

COOPERATIVE AGREEMENT

Moreno MDP Line H, Stage 2

Moreno - Alessandro Boulevard Lateral Storm Drain, Stage 1

Project Nos. 4-0-00763 and 4-0-00789

Tract Map No. 38236

This Cooperative Agreement ("Agreement"), dated as of _____, is entered into by and between the Riverside County Flood Control and Water Conservation District, a body politic ("DISTRICT"), the City of Moreno Valley, a municipal corporation of the State of California ("CITY"), and D.R. Horton Los Angeles Holding Company, Inc., a California corporation ("DEVELOPER"). DISTRICT, CITY and DEVELOPER are individually referred to herein as "Party" and collectively referred to herein as "Parties". Parties hereto hereby agree as follows:

RECITALS

A. DEVELOPER is the legal owner of record of certain real property located within the city of Moreno Valley and has submitted for approval Tract Map No. 38236 related to the property. The legal description of the property related to Tract Map No. 38236 is provided in Exhibit "A", attached hereto and made a part hereof; and

B. DEVELOPER has submitted for approval Tract Map No. 38236, related to the property, which is located in the city of Moreno Valley. As a condition of approval for Tract Map No. 38236, DEVELOPER must construct certain flood control facilities in order to provide flood protection and drainage for DEVELOPER's planned development; and

C. The required flood control facilities and drainage improvements related to Tract Map No. 38236 are identified in DISTRICT's Moreno Valley Master Drainage Plan ("MDP"), as shown on DISTRICT's Drawing No. 4-1220 and shown in concept on Exhibit "B", attached hereto and made a part hereof, and includes the construction of:

- i. Moreno MDP Line H, Stage 2 ("LINE H STAGE 2") consisting of approximately 3,660 lineal feet of 96-inch underground storm drain and its associated structures as shown in blue on Exhibit "B". At its downstream terminus, LINE H STAGE 2, will connect to DISTRICT's existing Moreno MDP Line H, Stage 1 facility, as shown on DISTRICT's Drawing Number 4-0867. At its upstream terminus, LINE H STAGE 2 ends with concrete bulkhead for future extension.
- ii. Moreno - Alessandro Boulevard Lateral Storm Drain, Stage 1 ("ALESSANDRO BLVD LATERAL") consisting of approximately 72 lineal feet of 60-inch reinforced concrete pipe as shown in red on Exhibit "B"; and
- iii. All safety devices requested by DISTRICT staff during the course of project construction and during any final field inspections, including, but not limited to, concrete pads, slope protection barriers, signage and fencing ("SAFETY DEVICES"). SAFETY DEVICES shall be purchased and installed by DEVELOPER's contractor and are subject to DISTRICT's inspection and approval.
- iv. Together, LINE H STAGE 2, ALESSANDRO BLVD LATERAL and SAFETY DEVICES are hereinafter called "DISTRICT DRAINAGE FACILITIES"; and

D. Associated with the construction of DISTRICT DRAINAGE FACILITIES is the construction of various catch basins, grated inlets, curbs and gutters, connector pipes and certain lateral storm drains that are thirty-six inches (36") or less in diameter within CITY's right of way, hereinafter called "CITY FACILITIES"; and

E. Together, DISTRICT DRAINAGE FACILITIES and CITY FACILITIES are hereinafter called "PROJECT"; and

F. Tract Map No. 38236 is located within Moreno Area Drainage Plan ("MORENO ADP"). MORENO ADP fee obligation for Tract Map No. 38236 ("MORENO ADP OBLIGATION") shall be calculated in accordance with the "Rules and Regulations for Administration of Moreno Area Drainage Plans", dated September 16, 1980 and as amended ("RULES"); and

G. LINE H STAGE 2 is an identified segment of MORENO ADP ("MORENO ADP FACILITY"); and

H. Pursuant to the RULES and the provisions of this Agreement, if DISTRICT estimates that upon constructing LINE H STAGE 2, DEVELOPER would earn MORENO ADP fee credit ("MORENO ADP CREDIT") for constructing MORENO ADP FACILITY, MORENO ADP CREDIT may be used to satisfy MORENO ADP OBLIGATION for future development for properties located within the boundaries of MORENO ADP, hereinafter called "ELIGIBLE PROPERTIES"; and

I. DEVELOPER and DISTRICT desire CITY to accept ownership and the responsibility for the operation and maintenance of CITY FACILITIES; and

J. DEVELOPER and CITY desire DISTRICT to accept ownership and responsibility for the operation and maintenance of DISTRICT DRAINAGE FACILITIES; and

K. DISTRICT is willing to accept ownership and responsibility for the operation and maintenance of DISTRICT DRAINAGE FACILITIES, provided DEVELOPER performs all of the following: (a) complies with this Agreement, (b) prepares PROJECT plans in accordance with DISTRICT and CITY approved plans and specifications and this Agreement, (c) constructs PROJECT in accordance with DISTRICT and CITY approved plans and specifications

and (d) accepts ownership and responsibility for the operation and maintenance of PROJECT following completion of PROJECT construction, until such time as DISTRICT accepts ownership and responsibility for the operation and maintenance of DISTRICT DRAINAGE FACILITIES and CITY accepts ownership and responsibility for the operation and maintenance of CITY FACILITIES.

L. CITY is willing to (i) review and approve, in conjunction with DISTRICT, DEVELOPER's plans and specifications for PROJECT, (ii) accept and hold faithful performance and payment bonds submitted by DEVELOPER on behalf of DISTRICT for DISTRICT DRAINAGE FACILITIES and CITY for CITY FACILITIES, (iii) inspect the construction of PROJECT, (iv) grant DISTRICT the right to inspect, operate and maintain DISTRICT DRAINAGE FACILITIES within CITY rights of way and (v) accept ownership and responsibility for the operation and maintenance of CITY FACILITIES, provided PROJECT is constructed in accordance with plans and specifications approved by DISTRICT, CITY and DEVELOPER.

