

**FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT  
BASELINE AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1  
(Public Facilities)**

This Funding, Construction and Acquisition Agreement (“**Agreement**”) is entered into as of the 20th day of October, 2021 by and between the **CITY OF ROSEVILLE**, a California charter city and municipal corporation (the “**City**”), and **DF PROPERTIES, INC.**, a California corporation (“**Owner**”).

**Recitals**

A. On November 18, 2020, the City Council of the City adopted Resolution No. 20-452 entitled “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE TO FORM A COMMUNITY FACILITIES DISTRICT, DESIGNATE AN IMPROVEMENT AREA THEREIN, ESTABLISH A FUTURE ANNEXATION AREA, PROVIDE FOR ADDITIONAL FUTURE ANNEXATION AREAS THEREIN, AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN TO FINANCE PUBLIC FACILITIES AND PUBLIC SERVICES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT” with respect to Baseline at Sierra Vista Community Facilities District No. 1 (Public Facilities) (the “**District**”) of the City pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the “**Act**”) and subsequently authorized the issuance of bonds to finance District authorized improvements; and

B. Owner owns or controls all the real property in the District, which consists of approximately 99 acres within the corporate limits of the City in the “Sierra Vista Specific Plan” (the “**Specific Plan**”) area, and which consists of the property shown on a map of boundaries of the CFD, Improvement Area No. 1 and the Future Annexation Area, heretofore recorded in the Placer County Recorder’s Office on October 19, 2020 in Book 4 at Page 6, as Document No. 2020-0117028 of Maps of Assessment and Community Facilities Districts (the “**Property**”). The Specific Plan sets forth a comprehensive land use plan and establishes detailed regulations, conditions and programs for development of the Property.

C. Owner proposes to make improvements to the Property (the development of the Property is defined herein as the “**Project**”) as required by the Project Approvals (as defined below).

D. A development agreement between the City and Owner, pursuant to the provisions of Article 2.5 (commencing with Section 65864) of Chapter 4 of Division 1 of Title 7 of the California Government Code with respect to the permitted uses of the Property, and said agreement has been entered into and is dated May 19, 2010 (the “**Development Agreement**”). The Specific Plan, Development Agreement, including conditions of approval, and other existing and subsequent approvals granted by City and agreements between the Owner and the City in implementation of the Project, as the same may be amended from time to time, including amendments thereto, are herein collectively referred to as the “**Project Approvals.**”

E. Section 53313.5 of the California Government Code provides that a community facilities district may finance the purchase of public facilities completed after the adoption of the resolution of formation establishing the community facilities district if the facilities have been constructed as if they had been constructed under the direction and supervision, or under the authority of, the local agency whose governing body is conducting proceedings for the establishment of the District.

F. The District initially consists of Improvement Area No. 1 only, with the remainder of the Property identified as Future Annexation Area. As the Future Annexation Area is ready for development, the Owner or other owner of such Future Annexation Area may from time to time annex all or some of the Future Annexation Area into the District to a new improvement area (each, an “**Improvement Area**”). Each Improvement Area is authorized to finance any or all of the Authorized Facilities (as defined herein). This Agreement is applicable to the acquisition of the Authorized Facilities from District funds generated from the District and each Improvement Area that currently exists or that may be designated in the future from the Future Annexation Area.

G. The purpose of this Agreement is to agree upon and implement the terms of Section 3.17 of the Development Agreement regarding the use of District funds to provide for the acquisition of Authorized Facilities, the issuance and sale of the bonds for the District to finance the design and acquisition of such Authorized Facilities and expenses incidental thereto and to provide the terms of any reimbursement to the Owner.

### **AGREEMENTS**

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

1. Establishment of District. The City has conducted proceedings pursuant to the Act for the establishment of the District. Such proceedings included but are not limited to, elections pursuant to Sections 53326 and 53327 of the California Government Code on (i) the question of the issuance of bonds for the District to finance the construction or acquisition of the aforementioned public facilities, (ii) the issue of annual levy of special taxes on all taxable property within the District to finance the facilities authorized for the District according to a methodology approved by the City in the Rate and Method of Apportionment and Manner of Collection of Special Tax (the “**RMA**”) for the District in Resolution No. 20-452 adopted November 18, 2020, including payment of bonds of the District, payment of certain impact fees for facilities and for annual administrative expenses of the City and the District in levying and collecting such special taxes, paying the principal and interest on such bonds and providing for the registration, exchange and transfer of such bonds, costs of issuance, including the fees of fiscal agents and paying agents, and any necessary replenishment for the reserve fund for such bonds, accumulation of funds for future bond payments, and (iii) the question of the establishment of an appropriations limit for the District. Defined terms used herein, but not defined herein, shall have the meaning given that term in the RMA.

