

**COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA**

**COMMUNITY FACILITIES DISTRICT NO. 2016-1 (BEDFORD)
OF THE CITY OF CORONA**

ANNEXATION AND CHANGE PROCEEDINGS DEPOSIT AGREEMENT

This ANNEXATION AND CHANGE PROCEEDINGS ADVANCE DEPOSIT AGREEMENT is made and entered into this ____ day of _____, 2023 (the “Agreement”), by and between the CITY OF CORONA, CALIFORNIA (the “City”), and ARANTINE HILLS HOLDINGS LP (the “Applicant”).

RECITALS

WHEREAS, the Applicant has requested that the City initiate proceedings under the provisions of the “Mello-Roos Community Facilities Act of 1982,” as amended (Government Code Section 53311 *et seq.*) (the “Mello-Roos Act”), to annex certain property owned by Applicant (the “Property”), as described and depicted on the map attached hereto as Exhibit A and incorporated herein, to Community Facilities District No. 2018-1 (Bedford) of the City of Corona (“CFD No. 2018-1”) and Community Facilities District No. 2016-1 (Bedford) of the City of Corona (“CFD No. 2016-1” and together with CFD No. 2018-1, the “CFDs”), and institute certain change proceedings with respect to Improvement Area No. 3 and/or Improvement Area No. 4 of CFD No. 2018-1; and

WHEREAS, the City shall incur certain costs in conducting the proceedings to annex the Property to the CFDs and the change proceedings (together, the “Proceedings”); and

WHEREAS, pursuant to Section 53318(d) of the Act, Applicant’s request is not required to be acted upon by the City until Applicant has paid to the City a fee (the “Fee”) that the City Council of the City has determined is sufficient to compensate the City for all costs incurred conducting the Proceedings (the “Proceedings Costs”); and

WHEREAS, Applicant agrees to pay the Fee to the City as provided for herein for the payment of all costs incurred by the City in conducting the Proceedings; and

WHEREAS, the parties hereto wish to enter into this Agreement to memorialize the terms and conditions pursuant to which Applicant shall pay the Fee.

AGREEMENT

The parties hereto, for mutual consideration, agree as follows:

Section 1. **Fee Payments.**

(a) Applicant shall pay the Fee to the City in such amounts and at such times as specified below to pay all Proceedings Costs incurred by the City in conducting the Proceedings. The Proceedings Costs shall include, without limitation, the following costs incurred by the City:

(i) the fees and expenses of any consultants to the City employed in connection with the Proceedings, including an engineer, special tax consultant, municipal advisor, bond and disclosure counsel, and any other consultant deemed necessary or advisable by the City;

(ii) the costs of appraisals and feasibility studies and other reports deemed necessary or advisable by the City;

(iii) reasonable charges for City staff time incurred in connection with the Proceedings, including a reasonable allocation of City overhead expense directly related thereto;

(iv) City staff, City Attorney, City special counsel and City special tax consultant time utilized in the determination, preparation, and review of property ownership, the Rate and Method of Apportionment of Special Tax, conduct of and preparation of documents for the Proceedings, boundary maps, publications, conduct of the election, and post-election actions, including the preparation of and recording of the Amendment to Notice of Special Tax Lien and any necessary ordinances, and providing information to the Applicant or the Applicant's representative regarding the Proceedings and responding to questions from the Applicant or the Applicant's representative; and

(v) any and all other actual costs and expenses incurred by the City in connection with the Proceedings.

Nothing contained herein shall preclude the City from contracting with its special tax consultant, special counsel, or other consultant to provide the any one or more of the above tasks.

All such costs and expenses are collectively referred to as the "Proceedings Costs."

(b) The Fee payments shall be made to the City pursuant to the following schedule:

i. Applicant shall pay an initial Fee installment for the Proceedings in the amount of \$86,000, receipt of which is hereby acknowledged by the City

ii. It is anticipated that the Proceedings Costs may exceed the initial payments set forth above, and that it may be necessary that Applicant pay additional installments to the City in order to pay the full amount of Proceedings Costs. If, at any time, the amount of the available funds from the payments on deposit with the City falls below \$5,000 and the City reasonably determines that the remaining Proceedings Costs will exceed the remaining amount of payments on deposit with the City, the City shall notify Applicant in writing of that determination and of the estimated additional amount which Applicant must pay to the City in order for the City to pay the additional amount of the Proceedings Costs. Upon receipt of such notification, Applicant shall pay the additional amount specified therein with the

City within five (5) business days of the date thereof. If Applicant fails to pay any such additional amount to the City, the City may suspend or terminate the Proceedings. The sole source for the payment of the Proceedings Costs shall be the amounts paid by Applicant to the City pursuant to this Agreement, and the City's responsibility to pay the Proceedings Costs shall be limited to the amounts so paid by Applicant. The City may draw upon the Fee from time to time to pay Proceedings Costs.

Section 2. **Records.** The City agrees to keep records consistent with its regular accounting practices of the amount of monies paid to the City by Applicant and the expenditure of such monies. Additionally, the City shall enter into and maintain contracts with all consultants, if any, that shall specify the scope of services pertaining to the Proceedings and compensation to be paid to such consultants for such services. Such records and contracts shall be available for review by the Applicant during normal business hours upon reasonable notice to the City.

Section 3. **Reimbursement.** If the Proceedings are completed, the amount of Fee payments made by Applicant related to CFD No. 2018-1 and expended by the City may be reimbursed to Applicant from the proceeds of bonds of CFD No. 2018-1. If the Proceedings are not completed and are abandoned for any reason at any time prior to the successful annexation of the Property to the CFDs and the completion of the change proceedings, there will be no obligation on the part of the City or the CFDs to reimburse Applicant for any monies previously paid by Applicant to the City and expended to pay Proceedings Costs pursuant to this Agreement; provided, however, the City does agree to return to Applicant any monies previously paid by Applicant which remain on deposit with the City and which the City determines are in excess of the amount necessary to pay for any outstanding Proceedings Costs previously incurred by the City.

