Appendix 5.15-C
AVUHSD School Facilities and Funding Agreement
February 18, 2009

Carlene Matchniff
Pardee Homes
26650 The Old Road, Suite 110
Valencia, CA 91381

Mat Havens
Director of Facility
Antelope Valley Union High School District
44811 Sierra Highway
Lancaster, CA 93534-3326

Re: Executed Original of School Facilities and Funding Agreement

Dear Ms. Matchniff and Mr. Havens:

Enclosed please find an executed original of the School Facilities and Funding Agreement by and between Antelope Valley Joint Union High School District and Centennial Founders, LLC.

Please let me know if you have any questions or comments.

Very truly yours,

[Signature]

John P. Yeager

JPV/jah
Enclosure

cc: Kathy McKee (w/enclosure)
SCHOOL FACILITIES AND FUNDING AGREEMENT

THIS SCHOOL FACILITIES AND FUNDING AGREEMENT ("Agreement") dated as of January 21, 2009, by and between ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT, a public school district organized and existing under the laws of the State of California ("School District"), and CENTENNIAL FOUNDERS, LLC, a Delaware limited liability company ("Developer").

RECITALS

A. Developer is the developer of that area within the jurisdiction and boundaries of the County of Los Angeles (the "County"), State of California ("State") depicted on Exhibit "A" (the "Property"). The Property is located within the boundaries of the School District. The development of the Property may be referred to herein as the "Project."

B. School District is responsible for providing school facilities for students in Grades 9-12 who reside within the Property.

C. Developer is processing entitlements with the County for development of the Property consisting of a general plan amendment, specific plan, rezoning and tentative subdivision maps (the "Entitlements") pursuant to which the Property is projected to be developed in phases with up to 22,998 dwelling units and various non-residential uses.

D. Full development of the Property within the boundaries of the School District will generate additional Grades 9-12 school students ("Project Students") which in turn will require the construction of new facilities in the School District.

E. School District and Developer agree that additional land and school facilities within the boundaries of the Project (further defined herein as the "School Facilities") will ultimately be needed to house the Project Students.

F. School District and Developer acknowledge and agree that while funding the School Facilities is the primary obligation of the State, both the adequacy and timing of State funding is unpredictable so that the parties are not able to rely solely upon State funding to finance the herein-described School Facilities. In the absence of the parties' mutual agreement as set forth herein, School District is authorized to collect its share of statutory school fees for construction of School Facilities.

G. School District and Developer agree that given the uncertainties of the timing and amount of State funding for the School Facilities, it is in their mutual best interest to enter into this Agreement to provide a local source of funding for the School Facilities that may be in excess of the statutory amount Developer would otherwise be required to provide in connection with the development of the Property.

H. School District acknowledges that it has an obligation to make reasonable efforts to pursue funding from the State for the School Facilities ("State Funds").

I. School District and Developer agree that interim School Facilities described herein ("Interim Facilities") will also be needed periodically to serve Project Students prior to construction of the permanent School Facilities and that it is in their mutual best interest to address the financing of Interim Facilities in this Agreement.

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J. Developer’s performance of this Agreement is intended to constitute complete mitigation of the impact of the development of the Property upon School District in lieu of any fees which the School District might impose in connection with such development pursuant to Education Code Section 17620 or Government Code Sections 65970, et seq., and 65995, et seq., or any other present or future law, and in lieu of any other school facilities requirements which the School District, County or other Public Agency might be authorized to impose pursuant to applicable present or future law.

K. School District’s participation in this Agreement is not intended to limit School District from seeking future funding for District-wide future facilities needs in accordance with the terms set forth herein.

L. Developer and School District desire to enter into this Agreement to set forth Developer’s obligations to mitigate the effects on the School District of its development of Property within the boundaries of the School District and to set forth the corresponding obligations of School District relating to the provision of additional School Facilities for Project Students.

AGREEMENT

Section 1.0 Recitals

The foregoing recitals are true and correct.

Section 2.0 Definitions

The capitalized terms used in this Agreement shall have the meanings set forth as follows unless such terms are defined elsewhere herein or the context requires otherwise:

“Acquisition Deadline” shall have the meaning ascribed to it in Section 8.3 below.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311, et seq.).

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the number assigned to an Assessor’s Parcel by the County for the purpose of identification.

“Bonds” means any obligation of a CFD to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, lease payments or installment purchase payments or any refunding thereof incurred by the CFD to finance the acquisition or construction of the School Facilities or any portion thereof and repayable out of special taxes of the CFD.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“Certificate of Compliance” means (i) a certificate issued by the School District pursuant to Education Code Section 17620(b) acknowledging the fact that the recipient thereof has
complied with all requirements of the School District for the payment of statutory school fees/alternative school facility fees/mitigation payments and (ii) a certificate issued by the School District acknowledging that adequate provisions have been made for school facilities.

“CFD Parameters” means Exhibit “D” attached hereto.

“CFD Proceeds” means (i) the proceeds of Bonds available after funding costs of issuance, a reserve fund for the Bonds and capitalized interest on the Bonds and (ii) Surplus Special Taxes.