The District has an authorization to levy special taxes to support up to \$95,000,000 of bonds for the District (the “**Bonds**”), and pursuant to Resolution No. 20-453 adopted on November 18, 2020 by the City Council, the City authorized the issuance of a first series of bonds payable from Special Taxes levied on property within the District according to the RMA in a total authorized amount not to exceed \$40,000,000. Bonds for the District are expected to be issued in multiple series:

(i) first, being one or more series of Bonds issued during the Initial Bonding Period to finance Authorized Facilities, other than development impact fees that are subject to a Development Impact Fee Deferral; and

(ii) second, being one or more series of Bonds issued during the Deferral Bonding Period to finance the Development Impact Fee Deferral.

2. Sale of Bonds. During the Initial Bonding Period, the City shall proceed, as hereinafter provided, with the sale of Bonds (the “**Facilities Bonds**”) in an aggregate amount to be determined by the City (consistent with Section 3.17 of the Development Agreement) for the primary purpose of generating money to pay for the cost of planning, design, construction and acquisition of authorized facilities (which are described in Exhibit B attached to the resolution of formation for the District, a copy of which, as to facilities for reimbursement, is also attached hereto as Exhibit A) (the “**Authorized Facilities**”), other than the deferred development impact fees. During the Deferral Bonding Period (which follows the Initial Bonding Period), the City shall, proceed with the sale of Bonds (the “**Deferral Bonds**”) issued for the sole purpose of financing the Development Impact Fee Deferral.

The following considerations shall be included in the determination of the principal amount of each series of Facilities Bonds:

(i) preserving a sufficient amount of bond authorization to finance the amount of Development Impact Fee Deferral reasonably anticipated by the City;

(ii) it should not be necessary to levy a Special Tax on any Developed Parcel to pay annual debt service on any Facilities Bonds following the date that occurs 30 years after the date of the first levy of Special Tax on such Developed Parcel (however, Special Taxes from such parcel would remain subject to the pledge for payment of all Bonds until all such Bonds are retired); and

(iii) if the aggregate amount of proceeds generated by all Facilities Bonds is insufficient to pay the full cost of all Authorized Facilities, the City will levy Special Taxes in amounts sufficient to fund such shortfall as Pay-As-You-Go Costs (and, to the extent such levy occurs during the Deferral Bonding Period, to also fund the repayment of any outstanding Deferral Bonds).

3. Tax Requirements. The City shall take all actions which, in the opinion of City’s bond counsel, are necessary to conform to certain requirements of the Internal Revenue Code and regulations thereto in order to avoid classification of the Facilities Bonds as “arbitrage bonds” or the loss of tax exemption for the Facilities Bonds for any other reason.

4. Amounts to be Included in Facilities Bonds. The aggregate principal amount of the Facilities Bonds shall be determined by the City in consultation with the Owner and shall include an amount approved by the City to reimburse Owner in accordance with this Agreement for costs and expenses related to the design and construction of the Authorized Facilities. Reimbursement may also include certain indirect costs of the Owner related to establishment of the District and the design and construction of the Authorized Facilities; provided that the City shall determine the amount to be so reimbursed on the basis of detailed itemizations of costs provided by Owner and the decision of the City shall be final. In no event shall Owner be reimbursed from Facilities Bond proceeds for (i) in-house administrative overhead (except that Owner shall be entitled to payment equal to four percent (4%) of actual construction costs as and for project and construction management services), (ii) interest expense incurred by Owner on moneys advanced during the proceedings for formation of the District and issuance of Facilities Bonds, and during construction of the Authorized Facilities, and (iii) any other costs and expenses incurred by Owner which are not authorized by the Act.

The aggregate principal amount of the Facilities Bonds shall also include an amount needed to fund a reserve fund for the payment of principal of and interest on the Facilities Bonds as is determined by the City to be necessary and appropriate, capitalized interest on the Facilities

Bonds, if requested by the Owner, for such period as the City shall determine is appropriate, the amount of the discount of the underwriter who purchases the Facilities Bonds, and other expenses incurred by the City in connection with the issuance and sale of the Facilities Bonds, including bond counsel fees, legal fees, fees of the bank which will act as transfer agent, registrar and paying/fiscal agent for the Facilities Bonds, other fees and costs normally incidental to the sale of bonds, and such other fees and costs enumerated in Section 53345.3 of the California Government Code as the City determines are necessary and appropriate.

5. Design; Reimbursements. Authorized Facilities to be acquired by the City shall be designed in conformance with all applicable City standards, requirements and the Development Agreement. Upon completion of the design of each such Authorized Facility to the satisfaction of the City and when Owner has paid to the City all applicable plan checking and other fees, the City shall notify Owner that the design of the Authorized Facility is completed and acceptable to the City. It shall be the responsibility of Owner, not the City, to determine the requirements for design and construction of Authorized Facilities to be acquired by or dedicated to other public agencies, and City's acceptance of Owner's design shall not relieve Owner of this responsibility.