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the Parties hereto mutually agree that the above recitals are true and correct and incorporated into the terms of this Agreement and as follows:

SECTION I

DEVELOPER shall:

1. Prepare PROJECT plans and specifications, hereinafter called "IMPROVEMENT PLANS", in accordance with applicable DISTRICT and CITY standards, and submit to DISTRICT and CITY for their respective review and approval.

2. Continue to pay DISTRICT, within thirty (30) days after receipt of periodic billings from DISTRICT, any and all such amounts as are deemed reasonably necessary by DISTRICT to cover DISTRICT's costs associated with (i) the review and approval of

IMPROVEMENT PLANS, (ii) the processing and administration of this Agreement and (iii) construction inspection costs. Additionally, DEVELOPER shall pay CITY, within thirty (30) calendar days after receipt of periodic billings from CITY, any and all such amounts as are deemed reasonably necessary by CITY to cover CITY's costs associated with (i) the review and approval of IMPROVEMENT PLANS, (ii) the review and approval of rights of way and conveyance documents, (iii) the processing and administration of this Agreement and (iv) construction inspection costs.

3. By execution of this Agreement, grant DISTRICT and CITY the right to enter upon DEVELOPER's property where necessary and convenient for the purpose of gaining access to and performing inspection services for the construction of PROJECT, as set forth herein.

4. Upon execution of this Agreement or not less than twenty (20) calendar days prior to recordation of the final map for Tract Map No. 38236 or any phase thereof, whichever occurs first, provide CITY with faithful performance and payment bonds in accordance with CITY's municipal code or ordinance, including any amendments thereto, for the estimated cost for construction of (i) DISTRICT DRAINAGE FACILITIES as determined by DISTRICT and (ii) CITY FACILITIES as determined by CITY. The surety, amount and form of the bonds shall list CITY as an obligee and shall be subject to approval of DISTRICT (Attention: Contract Services Section) and CITY. The bonds shall remain in full force and effect until at least one (1) year after DISTRICT DRAINAGE FACILITIES are accepted by DISTRICT and CITY FACILITIES are accepted by CITY as complete. Both bonds shall be subscribed by an Admitted Surety Insurer, which is authorized to transact surety insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or larger. Should any bond or surety become insufficient, DEVELOPER shall furnish a new bond within ten (10) calendar days after

receiving notice from CITY, which such surety, amount and form of bonds shall be subject to approval of DISTRICT and CITY.

5. Upon DISTRICT and CITY approval of IMPROVEMENT PLANS, deposit with DISTRICT (Attention: Business Office – Accounts Receivable) and notify Contract Services Section the estimated cost of providing construction inspection for DISTRICT DRAINAGE FACILITIES, in an amount as determined and approved by DISTRICT in accordance with CITY's municipal code or ordinance, including any amendments thereto, based upon the bonded value of DISTRICT DRAINAGE FACILITIES.

6. Upon DISTRICT and CITY approval of IMPROVEMENT PLANS, furnish DISTRICT (Attention: Contract Services Section) with a complete list of all contractors and subcontractors to be performing work on PROJECT, including the corresponding license number and license classification of each. At such time, DEVELOPER shall further identify in writing its designated superintendent for PROJECT construction.

7. Upon DISTRICT and CITY approval of IMPROVEMENT PLANS, furnish DISTRICT (Attention: Contract Services Section) with a construction schedule which shall show the order and dates in which DEVELOPER or DEVELOPER's contractor proposes to carry out the various parts of work, including estimated start and completion dates. As construction of PROJECT progresses, DEVELOPER shall update said construction schedule as requested by DISTRICT.

8. Upon DISTRICT and CITY approval of IMPROVEMENT PLANS, furnish DISTRICT (Attention: Contract Services Section) with a confined space entry procedure specific to PROJECT. The procedure shall comply with requirements contained in California Code of Regulations, Title 8, Section 5158, Other Confined Space Operations; Section 5157, Permit Required Confined Space; and DISTRICT Confined Space Procedures, SOM-18. The procedure

shall be reviewed and approved by DISTRICT prior to the issuance of a Notice to Proceed, which shall be given by DISTRICT to DEVELOPER upon DISTRICT and CITY approval.

9. Upon DISTRICT and CITY approval of IMPROVEMENT PLANS, an original certificate of insurance evidencing the required insurance coverage shall be provided to DISTRICT. At minimum, the procured insurance coverages should adhere to DISTRICT's required insurance provided in Exhibit "C", attached hereto and made a part hereof. DEVELOPER shall not commence operations until DISTRICT (Attention: Contract Services Section) and CITY have been furnished with original certificate(s) of insurance and original certified copies of endorsements and, if requested, certified original policies of insurance including all endorsements and any and all other attachments. Failure to maintain the insurance required by this paragraph shall be deemed a material breach of this Agreement and shall authorize and constitute authority for DISTRICT, at its sole discretion, to provide written notice to DEVELOPER that DISTRICT is unable to perform its obligations hereunder and will not accept responsibility for ownership, operation and maintenance of DISTRICT DRAINAGE FACILITIES, either in whole or in part, due to said breach of this Agreement.

10. Upon DISTRICT and CITY approval of IMPROVEMENT PLANS or not less than twenty (20) calendar days prior to recordation of the final map for Tract Map No. 38236 or any phase thereof, whichever occurs first, furnish DISTRICT (Attention: Plan Check Section) and CITY with sufficient evidence of DEVELOPER having secured such necessary licenses, agreements, permits, approvals, rights of way, rights of entry and temporary construction easements as may be needed for the construction, inspection, operation and maintenance of PROJECT as determined and approved by DISTRICT and CITY.

11. [INTENTIONALLY DELETED]

12. [INTENTIONALLY DELETED]

13. Furnish DISTRICT (Attention: Plan Check Section) and CITY each with a set of final mylar PROJECT plans and assign their ownership to DISTRICT and CITY respectively prior to the start on any portion of PROJECT construction.

