authorized to rely upon copies of documents, which include facsimile, electronic, NCR, or photocopies as if they were an originally executed document. If requested by Escrow Holder, the originals of such documents shall be delivered to Escrow Holder. Escrow Holder may withhold documents and/or funds due to the party until such originals are delivered. Documents to be recorded **MUST** contain original signatures. Escrow Holder may furnish copies of any and all documents to the lender(s), real estate broker(s), attorney(s) and/or accountant(s) involved in this transaction upon their request. Delivery of documents by escrow to a real estate broker or agent who is so designated in the purchase agreement shall be deemed delivery to the principal.

### 15. EXECUTION IN COUNTERPART

The escrow instructions and any amendments may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute the same instruction.

### 16. TAX REPORTING, WITHHOLDING & DISCLOSURE

The parties are advised to seek independent advice concerning the tax consequences of this transaction, including but not limited to, their withholding, reporting and disclosure obligations. Escrow Holder does not provide tax or legal advice and the parties agree to hold Escrow Holder harmless from any loss or damage that the parties may incur as a result of their failure to comply with federal and/or state tax laws. **WITHHOLDING OBLIGATIONS ARE THE EXCLUSIVE OBLIGATIONS OF THE PARTIES. ESCROW HOLDER IS NOT RESPONSIBLE TO PERFORM THESE OBLIGATIONS UNLESS ESCROW HOLDER AGREES IN WRITING.**

#### A. TAXPAYER IDENTIFICATION NUMBER REPORTING

Federal law requires Escrow Holder to report seller's social security number or tax identification number (both numbers are hereafter referred to as the "TIN"), forwarding address, and the gross sales price to the Internal Revenue Service ("IRS"). To comply with the USA PATRIOT Act, certain taxpayer identification information (including, but not limited to, the TIN) may be required by Escrow Holder from certain persons or entities involved (directly or indirectly) in the transaction prior to closing.

Escrow cannot be closed nor any documents recorded until the information is provided and certified as to its accuracy to Escrow Holder. The parties agree to promptly obtain and provide such information as requested by Escrow Holder.

#### B. State Withholding & Reporting

Under California law (Rev. & Tax Code §18662), a buyer may be required to withhold and deliver to the Franchise Tax Board (FTB) an amount equal to 3.33% of the sales price in the case of disposition of California real property interest ("Real Property") by either: 1) a seller who is an individual, trust or estate or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of seller; OR 2) a corporate seller that has no permanent place of business in California immediately after the transfer of title to the Real Property. Buyer may be subject to a penalty (equal to the greater of 10% of the amount required to be withheld or \$500) for failing to withhold and transmit the funds to FTB in the time required by law. Buyer is not required to withhold any amount and will not be subject to penalty for failure to withhold if: a) the sales price of the Real Property does not exceed \$100,000; b) the seller executes a written certificate under penalty of perjury certifying that the seller is a corporation with a permanent place of business in California; OR c) the seller, who is an individual, trust, estate or a corporation without a permanent place of business in California, executes a written certificate under penalty of perjury certifying one of the following: (i) the Real Property was the seller's or decedent's principal residence (as defined in IRC §121); (ii) Real Property being conveyed was last used by the seller as seller's principal residence within the meaning of IRC §121 (even if the seller did not meet the two out of the last five years requirement or one of the special circumstances in IRC §121); (iii) the Real Property is or will be exchanged for property of like-kind (as defined in IRC §1031) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC §1031; (iv) the Real Property has been compulsorily or involuntarily converted (as defined in IRC §1033) and the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC §1033; or (v) the Real Property sale will result in a loss (or net gain not required to be recognized) for California income tax purposes. Seller is subject to penalties for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding laws.

**Contact FTB:** For additional information regarding California withholding, contact the Franchise Tax Board at (toll free) 888-792-4900, by e-mail [nrws@ftb.ca.gov](mailto:nrws@ftb.ca.gov); or visit their website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

#### C. FEDERAL WITHHOLDING & REPORTING

Certain federal reporting and withholding requirements exist for real estate transactions where the seller (transferor) is a non-resident alien, a non-domestic corporation, partnership, or limited liability company; or a domestic corporation, partnership or limited liability company controlled by non-residents; or non-resident corporations, partnerships or limited liability companies.

#### D. TAXPAYER IDENTIFICATION DISCLOSURE

Federal and state laws require that certain forms include a party's TIN and that such forms or copies of the forms be provided to the other party and to the applicable governmental authorities. Parties to a real estate transaction involving seller-provided financing are required to furnish, disclose, and include the other party's TIN in their tax returns. Escrow Holder is authorized to release a party's TINs and copies of statutory forms to the other party and to the applicable governmental authorities in the foregoing circumstances. The parties agree to hold Escrow Holder harmless against any fees, costs, or judgments incurred and/or awarded because of the release of their TIN as authorized herein.

THIS COMPANY CONDUCTS ESCROW BUSINESS UNDER CERTIFICATE OF AUTHORITY  
ISSUED BY THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE.

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(7/5/2006)

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Form 1610



**The First American Corporation  
First American Title Company**

**Privacy Policy**

**We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

**Applicability**

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at [www.firstam.com](http://www.firstam.com).

**Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

**Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

**Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

**Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.