Owner shall be reimbursed out of the proceeds of the sale of the Facilities Bonds and excess Special Tax for Owner's expenses incurred in designing the Authorized Facilities, including all applicable plan checking and other fees paid by Owner as provided above in this Section, subject to the City's determination of the amount to be so reimbursed pursuant to the terms hereof, and subject to the limitation that reimbursement in all cases is to be made from available bond proceeds of the District and from no other source. Pursuant to Section 3.5 of the Development Agreement, reimbursement for the cost of construction of all arterial roadways and underground facilities below such roadways, including design and plan check services, shall be made via progress payments, based on invoices for actual work constructed, for stages of the arterial roadway improvements as described in Section 3.5 of the Development Agreement that have been signed off by City inspectors, and, for all other Authorized Facilities, in one or more lump sum payments only after City has received and approved all invoices for such services associated with any particular Authorized Facility.

Notwithstanding the preceding provisions of this Section, if the City determines that Owner is not proceeding with the design of the Authorized Facilities on a reasonable schedule which will enable the City to ensure that construction of all of the Authorized Facilities can be completed within the time specified in Section 6 hereof, the City may take over the design of the Authorized Facilities by giving Owner written notice thereof. Upon receipt of such a notice, Owner shall surrender to the City all plans and specifications which have then been completed or which are in progress.

If the City takes over the design of the Authorized Facilities as provided above, the City shall reimburse Owner from the proceeds of the sale of the Facilities Bonds a reasonable amount, as determined by the City, for the expenses incurred by Owner in connection with the design of the Authorized Facilities to the extent such expenses have not previously been reimbursed. The City's obligation to reimburse is only from and to the extent of funds remaining, after payment for the Authorized Facilities, to do so.

6. Construction for Acquisition. The City shall only be required to acquire from Owner those Authorized Facilities which will ultimately be owned by the City. Owner shall proceed with the construction of the Authorized Facilities in accordance with the approved plans and specifications (either prior to or following the formation and confirmation of the authority of the District).

For construction of Authorized Facilities under this Section, the Owner shall comply with all of the following requirements to ensure that the Authorized Facilities will be constructed as if they had been constructed under the direction and supervision, or under the authority of the City:

The plans and specifications, the bidding and contract award procedures, and the bidding and contract documents shall be approved by the City Engineer for conformance with City codes and policy.

Based on qualifications submitted by the contractors, the Owner, in consultation with the City Engineer, shall select a list of qualified bidders for each element of work. If the Owner determines that the nature of a particular element of the construction does not require a pre-qualified bid list, the Owner may allow a particular element of the work to be bid without a pre-qualified bid list.

(a) Owner shall receive and open bids, and report the results to the City Engineer. Any value engineering proposals shall be submitted to the City Engineer for approval. The City Engineer may, after consulting with Owner, require changes to the work in respect of the value engineering proposals, and Owner shall promptly order such changes. The City Engineer shall be consulted with respect to any proposed change to the originally-approved design. The contract or contracts for the construction of the Authorized Facilities shall be awarded to the responsible bidder(s) submitting the lowest responsible bid(s) for the construction of the Authorized Facilities, as determined by the Owner.

(b) Owner is required, and the specifications and bid and contract documents shall require all contractors and subcontractors, to pay prevailing wages and to otherwise comply with applicable provisions of the California Labor Code and Government Code.

(c) All contractors and subcontractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Authorized Facilities.

(d) No contractor or subcontractor may be listed on a bid proposal for the Authorized Facilities unless registered with the Department of Industrial Relations pursuant to Labor Code Section 1725.5. No contractor or subcontractor may work on the Authorized Facilities unless registered with the Department of Industrial Relations pursuant to Labor Code Section 1725.5. Owner shall be responsible for ensuring that these contractor registration requirements are adhered to since construction of the Authorized Facilities is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

(e) Owner shall notify the Department of Industrial Relations within five (5) days of the award of the initial prime contract for the Authorized Facilities.

(f) Owner shall comply with all federal, state and local laws, ordinances and regulations applicable to the construction of the Authorized Facilities.

Owner shall cause the Authorized Facilities to be constructed in an expeditious manner so that construction of all such Authorized Facilities shall be completed by such date as may be required by the Development Agreement or upon which the City and Owner may agree; provided, however, that the construction of Authorized Facilities to be financed by a specific series of Facilities Bonds shall proceed and be completed so that the proceeds of such series of Facilities Bonds are expended for the construction or acquisition of such Authorized Facilities within three (3) years from the date of their issuance.

7. Payment; Cost Overruns; Shortfalls. The City and Owner agree that it is in their mutual best interest for Owner to construct the Authorized Facilities with the understanding that the Authorized Facilities shall be dedicated to the City and the City shall pay the cost to construct such Authorized Facilities to the extent funds are available from proceeds of the sale of Facilities Bonds and from excess Special Taxes.

All cost overruns in the construction of the Authorized Facilities shall be the responsibility of the Owner, except those cost overruns due to unforeseeable construction conditions encountered in the field for which a City-approved change order has been issued, or due to change orders for additional or changed work required in writing by the City, which shall be reimbursed to Owner from the proceeds of the sale of Facilities Bonds or Special Taxes, as provided below. Any cost savings achieved in an element of any of the Authorized Facilities constructed in whole or in part with the proceeds of the sale of the Facilities Bonds shall be aggregated with all other such savings achieved throughout the District, and shall be used for any other element of the Authorized Facilities, as approved by the City.