14. After receiving DISTRICT's plan check and administrative clearance for PROJECT construction as set forth in Sections I.4 through I.13., notify DISTRICT (Attention: Construction Management Section) and CITY with twenty (20) calendar days written notice of intent to start construction of PROJECT, and include PROJECT's geotechnical firm, concrete lab/test firm, D-Load test forms, trench shoring/falsework calculations and concrete mix designs for DISTRICT's review and approval. Construction shall not begin on any element of PROJECT, for any reason whatsoever, until DISTRICT and CITY have issued to DEVELOPER a written Notice to Proceed authorizing DEVELOPER to commence construction of PROJECT. DISTRICT reserves the right to withhold issuance of the Notice to Proceed in accordance with Section IV.3.

15. Prior to commencing construction, obtain, at its sole cost and expense, and furnish DISTRICT (Attention: Plan Check Section) and CITY with copies of all permits, approvals or agreements required by any federal, state or local resource and/or regulatory agency for the construction, operation and maintenance of PROJECT. Such documents include, but are not limited to, those issued by the U.S. Army Corps of Engineers, California Regional Water Quality Control Board, California State Department of Fish and Wildlife, State Water Resources Control Board and Western Riverside County Regional Conservation Authority ("REGULATORY PERMITS").

16. Not permit any change to or modification of DISTRICT and CITY approved IMPROVEMENT PLANS without the prior written permission and consent of DISTRICT and CITY.

17. Comply with all Cal/OSHA safety regulations, including, but not limited to, regulations concerning confined space and maintain a safe working environment for DEVELOPER, DISTRICT and CITY employees on the site.

18. Upon receipt of DISTRICT's written Notice to Proceed, construct or cause to be constructed PROJECT at DEVELOPER's sole cost and expense, in accordance with DISTRICT and CITY approved IMPROVEMENT PLANS.

19. Within two (2) weeks of completing PROJECT construction, provide DISTRICT (Attention: Construction Management Section) and CITY with written notice that PROJECT construction is substantially complete and request that DISTRICT conduct a final inspection of DISTRICT DRAINAGE FACILITIES and CITY conduct a final inspection of PROJECT.

20. [INTENTIONALLY DELETED]

21. [INTENTIONALLY DELETED]

22. Upon completion of PROJECT construction, accept ownership, sole responsibility and all liability whatsoever for the operation and maintenance of PROJECT until such time as (i) DISTRICT accepts ownership and responsibility for operation and maintenance of DISTRICT DRAINAGE FACILITIES and (ii) CITY accepts ownership and responsibility for operation and maintenance of CITY FACILITIES. If, subsequent to the inspection and in the sole discretion of DISTRICT, DISTRICT DRAINAGE FACILITIES are not in an acceptable condition, corrections shall be made at sole expense of DEVELOPER.

23. Upon completion of PROJECT construction but prior to DISTRICT acceptance of DISTRICT DRAINAGE FACILITIES for ownership, operation and maintenance, provide or cause its civil engineer of record or construction civil engineer of record, duly registered in the State of California, to provide DISTRICT (Attention: Construction Management Section)

with (i) soil compaction report(s) stamped and wet signed by the geotechnical engineer, (ii) concrete testing report(s) stamped and wet signed by the civil engineer of record and (iii) a redlined "record drawings" copy of IMPROVEMENT PLANS. After DISTRICT approval of the redlined "record drawings", DEVELOPER's engineer shall schedule with DISTRICT a time to transfer the redlined changes onto DISTRICT's original mylars at DISTRICT's office; after which, the engineer shall review, stamp and sign the original IMPROVEMENT PLANS as "record drawings."

24. Ensure that all work performed pursuant to this Agreement by DEVELOPER, its agents or contractors is done in accordance with all applicable local, state and federal laws and regulations, including, but not limited to, all applicable provisions of the Labor Code, Business and Professions Code, and Water Code. DEVELOPER shall be solely responsible for all costs associated with compliance with applicable laws and regulations.

25. Pay, if suit is brought upon this Agreement or any bond guaranteeing the completion of PROJECT, all costs and reasonable expenses and fees, including reasonable attorneys fees, and acknowledge that, upon entry of judgment, all such costs, expenses and fees shall be computed as costs and included in any judgment rendered.

SECTION II

DISTRICT shall:

1. Review IMPROVEMENT PLANS and approve when DISTRICT has determined that such plans meet DISTRICT standards and are found acceptable to DISTRICT prior to the start of PROJECT construction.

2. Provide CITY an opportunity to review and approve IMPROVEMENT PLANS prior to DISTRICT's final approval.

3. Upon execution of this Agreement, record or cause to be recorded a copy of this Agreement in the Official Records of the Riverside County Recorder.

4. [INTENTIONALLY DELETED]

5. Endeavor to issue DEVELOPER a Notice to Proceed within twenty (20) calendar days of receipt of DEVELOPER's complete written notice of intent to start of construction of PROJECT as set forth in Section I.14.; however, DISTRICT's construction inspection staff is limited and, therefore, the issuance of a Notice to Proceed is subject to staff availability.

6. Reserves the right to withhold issuance of the Notice to Proceed pursuant to Section IV.4.

7. Inspect construction of DISTRICT DRAINAGE FACILITIES.

8. Keep an accurate accounting and submit periodic invoices to DEVELOPER of all DISTRICT costs associated with the (i) review and approval of IMPROVEMENT PLANS and (ii) processing and administration of this Agreement.

9. Keep an accurate accounting of all DISTRICT construction inspection costs and, within forty-five (45) calendar days after DISTRICT acceptance of DISTRICT DRAINAGE FACILITIES as being complete, submit a final cost statement to DEVELOPER. If the deposit as set forth in Section I.5. exceeds such inspection costs, DISTRICT shall reimburse DEVELOPER the excess amount within sixty (60) calendar days after DISTRICT's acceptance of DISTRICT DRAINAGE FACILITIES as being complete.

10. Upon (i) DISTRICT acceptance of PROJECT construction as being complete and (ii) DISTRICT receipt of stamped and signed "record drawing" of IMPROVEMENT PLANS as set forth in Section I.23, provide DEVELOPER with a reproducible duplicate copy of "record drawings" of IMPROVEMENT PLANS.