Section 4. **Ownership of Documents.** All documentation prepared as a part of the Proceedings shall become the property of the City, regardless as to whether the Property is actually annexed to the CFDs.

Section 5. **No Obligation to Annex the Property to the CFDs or Complete Change Proceedings.** Applicant acknowledges that the decision of the City Council, as the legislative body of the CFDs, to annex the Property to the CFDs and approve the change proceedings is an exercise of the legislative authority of the City Council and that the City may not enter into a contract to obligate the City Council to exercise its legislative discretion in a particular manner. This Agreement does not, therefore, in any way create a contractual, legal or equitable obligation of or commitment by the City to approve the annexation of the Property to the CFDs or the change proceedings. The City expressly reserves the right to abandon the Proceedings for any reason at any time prior to the completion thereof.

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

Section 7. **Authority to Execute Agreement.** The City and the Applicant represent that the individuals signing this Agreement have full right and authority to bind their respective parties to this Agreement.

Section 8. **Successor and Assigns.** This Agreement shall be binding on and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors and assigns.

Applicant may not assign its rights or obligations hereunder except upon written notice to the City within ten (10) days of the date of such assignment indicating the name and address of the assignee. Upon such notice and the assumption by the assignee in writing delivered to the City of the rights, duties and obligations of the Applicant arising under or from this Agreement, Applicant shall be released for all future duties or obligations arising under or from this Agreement.

Section 9. **Singular and Plural; Gender.** Whenever used herein, the singular number shall include the plural, the plural number shall include the singular, and the masculine feminine or neuter gender shall include the others whenever the context of the Agreement so indicates.

Section 10. **Entire Agreement.** This Agreement contains the entire Agreement between the parties hereto with respect to the subject matter hereof. This Agreement may not be altered, modified or amended except by an instrument in writing executed by all of the parties.

Section 11. **Governing Law.** This Agreement has been executed in and shall be governed by the laws of the State of California.

Section 12. **Construction.** This Agreement has been reviewed by legal counsel for both the City and the Applicant and shall be deemed for all purposes to have been jointly drafted by the city and the Applicant. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement. The language in all parts of this Agreement, in all cases, shall be construed as a whole and in accordance with its fair meaning and not strictly for or against any party and consistent with the provisions hereof, in order to achieve the objectives of the parties hereunder. The captions of the sections and subsections of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction.

Section 13. **Severability.** In the event that any one or more of the provisions of this Agreement that is or are material to the entering into this Agreement by either Applicant or the City shall for any reason be held to be unenforceable in any material respect by a court of competent jurisdiction, Applicant and the City may mutually agree that such unenforceability shall not affect any other provision of this Agreement, and that this Agreement shall be construed as if such unenforceable provision or provisions had never been contained herein. If Applicant and the City fail to so mutually agree, this Agreement shall terminate, without penalty to either party, after the giving by one party of thirty (30) days' prior written notice to the other party. In such event, the city shall use all efforts to minimize any and all Proceedings Costs and shall return to Applicant any monies previously advanced which remain on deposit with the City and which the City determines are in excess of the amount necessary to pay for any outstanding Proceedings Costs previously incurred by the City.

Section 14. **Notices.** All notices and demands shall be given in writing by personal delivery or first-class mail, postage prepaid. Notices shall be addressed as appears below for the respective party; provided that, if any party gives notice of a change of name of address, notices to the giver of that notice shall thereafter be given as demanded in that notice. Notices shall be deemed received seventy-two (72) hours after deposit in the United States mail.

CITY: City of Corona
400 S. Vicentia Avenue
Corona, California 92882

Attention: City Manager

APPLICANT: Arantine Hills Holdings LP
c/o Pacific Ventures Management LLC
4400 MacArthur Blvd., Suite 740
Newport Beach, California 92660
Attention: President

Section 15. **Time of the Essence.** Time is of the essence in the performance of the parties respective obligations herein contained.

Section 16. **Waiver.** The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered a waiver by such party of any other covenant, condition or promise. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. The exercise of any remedy provided in this Agreement shall not be a waiver of any consistent remedy provided by law, and any provision of this Agreement for any remedy shall not exclude other consistent remedies unless they are expressly excluded.

Section 17. **Amendment.** No provision of this Agreement may be modified, waived, amended or added to except by a writing signed by the party against which the enforcement of such modification, waiver, amendment or addition is or may be sought.

Section 18. **Termination.** Either party may terminate this Agreement by giving the other party ten (10) business days prior written notice, and in the case of the Applicant, by also paying to the City an amount of money which, together with the remaining balance of the payments paid by Applicant pursuant to this Agreement, will be sufficient to pay all costs incurred to the date of termination pursuant to the terms of this Agreement, and in the case of the City, by also refunding to Applicant any remaining balance of the amounts paid by Applicant pursuant to this Agreement after payment of all costs incurred to the date of termination.

(Signature page follows)

IN WITNESS WHEREOF, the City and Applicant have executed this Agreement thereby indicating that they have read and understood same, and indicate their full and complete consent to its terms.

CITY OF CORONA

By: _____

Name: _____

Title: _____

APPLICANT:

ARANTINE HILLS HOLDINGS LP, a Delaware limited partnership

By: PV Development Management LLC, a Delaware limited liability company, as Development Manager

By: Pacific Ventures Management LLC, a Delaware limited liability company, its Member

By: _____

Name: Jason Perrin

Its: President

EXHIBIT A
Property Map