The parties acknowledge that a shortfall is expected to occur between (a) the cost of the Authorized Facilities and (b) the amount of acquisition funds generated from the sale of Facilities Bonds and the levy of excess Special Taxes prior to the date of acquisition (as adjusted, below) (each such shortfall hereafter referred to as the **“Gap Shortfall”**). Owner agrees that the existence of a Gap Shortfall at the time that the City acquires any Authorized Facilities shall not prevent the City from acquiring the Authorized Facilities; however, the City shall, subject to the limitations of the Maximum Annual Special Tax, cause the District to impose and collect Special Taxes on Developed Parcels in amounts sufficient to repay the Gap Shortfall, the required debt service on any outstanding Facilities Bonds or Deferral Bonds, or both, and City administration costs associated therewith, and shall promptly apply such funds to the payment of outstanding Gap Shortfalls following receipt of the funds (the **“Owner’s Gap Payment”**).

The amount of each outstanding Gap Shortfall shall be adjusted, annually on July 1, by the percentage change, if any, in the cost established by the Engineering News-Record Construction Cost Index for the United States Twenty (20)-City Average, averaged with the CCI for San Francisco (**“CCI”**) between the month in which the City acquired the Authorized Facilities for which a Gap Shortfall occurred and the date of adjustment.

City and Owner agree that the provisions of this Section 7 satisfy the parties’ obligations under Section 3.17.1.3 of the Development Agreement to enter into a shortfall agreement.

8. Inspection and Approval of Construction. The City shall provide such level of inspection of the progress of construction of the Authorized Facilities to be constructed by Owner for acquisition by the City as it deems necessary, and its inspectors shall have access to the construction sites at all times for the purpose of conducting their inspection. Owner and its contractors shall cooperate in every way with the City and its inspectors to ensure that they are afforded an adequate opportunity to inspect each and every phase of the progress of construction of each and every such Authorized Facility. Upon completion of the construction of an Authorized Facility (either in its entirety, or a portion thereof), constructed by Owner, and upon receipt of written notification from City’s inspectors that construction thereof has been completed in accordance with the plans and specifications thereof and the City’s standard requirements, and upon receipt of satisfactory proof, based on the records of Owner and the City and such certifications as the City may require, that the requirements of Section 6 hereof have been satisfied, the City shall notify Owner in writing that the construction of the Authorized Facility, or portion thereof has been satisfactorily completed; provided, however, that Owner, not the City, shall be responsible for determining satisfaction of requirements of other public agencies with

respect to the Authorized Facilities. Upon receiving such notification of a completed Authorized Facility, the City Clerk staff shall file with the County Recorder of the County of Placer a Notice of Completion pursuant to the provision of Section 9204 of the California Civil Code, and supply to Owner a duplicate copy of each such Notice of Completion showing thereon the date of filing with the County Records. The costs incurred by the City in inspecting and approving the construction of the bond financed Authorized Facilities may be paid or reimbursed from the proceeds of the sale of the Facilities Bonds for the District.

9. Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Section 8412 and 8414 of the California Civil Code, Owner shall provide to the City such evidence or proof as the City shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the Authorized Facilities (or approved portion thereof) constructed by Owner for acquisition by the City have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation.

10. Acquisition; Maintenance. Upon completion of the construction of each Authorized Facility or portion thereof constructed by Owner for acquisition by the City, the City shall determine the acquisition price to be paid by the City for the acquisition of the completed Authorized Facility or portion thereof from Owner. The acquisition price as to each Authorized Facility or portion thereof shall include the actual cost of construction thereof as determined by the contract prices as set forth in contracts and purchase orders entered into by Owner with its contractors, and suppliers. Owner shall furnish to the City such proof of the amounts which Owner contends should be included in the acquisition price for a completed Authorized Facility or portion thereof as the City shall require, together with lien releases from all contractors and suppliers providing work and materials for the completed Authorized Facility or portion thereof in form satisfactory to the City. The City shall have ten (10) days to determine the acquisition price. The determination of the City as to the acquisition price for a completed Authorized Facility or portion thereof shall be final.

Upon determining the acquisition price for a completed Authorized Facility or portion thereof, the City shall promptly notify Owner in writing of such acquisition price. Upon presentation by Owner to the City of such documents, including lien releases, as the City shall require as to the completed Authorized Facility or portion thereof, the City shall, within ten (10) days thereafter, pay from available proceeds of the sale of the Facilities Bonds and/or excess Special Taxes, the amount of the acquisition price for the completed Authorized Facility or portion thereof, but in the case of a completed Authorized Facility less a retention of 150% of the value of "Punch List" work not completed. The City shall hold the retention amount on all Authorized Facilities acquired until the Punch List work is completed and accepted by the City, at which time, the retention amount (or so much of the retention amount that was not applied by the City to the completion of the Punch List work) shall, upon the Owner's direction, be (1) promptly released to Owner, (2) promptly released to the appropriate contractor designated by the Owner or (3) retained by the City in lieu of the Owner obtaining a maintenance bond during the warranty period described below.