11. Prior to DISTRICT acceptance of ownership and responsibility for the operation and maintenance of DISTRICT DRAINAGE FACILITIES, DISTRICT DRAINAGE FACILITIES shall be in a satisfactorily maintained condition as solely determined by DISTRICT. If, subsequent to any inspection and in the sole discretion of DISTRICT, DISTRICT DRAINAGE FACILITIES are not in an acceptable condition, corrections shall be made at sole expense of DEVELOPER.

12. Accept ownership and sole responsibility for the operation and maintenance of DISTRICT DRAINAGE FACILITIES upon (i) DISTRICT inspection of DISTRICT DRAINAGE FACILITIES in accordance with Section I.19., (ii) DISTRICT acceptance of PROJECT construction as being complete, (iii) DISTRICT receipt of stamped and signed "record drawings" of IMPROVEMENT PLANS as set forth in Section I.23., (iv) DISTRICT DRAINAGE FACILITIES are fully functioning as a flood control drainage system as solely determined by DISTRICT and (v) DISTRICT's sole determination that DISTRICT DRAINAGE FACILITIES are in a satisfactorily maintained condition.

13. Upon (i) DISTRICT acceptance of PROJECT construction as being complete and (ii) DISTRICT receipt of stamped and signed "record drawing" of IMPROVEMENT PLANS as set forth in Section I.23., provide CITY with (a) a reproducible duplicate copy of "record drawings" of constructed DISTRICT DRAINAGE FACILITIES, (b) a written notice that PROJECT is complete and (c) request CITY release bonds held for DISTRICT DRAINAGE FACILITIES and CITY FACILITIES.

SECTION III

CITY shall:

1. Review IMPROVEMENT PLANS and approve when CITY has determined that such plans meet CITY standards and are found acceptable to CITY prior to the

start of PROJECT construction. CITY shall not request any modifications on the IMPROVEMENT PLANS without prior DISTRICT approval.

2. Accept CITY and DISTRICT approved faithful performance and payment bonds submitted by DEVELOPER, in accordance with the CITY's municipal code or ordinance, including any amendments thereto, for the estimated cost for construction of DISTRICT DRAINAGE FACILITIES as determined by DISTRICT and of CITY FACILITIES as determined by CITY and hold said bonds as provided in this Agreement. The surety, amount and form of the bonds shall list CITY as an obligee and shall be subject to approval of DISTRICT (Attention: Contract Services Section) and CITY. The bonds shall remain in full force and effect until at least one (1) year after DISTRICT DRAINAGE FACILITIES are accepted by DISTRICT and CITY FACILITIES are accepted by CITY as complete. Both bonds shall be subscribed by an Admitted Surety Insurer, which is authorized to transact surety insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or larger. Should any bond or surety become insufficient, DEVELOPER shall furnish a new bond within ten (10) calendar days after receiving notice from CITY. CITY shall not release said bonds until DISTRICT provides CITY with a reproducible duplicate copy of "record drawings" and written notification that the PROJECT is complete as set forth in Section II.13.

3. Request DEVELOPER to update the construction schedule, as deemed necessary.

4. Grant DISTRICT, by execution of this Agreement, the right to inspect, operate and maintain DISTRICT DRAINAGE FACILITIES within CITY rights of way, in accordance with a CITY encroachment permit.

5. [INTENTIONALLY DELETED]

6. [INTENTIONALLY DELETED]

7. Inspect PROJECT construction.

8. [INTENTIONALLY DELETED]

9. Accept ownership and sole responsibility for the operation and maintenance of CITY FACILITIES upon (i) DISTRICT acceptance of DISTRICT DRAINAGE FACILITIES for ownership, operation and maintenance, (ii) CITY's final inspection of CITY FACILITIES and (iii) CITY's sole determination that CITY FACILITIES are in a satisfactorily maintained condition.

10. Release occupancy permits in accordance with the approved Conditions of Approval for Tract Map No. 38236, in accordance with applicable federal, state and local laws, rules and regulations.

11. Upon DISTRICT and CITY acceptance of PROJECT construction as being complete, accept sole responsibility for the adjustment of all PROJECT manhole rings and covers located within CITY rights of way which must be performed at such time(s) that the finished grade along and above the underground portions of DISTRICT DRAINAGE FACILITIES are improved, repaired, replaced or changed. It being further understood and agreed that any such adjustments shall be performed at no cost to DISTRICT.

SECTION IV

It is further mutually agreed:

1. DISTRICT may withhold acceptance for ownership and sole responsibility for the operation and maintenance of DISTRICT DRAINAGE FACILITIES unless and until DEVELOPER performs all obligations under this Agreement.

2. All construction work involved with PROJECT shall be inspected by DEVELOPER, DISTRICT and CITY but shall not be deemed complete until DISTRICT and

CITY mutually agree in writing that construction of PROJECT is completed in accordance with DISTRICT and CITY approved IMPROVEMENT PLANS.

3. DISTRICT and CITY personnel may observe and inspect all work being done on DISTRICT DRAINAGE FACILITIES but shall provide any comments to DISTRICT personnel who shall be solely responsible for all quality control communications with DEVELOPER's contractor(s) during the construction of PROJECT.

4. If DEVELOPER fails to commence construction of PROJECT within twenty-four (24) consecutive months after execution of this Agreement, then DISTRICT reserves the right to withhold issuance of the Notice to Proceed after this period of time pending a review of the existing site conditions as they exist at the time DEVELOPER provides written notification to DISTRICT of the start of construction as set forth in Section I.14. In the event of a change in the existing site conditions that materially affects PROJECT function or DISTRICT's ability to operate and maintain DISTRICT DRAINAGE FACILITIES, DISTRICT may require DEVELOPER to modify IMPROVEMENT PLANS as deemed necessary by DISTRICT.

5. DEVELOPER shall complete construction of PROJECT within twelve (12) months after commencement of construction of PROJECT, unless CITY and DISTRICT agree to extend the time to complete construction. Failure of DEVELOPER to perform the work within the agreed upon time shall constitute authority for (i) DISTRICT to terminate the Agreement and (ii) CITY to perform the remaining work on PROJECT and require DEVELOPER's surety to pay to CITY the penal sum of any and all bonds. CITY also reserves all other rights and remedies afforded it. Should CITY perform the remaining work on PROJECT under this section, DEVELOPER grants to CITY and CITY's officers, deputies, employees, agents, representatives, contractors and other designees the irrevocable permission to enter upon property subject to the Tract Map No. 38236 to complete construction and remaining work on PROJECT. This right of

entry shall terminate when such construction and remaining work is complete. CITY shall subsequently reimburse DISTRICT from the funds paid by DEVELOPER's surety, if any, for any DISTRICT costs incurred covered by said bonds.

6. In the event DEVELOPER wishes to expedite issuance of a Notice to Proceed, DEVELOPER may elect to furnish an independent qualified construction inspector at DEVELOPER's sole cost and expense. DEVELOPER shall furnish appropriate documentation of the individual's credentials and experience to DISTRICT for review and, if appropriate, approval. DISTRICT shall review the individual's qualifications and experience, and upon approval thereof, said individual, hereinafter called "DEPUTY INSPECTOR", shall be authorized to act on DISTRICT's behalf on all DISTRICT DRAINAGE FACILITIES construction and quality control matters. If DEVELOPER's initial construction inspection deposit furnished pursuant to Section I.5 exceeds Ten Thousand Dollars (\$10,000), DISTRICT shall refund to DEVELOPER up to eighty percent (80%) of DEVELOPER's initial inspection deposit within forty-five (45) calendar days of DISTRICT's approval of DEPUTY INSPECTOR; however, a minimum balance of Ten Thousand Dollars (\$10,000) shall be retained on account.

7. PROJECT construction work shall be on a five (5) day, forty (40) hour work week with no work on Saturdays, Sundays or DISTRICT or CITY designated legal holidays, unless otherwise approved in writing by DISTRICT and CITY. If DEVELOPER feels it is necessary to work more than the normal forty (40) hour work week or on DISTRICT or CITY designated legal holidays, DEVELOPER shall make a written request for permission from DISTRICT and CITY to work the additional hours. The request shall be submitted to DISTRICT and CITY at least seventy-two (72) hours prior to the requested additional work hours and state the reasons for the overtime and the specific time frames required. The decision of granting permission for overtime work shall be made by DISTRICT and CITY at their sole discretion and

shall be final. If permission is granted by DISTRICT and CITY, DEVELOPER will be charged the cost incurred at the overtime rates for additional inspection time required in connection with the overtime work in accordance with the CITY's municipal code or ordinance, including any amendments thereto.

8. DEVELOPER shall indemnify, defend and hold harmless and require DEVELOPER's construction contractor(s) to indemnify, defend and hold harmless the DISTRICT, the County of Riverside and CITY (including their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, contractors, agents and representatives) (individually and collectively hereinafter referred to as "Indemnitees") from any liability action, claim or damage whatsoever, based or asserted upon any negligent acts, omissions or services of DEVELOPER and/or DEVELOPER's construction contractor(s) (including their respective officers, employees, subcontractors, agents or representatives) (individually and collectively hereinafter referred to as "Indemnitors") arising out of or in any way relating to this Agreement, including, but not limited to, property damage, bodily injury or death, or any other element of any kind or nature whatsoever, except where caused by the active negligence, sole negligence or willful misconduct of CITY or DISTRICT. DEVELOPER or DEVELOPER's construction contractor(s) shall defend, at its sole expense, the Indemnitees, including all costs and fees (including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards) in any claim or action based upon such alleged acts or omissions. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of the Agreement.

9. With respect to any action or claim subject to indemnification herein by DEVELOPER, DEVELOPER shall, at its sole cost, have the right to use counsel of their own choice and may adjust, settle or compromise any such claim only with the prior consent of

DISTRICT, the County of Riverside and CITY. Any such adjustment, settlement or compromise shall not in any manner whatsoever limit or circumscribe DEVELOPER's indemnification obligations to Indemnitees as set forth herein.

10. DEVELOPER and DEVELOPER's construction contractor(s) indemnification obligations hereunder shall be satisfied when DEVELOPER or DEVELOPER's construction contractor(s) have provided to DISTRICT and CITY the appropriate form of dismissal (or similar document) relieving DISTRICT, the County of Riverside or CITY from any liability for the claim, proceeding or action involved.

11. The specified insurance limits required in this Agreement shall in no way limit or circumscribe DEVELOPER or DEVELOPER's construction contractor(s) obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

12. In the event there is conflict between this section and California Civil Code Section 2782, this section shall be interpreted to comply with California Civil Code Section 2782. Such interpretation shall not relieve DEVELOPER or DEVELOPER's construction contractor(s) from indemnifying the Indemnitees to the fullest extent allowed by law.

13. DEVELOPER for itself, its successors and assigns hereby releases DISTRICT, the County of Riverside and CITY (including their respective agencies, districts, special districts and departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives) from any and all claims, demands, actions or suits of any kind arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution or any other law or ordinance which seeks to impose any other liability or damage whatsoever for damage caused by the discharge of drainage within or from PROJECT. Nothing contained herein shall

constitute a release of DEVELOPER by DISTRICT, the County of Riverside or CITY (including each of their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives) from any and all claims, demands, actions or suits of any kind arising out of any liability, known or unknown, present or future, for the negligent maintenance of PROJECT after the acceptance of PROJECT by DISTRICT and CITY, as described in this Agreement.

14. Any waiver by any Party hereto of any breach of any one or more of the terms of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term hereof. Failure on the part of any Party hereto to require exact, full and complete compliance with any terms of this Agreement of any other Party shall not be construed as in any manner changing the terms hereof or stopping such Party from enforcement hereof.

15. Any and all notices sent or required to be sent to the Parties of this Agreement will be mailed by first class mail, postage prepaid, to the following addresses:

To DISTRICT: RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT
1995 Market Street
Riverside, CA 92501
Attn: Contract Services Section

To CITY: CITY OF MORENO VALLEY
14177 Frederick Street
Moreno Valley, CA 92552
Attn: Melissa Walker

To DEVELOPER: DR HORTON LOS ANGELES HOLDING COMPANY,
INC.
2280 Wardlow Circle, Suite 100
Corona, CA 92878
Attn: Megan Whieldon

16. This Agreement is to be construed in accordance with the laws of the State of California. If any provision of this Agreement is held by a court of competent jurisdiction to be

invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.