The administrative procedure to implement the foregoing is as follows. Owner shall notify the City Engineer that an Authorized Facility, or particular stage of an Authorized Facility, as provided in Section 3.5 of the Development Agreement, is complete and shall furnish proof of the amounts to be included in the acquisition price, together with lien releases. Development Services staff shall then inspect the Authorized Facility to confirm completion. Development Services staff shall then notify City's Finance Department regarding completion and shall request payment to Owner. Within ten (10) days thereafter, and provided that the improvement has been conveyed to City or irrevocably offered for dedication, or, in the case of Authorized Facilities for

which progress payments are provided for in the Development Agreement, invoices for actual work constructed have been presented by Owner to the City and the particular Authorized Facilities have been signed off by City inspectors, City shall issue payment to Owner in the requested amount, further provided and to the extent that funds are available, except that Owner shall choose one of the following options prior to release of the final five percent (5%): (1) City shall retain five percent (5%) of the total invoiced amounts until expiration of a warranty period of one-year from the date of completion for the subject Authorized Facility; or (2) Owner shall obtain a maintenance bond until expiration of the one-year warranty period for the subject Authorized Facility. Upon expiration of the one-year warranty period, the five percent (5%) retention shall be disbursed to Owner or the maintenance bond shall be released, less any amounts utilized by the City for warranty work. Notwithstanding the preceding provisions of this Section, the City will not pay for the acquisition of any Authorized Facilities or portion thereof unless and until the street, drainage or other utility rights of way where they are located have been irrevocably offered to the City for dedication, except in the case of Authorized Facilities for which progress payments are to be paid by City as provided for in Section 3.5 of the Development Agreement, based on invoices for actual work constructed that have been signed off by City inspectors.

Until an Authorized Facility, or portion thereof, is acquired by the City, Owner shall maintain it, and shall transfer it to the City free of any liens and in good operating condition. Upon the acquisition of an Authorized Facility, or portion thereof, by the City, the City shall, except as otherwise provided in the Project Approvals, become responsible for its maintenance, subject to any contractor's warranty or maintenance provisions of bonds required under the Final Map or other City approval, or under any other agreement.

11. Indemnification; Insurance. Owner shall defend, indemnify and hold harmless the City, the District, and their officers, agents and employees from any and all liability, cost and expense in connection with the construction of the Authorized Facilities to be constructed by Owner for acquisition by the City, including, but not limited to, liability, costs, expenses and claims arising, under the procedures set forth in Section 6 of this Agreement. Owner shall also defend, indemnify and hold harmless the City, the District, and their officers, agents and employees from any and all liability, cost and expense in connection with the ownership of the Authorized Facilities to be constructed by Owner for acquisition by the City prior to the time the City accepts the Authorized Facilities, whether or not such Authorized Facilities are to be acquired with bond proceeds; provided that the Owner shall not be responsible for liability arising from the negligence or willful misconduct of the indemnified parties. Owner shall procure and provide or cause contractor to procure and provide, until construction of all of the Authorized Facilities to be constructed by Owner is completed and acceptance thereof by the City has occurred, a commercial general liability insurance, in a form acceptable to the City, naming the City, the District and their officers, agents and employees as additional insureds, having a single aggregate liability limit as to all coverages provided thereby in the amount of Two Million Dollars (\$2,000,000). Before commencing the construction of any Authorized Facility, Owner shall provide or cause contractor to provide the City with a certification of insurance and endorsement as to such insurance in a form acceptable to the City, and Owner shall upon each renewal of such insurance policy provide the City with a new certificate of insurance with respect thereto.

Owner shall also furnish or cause contractor to furnish to the City, prior to commencing the construction of any Authorized Facility to be constructed by Owner for acquisition by the City, a certificate of insurance evidencing that Owner has procured and has in force a current policy of workers' compensation insurance in compliance with California law as to all workers to be employed by Owner in connection with the design and construction of the Authorized Facilities. Owner shall require each person, firm or corporation with whom it contracts in connection with the design and construction of the Authorized Facilities to provide and maintain such workers'

compensation insurance and a commercial general liability insurance in the amount hereinabove specified and in a form acceptable to the City. Owner shall provide to the City proof, in such form and at such intervals as set forth below, that each contractor with whom it contracts has procured and is maintaining such insurance.

Upon the execution of each contract with each person, firm or corporation with whom Owner contracts in connection with the design and construction of the Authorized Facilities and prior to permitting any such person, firm or corporation to commence work under such contract, Owner shall provide or cause contractor to provide to the City a certificate from the insurance providers for each such contractor that the contractor has in force the insurance policies required of it under this Section 11, that the City is named as an additional insured on the commercial general liability insurance of such contractor, and that the policies will not be canceled or allowed to lapse without 30 days written notice to the City.

The premiums paid by Owner for the insurance required by this Section may be included in the acquisition price to be paid by the City for the Authorized Facilities to be constructed by Owner as an incidental cost.