17. Any action at law or in equity brought by any of the Parties hereto for the purpose of enforcing a right or rights provided for by the Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the Parties hereto waive all provisions of law providing for a change of venue in such proceedings to any other County.

18. This Agreement is the result of negotiations between the Parties hereto and the advice and assistance of their respective counsel. The fact that this Agreement was prepared as a matter of convenience by DISTRICT shall have no importance or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against DISTRICT because DISTRICT prepared this Agreement in its final form.

19. The provisions of this Agreement are solely for the benefit of the Parties, and not for the benefit of any third party. Accordingly, no third party shall have any right or action based on the provisions of this Agreement.

20. The rights and obligations of DEVELOPER shall inure to and be binding upon all heirs, successors and assignees.

21. No Party shall assign this Agreement without the written consent of all other Parties. Any attempt to delegate or assign any interest herein without written consent of all other Parties shall be deemed void and of no effect.

22. In the event DEVELOPER sells Tract Map No. 38236, DEVELOPER shall notify DISTRICT and CITY of any such transfer or assignment in writing no later than thirty (30) calendar days from the date of the sale. DEVELOPER expressly understands and agrees that it shall remain liable with respect to any and all of the obligations and duties in this Agreement until DISTRICT, CITY, DEVELOPER and the new owner(s) of Tract Map No. 38236 fully execute an

assignment and assumption agreement that transfers all DEVELOPER's rights, duties or obligations in this Agreement to the new owner(s) of Tract Map No. 38236.

23. The individual(s) executing this Agreement on behalf of DEVELOPER certify that they have the authority within their respective company(ies) to enter into and execute this Agreement and have been authorized to do so by all boards of directors, legal counsel and/or any other board, committee or other entity within their respective company(ies) which have the authority to authorize or deny entering into this Agreement.

24. This Agreement is intended by the Parties hereto as a final expression of their understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms and conditions thereof and supersedes any and all prior and contemporaneous agreements and understandings, oral or written, in connection therewith. This Agreement may be changed or modified only upon the written consent of the Parties hereto.

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

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on

(to be filled in by Clerk of the Board)

RECOMMENDED FOR APPROVAL: **RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

By _____
JASON E. UHLEY
General Manager-Chief Engineer

By _____
KAREN SPIEGEL, Chair
Riverside County Flood Control and Water
Conservation District Board of Supervisors

APPROVED AS TO FORM:

ATTEST:

MINH C. TRAN
County Counsel

KIMBERLY RECTOR
Clerk of the Board

By _____
CAROLINE MONROY
Deputy County Counsel

By _____
Deputy

(SEAL)

[Signed in Counterpart]

Cooperative Agreement:
Moreno MDP Line H, Stage 2
Moreno - Alessandro Boulevard Lateral Storm Drain, Stage 1
Project Nos. 4-0-00763 and 4-0-00789
Tract Map No. 38236
MM:rlp
06/07/23

RECOMMENDED FOR APPROVAL:

CITY OF MORENO VALLEY

By _____
MIKE LEE
City Manager

APPROVED AS TO FORM:

ATTEST:

By _____
STEVE QUINTANILLA
Interim City Attorney

By _____
JANE HALSTEAD
City Clerk

(SEAL)

Cooperative Agreement:
Moreno MDP – Line H, Stage 2
Moreno - Alessandro Boulevard Lateral Storm Drain, Stage 1
Project No. 4-0-00763 and 4-0-00789
Tract Map No. 38236
MM:rlp
06/07/23

**D.R. HORTON LOS ANGELES HOLDING
COMPANY, INC.,**
a California corporation

By _____
VICKI GULLION
Authorized Signatory – West Region

(ATTACH NOTARY WITH CAPACITY
STATEMENT)

Cooperative Agreement:
Moreno MDP Line H, Stage 2
Moreno - Alessandro Boulevard Lateral Storm Drain, Stage 1
Project Nos. 4-0-00763 and 4-0-00789
Tract Map No. 38236
MM:rlp
06/07/23

Exhibit A

Real property in the City of Moreno Valley, County of Riverside, State of California, described as follows:

PARCEL 1:

LOT 2 IN BLOCK 118 AS SHOWN BY MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE (S) 10 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA.

EXCEPTING THE WESTERLY 6 ACRES THEREOF.

ALSO EXCEPTING THEREFROM ANY AND ALL (I) OIL RIGHTS, (II) MINERAL RIGHTS, (III) NATURAL GAS RIGHTS, (IV) RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, (V) GEOTHERMAL HEAT RIGHTS OR GEOTHERMAL SUBSTANCES THAT MAY BE PRODUCED FROM THE PROPERTY, (VI) WATER RIGHTS AND CLAIMS OR RIGHTS TO WATER AND (VII) ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING (COLLECTIVELY, "SUBSURFACE RESOURCES") LOCATED IN OR UNDER THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN (THE "PROPERTY"), TO THE EXTENT SUCH SUBSURFACE RESOURCES HAVE NOT BEEN PREVIOUSLY RESERVED AS CONVEYED TO DRH ENERGY, INC., A COLORADO CORPORATION BY DEED RECORDED MAY 31, 2023 AS INSTRUMENT NO. 2023-0155146 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THE PERPETUAL RIGHT TO DRILL, MINE, EXPLORE AND OPERATE FOR AND PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE PROPERTY, INCLUDING WITHOUT LIMITATION THE RIGHT TO WHIPSTOCK OR

DIRECTIONALLY DRILL AND MINE, FROM LANDS OTHER THAN THE PROPERTY, WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE PROPERTY, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE PROPERTY, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, BUT WITHOUT THE RIGHT TO DRILL, MINE, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OF THE PROPERTY OR THE UPPER FIVE HUNDRED (500) FEET OF THE SUBSURFACE OF THE PROPERTY AS CONVEYED TO DRH ENERGY INC., A COLORADO CORPORATION BY DEED RECORDED MAY 31, 2023 AS INSTRUMENT NO. 2023-0155146 OF OFFICIAL RECORDS.

APN: PORTION OF 486 260 004

PARCEL 2:

THE WESTERLY 6 ACRES OF LOT 2 IN BLOCK 118 AS SHOWN BY MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE (S) 10 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ANY AND ALL (I) OIL RIGHTS, (II) MINERAL RIGHTS, (III) NATURAL GAS RIGHTS, (IV) RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, (V) GEOTHERMAL HEAT RIGHTS OR GEOTHERMAL SUBSTANCES THAT MAY BE PRODUCED FROM THE PROPERTY, (VI) WATER RIGHTS AND CLAIMS OR RIGHTS TO WATER AND (VII) ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING (COLLECTIVELY, "SUBSURFACE

Exhibit A

RESOURCES”) LOCATED IN OR UNDER THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED IN EXHIBIT “A” ATTACHED HERETO AND INCORPORATED HEREIN (THE “PROPERTY”), TO THE EXTENT SUCH SUBSURFACE RESOURCES HAVE NOT BEEN PREVIOUSLY RESERVED AS CONVEYED TO DRH ENERGY, INC., A COLORADO CORPORATION BY DEED RECORDED MAY 31, 2023 AS INSTRUMENT NO. 2023-0155146 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THE PERPETUAL RIGHT TO DRILL, MINE, EXPLORE AND OPERATE FOR AND PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE PROPERTY, INCLUDING WITHOUT LIMITATION THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE, FROM LANDS OTHER THAN THE PROPERTY, WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE PROPERTY, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE PROPERTY, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, BUT WITHOUT THE RIGHT TO DRILL, MINE, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OF THE PROPERTY OR THE UPPER FIVE HUNDRED (500) FEET OF THE SUBSURFACE OF THE PROPERTY AS CONVEYED TO DRH ENERGY INC., A COLORADO CORPORATION BY DEED RECORDED MAY 31, 2023 AS INSTRUMENT NO. 2023-0155146 OF OFFICIAL RECORDS.

APN: 486 260 003 AND PORTION OF 486 260 004

PARCEL 3:

LOTS 1 AND 8 IN BLOCK 118 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11 PAGE 10 OF MAP, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO, CALIFORNIA.

EXCEPTING THEREFROM ANY AND ALL (I) OIL RIGHTS, (II) MINERAL RIGHTS, (III) NATURAL GAS RIGHTS, (IV) RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, (V) GEOTHERMAL HEAT RIGHTS OR GEOTHERMAL SUBSTANCES THAT MAY BE PRODUCED FROM THE PROPERTY, (VI) WATER RIGHTS AND CLAIMS OR RIGHTS TO WATER AND (VII) ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING (COLLECTIVELY, “SUBSURFACE RESOURCES”) LOCATED

IN OR UNDER THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED IN EXHIBIT “A” ATTACHED HERETO AND INCORPORATED HEREIN (THE “PROPERTY”), TO THE EXTENT SUCH SUBSURFACE RESOURCES HAVE NOT BEEN PREVIOUSLY RESERVED AS CONVEYED TO DRH ENERGY, INC., A COLORADO CORPORATION BY DEED RECORDED MAY 31, 2023 AS INSTRUMENT NO. 2023-0155144 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THE PERPETUAL RIGHT TO DRILL, MINE, EXPLORE AND OPERATE FOR AND PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE PROPERTY, INCLUDING WITHOUT LIMITATION THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE, FROM LANDS OTHER THAN THE PROPERTY, WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE PROPERTY, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE PROPERTY, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, BUT WITHOUT THE RIGHT TO DRILL, MINE, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OF THE PROPERTY OR THE UPPER FIVE