12. Ownership of Facilities. Notwithstanding that some of the Authorized Facilities to be constructed by Owner for acquisition by the City may be constructed in dedicated street rights-of-way or on property which has been or will be dedicated or offered for dedication to the City, District or Public Utility, such Authorized Facilities or any portion thereof shall be and remain the property of Owner, and Owner shall be responsible for any loss or damage thereto or liability arising therefrom, until they are acquired by the City or other agencies as provided in the preceding Sections of this Agreement. Such ownership by Owner shall likewise not be affected by any agreement which Owner may enter into with the City pursuant to the provisions of the Subdivision Map Act, Section 66410 et seq. of the California Government Code, which may contain or include provisions with respect to the construction and ownership of public facilities which may seem to be contradictory to the provision of this Agreement, and the provisions of this Section shall control.

13. Improvement Security. Notwithstanding any other provisions of this Agreement, Owner shall be required to agree to construct and to secure or cause contractor to secure the construction and completion of construction of the Authorized Facilities, or portions thereof, as a condition precedent to the approval of subdivision or parcel maps for portions of the Property as required by the City pursuant to Section 66462 and Sections 66499 through 66499.10 of the Government Code.

The aggregate principal amount of the improvement bonds or other security provided by Owner or contractor pursuant to this Section shall be reduced by such amount as the City shall determine is appropriate upon receipt of the proceeds from the sale of the Facilities Bonds. The amount of the reduction of such aggregate principal amount shall be determined by the City based on the amount of each such improvement bond or other security which relates to the Authorized Facilities to be constructed or acquired with the proceeds of the sale of the Facilities Bonds. The foregoing provisions notwithstanding, upon the issuance and proceeds from the sale of the Facilities Bonds, Owner shall not be required to post any other security for roadway Capital Improvement Program improvements as provided in Section 3.5.4.2 of the Development Agreement.

All subdivision and performance bonds shall provide, among other things, that the principal thereof whether that be Owner or its contractor(s), guarantees that the completed Authorized Facilities shall be free from defects resulting from faulty workmanship and materials for a period

of one year from the date of acceptance by the City, and the obligation of the surety shall extend to the fulfilling of that guarantee. At the end of said one year period and subject to certification of the City Engineer that any defects have been corrected, the obligation of the principal and surety named therein shall cease.

14. Failure to Complete Construction. Notwithstanding the preceding provisions, of this Agreement, if Owner fails to expeditiously prosecute the construction of the Authorized Facilities to be constructed by Owner for acquisition by the City, the City shall have the right and may elect to take over the construction of such Authorized Facilities, or any part thereof, if City determines it is necessary for City to so proceed in order to protect the City's interests. If the City elects to so proceed, it shall notify Owner in writing that if Owner does not satisfy the City that construction is proceeding expeditiously on the construction of an Authorized Facility within thirty (30) days after receipt of such notice, the City will take over the construction of such Authorized Facilities. If after receiving such a written notification Owner does not satisfy the City that it is proceeding expeditiously to construct that portion of the Authorized Facilities identified in the written notification to the satisfaction of the City, within thirty (30) days from the date of receipt thereof, Owner shall relinquish to the City all design documents, and shall cooperate with the City in every way to ensure that the construction of the Authorized Facilities will be completed expeditiously.

Notwithstanding the provisions of this Section, the only sources of funds to be utilized by the City for the construction of any such Authorized Facilities shall be (i) the proceeds of the sale of the Facilities Bonds and, at City's discretion, (ii) Special Taxes in excess of that required to pay debt service on Facilities Bonds or Deferral Bonds, or both, (iii) the proceeds of applicable City development fees collected pursuant to the applicable codes, ordinances and policies of the City, including development fees paid through levies of the special taxes of the District, (iv) proceeds from the sale of the bonds of another community facilities district or assessment district established over and including property in the City, (v) interest earnings on the reserve fund for the Facilities Bonds, to the extent such earnings are determined by the City to be available for construction of the Authorized Facilities, (vi) the Owner's subdivision bond or bonds to the extent applicable, (vii) any other performance security that may have been provided by the Owner, and (viii) the Owner's and/or contractors' performance bonds. To the extent that the proceeds of the sale of the Facilities Bonds and such other funds may be insufficient to pay for the construction of an Authorized Facility which will be constructed by the City pursuant to this Section, the City may either construct only those Authorized Facilities which can be constructed within the total of the amounts of the proceeds from the sale of the Facilities Bonds and such other funds which are available therefor, or the City may proceed to complete the Authorized Facilities and charge the Owner, the Owner's bond or any contractor's bond for the costs thereof.

15. Owner Responsibility for Satisfaction of Improvements required by Conditions of Approval. If the aggregate principal amount of all Facilities Bonds and excess Special Taxes are not sufficient to construct and acquire all of the Authorized Facilities, Owner shall nevertheless construct and dedicate to the City the Authorized Facilities required by the Development Agreement, and the City may require such assurances of performance as the City deems appropriate.

16. Construction of Other Facilities. Owner shall also proceed expeditiously with the design and construction of the other improvements and facilities, other than the Authorized Facilities, which are necessary to the development of the Property and the provision of municipal services within the District and to the residents therein. Such other public improvements and facilities shall be designed and constructed on a schedule which will not delay or interfere in any

way with the design and construction of the Authorized Facilities. The provisions of this Section shall not supersede those of any other agreement between Owner and the City.

17. Development Schedule. Owner shall also proceed with the construction of the Authorized Facilities with all commercially reasonable diligence to ensure that such development is completed in a reasonable time. If Owner does not so proceed with the development of the Property, the City may take action as specified in Section 14 hereof and, in addition, may withhold payment of acquisition costs hereunder.

18. Binding on Community Facilities District. The District shall automatically become a party to this Agreement to the extent permitted by California law, and all provisions hereof which apply to the City shall also apply to the District. The City Council of the City, acting for the District, shall perform all parts of this Agreement which require performance on the part of the District.

19. Assignment. Owner may not assign this Agreement or any right or duty hereunder to a non-affiliated assignee without the express written approval of the City. The City may condition any such approval on proof of the financial responsibility and experience of a proposed assignee to undertake and perform the duties and responsibilities of Owner under this Agreement. The City's approval of an assignment of this Agreement and the rights and duties of Owner hereunder shall not be unreasonably withheld. Notwithstanding the foregoing, Owner may, by written direction to the City, designate any other person or entity to receive disbursement of moneys otherwise due to the Owner hereunder.

20. Prompt Action. All consents, approvals and determinations required of either the City or Owner pursuant to this Agreement shall be promptly given or made, and shall not be unreasonably withheld.

21. Notice to Owner. Any notice to Owner required hereunder shall be addressed as follows, unless the City has been notified of a change of address:

DF Properties, Inc.  
Attn: Jeff Ronten, Exec. VP/CFO  
2013 Opportunity Drive, Suite 140  
Roseville, California 95678

22. General. This Agreement contains the entire agreement between the parties with respect to the matters herein provided for, and may be amended by a subsequent written agreement signed on behalf of both parties. This Agreement is for the exclusive benefit of Owner and the City and shall not be construed to confer any rights or benefits upon any persons other than the City and the Owner. This Agreement shall, however, inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement or the design and acquisition or construction of the Authorized Facilities, the Party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney's fees, expert witness fees, court costs, and other costs incurred by it in prosecuting or defending such action or proceeding. The captions of the sections of this Agreement are provided for convenience temporarily, and shall not have any bearing on the interpretation of any section hereof. This Agreement may be executed in several counterparts, each of which shall be an original of the same Agreement.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement by its City Manager and attested to by its City Clerk under the authority of Resolution No. 21-403 adopted by the Council of the City of Roseville on September 15, 2021, and OWNER has caused this Agreement to be executed.

**CITY OF ROSEVILLE,**  
a municipal corporation

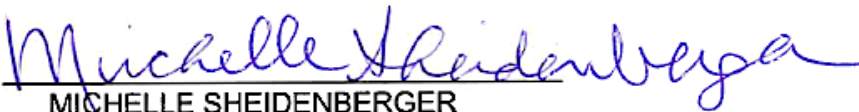
**DF PROPERTIES, INC.,**  
a California corporation

By:   
\_\_\_\_\_  
DOMINICK CASEY  
City Manager

By: \_\_\_\_\_  
JEFF RONTEN  
Executive Vice President/CFO

By:   
\_\_\_\_\_  
SONIA OROZCO  
City Clerk

**APPROVED AS TO FORM:**

By:   
\_\_\_\_\_  
MICHELLE SHEIDENBERGER  
City Attorney

**APPROVED AS TO SUBSTANCE:**

By:   
\_\_\_\_\_  
DENNIS KAUFFMAN, Assistant City  
Manager/Chief Financial Officer

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement by its City Manager and attested to by its City Clerk under the authority of Resolution No. 21-403 adopted by the Council of the City of Roseville on September 15, 2021, and OWNER has caused this Agreement to be executed.

**CITY OF ROSEVILLE,**  
a municipal corporation

**DF PROPERTIES, INC.,**  
a California corporation

By: \_\_\_\_\_  
DOMINICK CASEY  
City Manager

By:  \_\_\_\_\_  
JEFF RONTEN  
Executive Vice President/CFO

By: \_\_\_\_\_  
SONIA OROZCO  
City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
MICHELLE SHEIDENBERGER  
City Attorney

**APPROVED AS TO SUBSTANCE:**

By: \_\_\_\_\_  
DENNIS KAUFFMAN, Assistant City  
Manager/Chief Financial Officer

## EXHIBIT A

### LIST OF AUTHORIZED FACILITIES AND SERVICES

#### Transportation Improvements

Public roadway improvements designed to meet the needs of the project, including those improvements identified in the project Development Agreement (DA) Sections 3.5.17 and 3.5.18, including but not limited to:

- Baseline Road.
- Fiddyment Road.
- Vista Grande Boulevard.
- Upland Drive.
- Sierra Village Drive.
- Market Street.