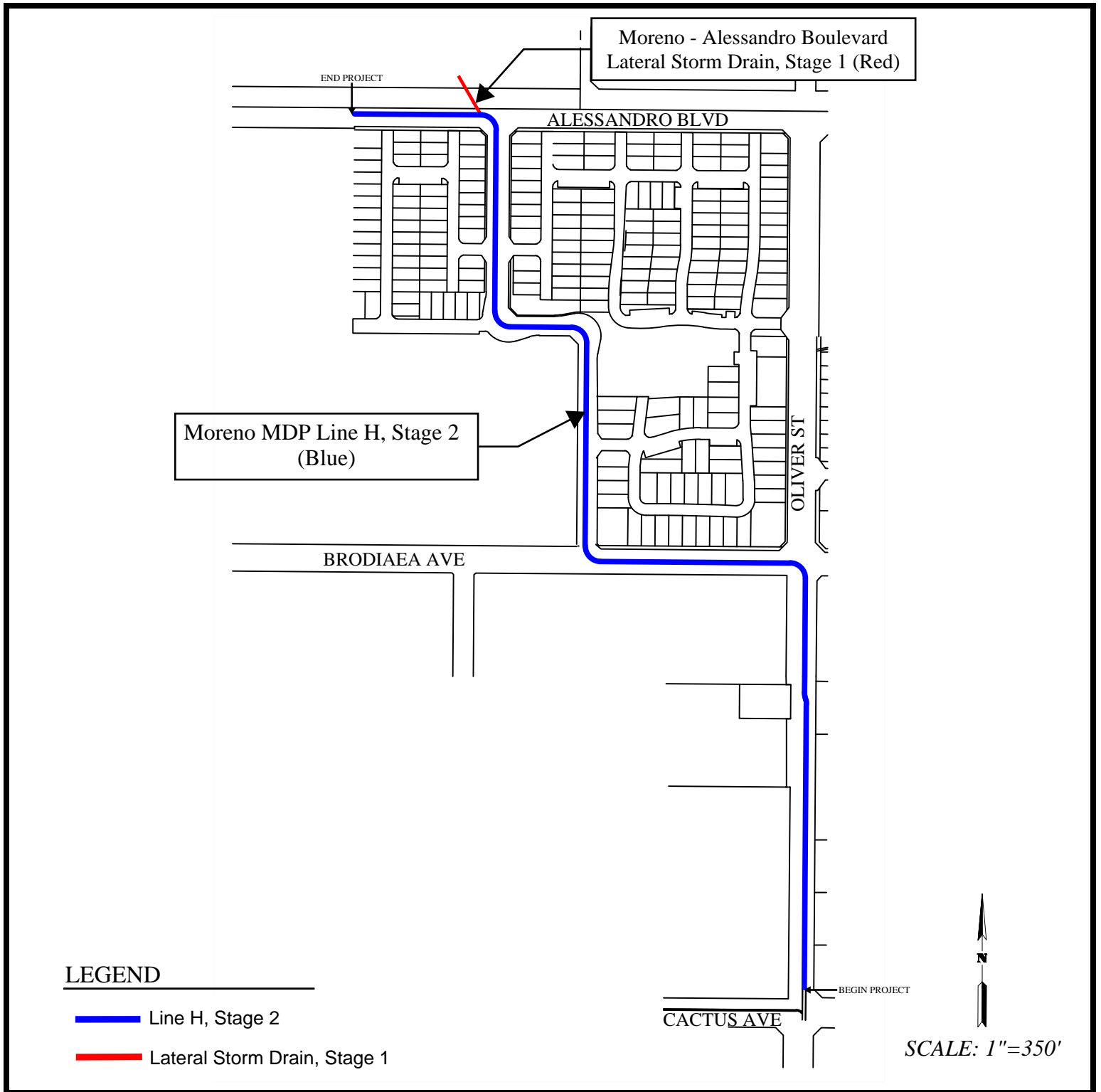
Exhibit A

HUNDRED (500) FEET OF THE SUBSURFACE OF THE PROPERTY AS CONVEYED TO DRH ENERGY INC., A COLORADO CORPORATION BY DEED RECORDED MAY 31, 2023 AS INSTRUMENT NO. 2023-0155144 OF OFFICIAL RECORDS.

APN: 486 260 005 AND 486 260 009

COOPERATIVE AGREEMENT
Tract Map No. 38236 Drawing 4-1220
Moreno MDP Line H, Stage 2
Project Number 4-0-00763
Moreno Alessandro Boulevard Lateral Storm Drain, Stage 1
Project Number 4-0-00789

Exhibit B



COOPERATIVE AGREEMENT
Tract Map No. 38236 Drawing 4-1220
Moreno MDP Line H, Stage 2
Project Number 4-0-00763
Moreno Alessandro Boulevard Lateral Storm Drain, Stage 1
Project Number 4-0-00789

Exhibit C

DISTRICT's Insurance Requirements is as follows:

Without limiting or diminishing DEVELOPER's obligation to indemnify or hold DISTRICT harmless, DEVELOPER shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the DISTRICT herein refers to the Riverside County Flood Control and Water Conservation District, the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

A. Workers' Compensation:

If DEVELOPER has employees as defined by the State of California, DEVELOPER shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. Policy shall be endorsed to waive subrogation in favor of DISTRICT.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of DEVELOPER's performance of its obligations hereunder. Policy shall name the DISTRICT as Additional Insured. Policy's limit of liability shall not be less than \$2,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit.

C. Vehicle Liability:

If DEVELOPER's vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then DEVELOPER shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit. Policy shall name the DISTRICT as Additional Insureds.

Exhibit C

D. Professional Liability:

DEVELOPER shall cause any architect or engineer retained by DEVELOPER in connection with the performance of DEVELOPER's obligations under this Agreement to maintain Professional Liability Insurance providing coverage for the performance of their work included within this Agreement, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate. DEVELOPER shall require that, if such Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and that such architect or engineer shall purchase at such architect or engineer's sole expense either 1) an Extended Reporting Endorsement (also known as Tail Coverage); or 2) Prior Dates Coverage from a new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or 3) demonstrate through Certificates of Insurance that such architect or engineer has maintained continuous coverage with the same or original insurer. Coverage provided under items: 1), 2) or 3) shall continue for the term specified in the insurance policy as long as the law allows.

E. General Insurance Provisions – All Lines:

- a. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A.M. BEST rating of not less than an A: VIII (A: 8) unless such requirements are waived, in writing, by the DISTRICT Risk Manager. If the DISTRICT's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.
- b. The DEVELOPER must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceeds \$500,000 per occurrence each such retention shall have the prior written consent of the DISTRICT Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention deemed unacceptable to the DISTRICT, and at the election of the DISTRICT's Risk Manager, DEVELOPER's carriers shall either: 1) reduce or eliminate such self-insured retention with respect to this Agreement with DISTRICT, or 2) procure a bond which guarantees payment of losses and

Exhibit C

related investigations, claims administration, and defense costs and expenses.

- c. DEVELOPER shall cause their insurance carrier(s) or its contractor's insurance carrier(s), to furnish DISTRICT with 1) a properly executed original certificate(s) of insurance and certified original copies of endorsements effecting coverage as required herein; and 2) if requested to do so orally or in writing by the DISTRICT Risk Manager, provide original certified copies of policies including all endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that a minimum of thirty (30) days written notice shall be given to the DISTRICT prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. If DEVELOPER insurance carrier(s) policies does not meet the minimum notice requirement found herein, DEVELOPER shall cause DEVELOPER's insurance carrier(s) to furnish a 30 day Notice of Cancellation Endorsement.
- d. In the event of a material modification, cancellation, expiration or reduction in coverage, this Agreement shall terminate forthwith, unless DISTRICT receives, prior to such effective date, another properly executed original certificate of insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto, evidencing coverages set forth herein and the insurance required herein is in full force and effect. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the certificate of insurance.
- e. It is understood and agreed by the parties hereto that DEVELOPER's insurance shall be construed as primary insurance, and DISTRICT's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.
- f. If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes,

Exhibit C

etc.); or the term of this Agreement, including any extensions thereof, exceeds five (5) years, DISTRICT reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverages currently required herein, if, in the DISTRICT Risk Manager's reasonable judgment, the amount or type of insurance carried by DEVELOPER has become inadequate.

- g. DEVELOPER shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.
- h. The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to DISTRICT.
- i. DEVELOPER agrees to notify DISTRICT of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.