Eligible roadway improvements include the following items: acquisition of land and easements; roadway design; project management; geotechnical engineering, testing and observations; bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete or pavers; power pole relocations; joint trenches, underground utilities, and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including on- and off-site), park and ride facilities, bus rapid transit improvements, including transfer stations and regional public transit improvements; retaining walls, sound walls, enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed above also include any and all necessary underground potable and non-potable water, sanitary sewer, and storm drainage system improvements.

#### Potable and Non-Potable Water System Improvements

Authorized facilities include any and all on- and off-site backbone water facilities designed to meet the needs of development of the project. These facilities include potable and non-potable mains, valves, services, and appurtenances; wells; and water treatment and storage facilities, and related improvements, including but not limited to: site clearing, grading, and paving; curbs and gutters; recycled water storage tanks, booster pump stations, and all appurtenances thereto; wells; water treatment; stand-by generator; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates and fencing; striping and signage; and the following:

- Water lines in/associated with authorized facility roads.
- Recycled water lines in/associated with authorized facility roads.
- Well construction or financial contributions thereto on, but not limited to, Specific Plan Parcels FD-63 or JM-60.
- Water Tank Site Improvements (DA Section 3.8.2).
- Recycled Water Storage Tank Facility
- Reimbursement obligation for the Baseline Road 24" water line (DA Section 3.8.3).

- CFD obligations for RW tank(s) required by DA Section 3.9.

## **Drainage System Improvements**

Authorized facilities include any and all on- and off-site backbone drainage and storm drainage improvements designed to meet the needs of development of the project. These facilities include mains, pipelines and appurtenances, outfalls and water quality measures, temporary drainage facilities, detention/retention basins, and drainage pretreatment facilities; drainage ways/channels, pump stations, landscaping, and irrigation; access roads, gates, and fencing; striping and signage; and the following:

- All storm drain lines and facilities in/associated with authorized facility roadways.
- Retention, detention, hydro-modification, and other drainage facilities.

## **Wastewater System Improvements**

Authorized facilities include any and all on- and off-site backbone wastewater facilities designed to meet the needs of development of the project. These facilities include pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor-control facilities; sewer treatment plant improvements and permitting related thereto; and related sewer system improvements, including but not limited to:

- All wastewater facilities in/associated with authorized facility roadways.

## **Solid Waste Improvements**

Authorized facilities include any and all backbone solid waste improvements designed to meet the needs of development of the project. Eligible improvements also include the project's pro-rata contribution, as described in the project DA, to the Sierra Vista Specific Plan (SVSP) Solid Waste Recycling Center (DA Section 3.14.7).

## **Park, Landscape Corridor and Paseo Improvements**

Authorized facilities include any and all improvements to parks, landscape corridors and paseos located in the project, including but not limited to:

- Construction of Park Sites planned on Specific Plan Parcel DF-50.
- Construction of Paseos.

## **Open Space Improvements**

Authorized facilities include any and all open space improvements designed to meet the needs of development of the project, including bike trails, bike/pedestrian bridges, storm drain crossings, storm drain detention/retention, wetland mitigation, tree mitigation, on-and off-site hawk/raptor mitigation, agricultural mitigation or wetland mitigation, property acquisition, endowment payments for open space management, landscaping and irrigation, access gates and fencing, and related open space improvements, including but not limited to:

- Improvements related to Specific Plan Parcels DF-70, DF-71, DF-72, DF-80, and DF-81.
- Wetland creation mitigation, fencing, etc.

## **Utilities**

Authorized facilities include any and all on- and off-site utility improvements designed to meet the needs of development of the project. All utility improvements, easement payments, and land acquisition not located under or alongside transportation improvements are considered authorized facilities. Authorized facilities also shall include costs related to the acquisition of the off-site electric substation site; site clearing; grading; street frontage improvements, including curbs, gutters, and paving; and construction of an all-weather access road to the site from the nearest public street or extension of temporary 12kV overhead lines as described in the project DA, including but not limited to:

- SVSP Electric Substation site acquisition, and improvements required by DA Section 3.11.3.
- Temporary overhead 12kV lines to loop SVSP substation to line in WRSP Phase 3 and 4.

## **Other Public Facilities**

Authorized facilities include any and all public facilities or infrastructure, including the project's pro-rata contribution to the land acquisition of the off-site fire station site, site clearing, grading, and street frontage improvements including curbs, gutters, and paving, including, but not limited to:

- Fire station reimbursement obligations in DA Section 3.23.

## **Development Impact Fees**

Authorized facilities include development impact fees paid and not otherwise reimbursed, whether standard City or County fees levied at the time of the issuance of a building permit or required as part of the DA for the property. Fees include, but are not limited to, the South Placer Regional Transportation Authority Tier II Traffic Fee, City of Roseville City Wide Park Fee, City of Roseville Public Facilities Fee, and Public Benefit Fee (as defined in Section 3.14.3 of the DA for the property).