“Commercial/Industrial Development” means any non-residential property including, but not limited to, any hotel, inn, motel, tourist home, or other lodging for which the maximum term of occupancy for guests does not exceed thirty days, but not including any residential hotel, as defined in paragraph (1) of subdivision (b) of section 50519 of the Health and Safety Code, nor any facility used exclusively for religious purposes that is thereby exempt from property taxation under the laws of California, any facility used exclusively as a private full-time day school as described in Section 48222 of the Education Code, or any facility that is owned and occupied by one or more agencies of federal, state, or local government.

“Community Facilities District” or “CFD” means a community facilities district authorized to finance the School Facilities that is formed by the School District or other Public Agency pursuant to the provisions of the Act encompassing all or any portion of the Property.

“Completed Property” means a Dwelling Unit, Senior Unit or any completed structure within a Commercial/Industrial Development for which a final inspection has been approved or a Certificate of Occupancy has been issued and which has been sold or leased to the end-user.

“County” means the County of Los Angeles.

“Developed Property” means Assessor’s Parcels for which building permits are issued prior to March 1 of the prior fiscal year.

“Developer” means Centennial Founders, LLC, its successor and assigns.

“Developer Advance” means an advance of funds by the Developer for School Facilities, subject to reimbursement from other Funding Sources, as defined below.

“District Students” means Grades 9–12 students enrolled in the School District, including Project Students.

“Dwelling Unit” means each separate residential dwelling unit that comprises an independent facility capable of sale or lease separate from adjacent residential dwelling units, excluding a Senior Unit.

“Entitlements” means the land use entitlements approved by the County or other Public Agency permitting development of the Property including, without limitation, the County General Plan, the Centennial Specific Plan, zoning, tentative subdivision maps, final subdivision maps and associated environmental approvals.

“Federal Funds” means funds provided by the U.S. Department of Education or other federal agency to the School District for the School Facilities.

“Funding Amount” means an amount specified in the School Facilities Plan to be funded from the Funding Sources for specific School Facilities at a Funding Threshold.
“Funding Source” means each of Local Funds, State Funds, Federal Funds, CFD Proceeds, Other Proceeds and Developer Advances available to fund the School Facilities.

“Funding Threshold” means specific conditions relating to each School the satisfaction of which triggers a corresponding Funding Amount, as specified in the School Facilities Plan.

“Final Map Property” means Assessor’s Parcels for which a final subdivision map has been approved creating individual lots for conveyance to homebuyers.

“Goals and Policies” means the “Local Public Agency Goals and Policies for Community Facilities Districts” adopted by the School District within sixty (60) days of the date of this Agreement.

“Improvement Fund” means a fund established for a CFD into which the proceeds of Bonds available to finance the School Facilities and Other Facilities shall be deposited, which shall include a School Facilities Account and, with respect to each Public Agency whose facilities are authorized to be financed through the CFD, an Other Facilities Account.

“Index” means the existing or future construction cost index for Class “B” construction used by the State Office of Public School Construction or, in the event the Office of Public School Construction no longer uses a construction cost index, a comparable index of costs of school construction in southern California.

“Interim Facilities” means interim School District capital facilities, such as modular classrooms, furnishings and equipment, required to serve Project Students prior to completion of the School Facilities.

“JCFA” means a joint community facilities agreement by and among the Developer, the School District or other Public Agency establishing a CFD and a Public Agency whose facilities are to be authorized to be financed through the CFD which satisfies the requirements of the Act.

“K-8 Provider” means the public school district with the primary authority and responsibility to provide grades K-8 school facilities to serve students residing within the first development phase of the Property.

“Local Funds” means funds available from the Los Angeles County Office of Education or other local agency for the School Facilities.

“Net Usable Acres” means the gross acres of a School Site less any acreage within a public right of way and acreage of perimeter slopes exceeding a 2% grade or otherwise not reasonably useable for the School.

“Non-Land Component” means the amount of funding to be reserved for Interim Facilities and the design, engineering, construction, furnishing and equipping of each School, other than the acquisition of the School Site, as set forth in this Agreement.

“Notice of Availability” means the Developer’s written notice to the School District that a School Site is in Superpad Condition and available for acquisition.

“One Year Projection” shall have the meaning ascribed to it in Section 10.2 below.

“Optional School Facilities” means the additional School Facilities described in Exhibit B to be constructed at the discretion of the School District and funded with excess funds
available after all School Facilities have been fully funded and all Developer Advances reimbursed.

"Other Facilities" means public facilities of a Public Agency authorized to be financed through a CFD in addition to School Facilities.

"Other Facilities Account" means an account within an Improvement Fund into which CFD bond proceeds are to be deposited and disbursed to fund Other Facilities in accordance with this Agreement and the applicable JCFA.

"Other Proceeds" means the proceeds of bonds of a community facilities district or statutory school fees or other mitigation payments received by the School District with respect to any development of property other than the Property that will be served by the School Facilities, and the proceeds of statutory school fees paid to the School District by Commercial/Industrial Development and Senior Units within the Property.

"Performance Schedule" means the schedule for School District's and Developer's performance or completion of certain tasks, as set forth in Exhibit "E".

"Phase 1 School Facilities" means the first phase of improvements to a School Site and School, furnishings and equipment, as further described in Exhibit "B".

"Phase 2 School Facilities" means the second phase of improvements to a School Site and School, furnishings and equipment, as described in Exhibit "B".

"Phase 3 School Facilities" means the third phase of improvements to the first School, furnishings and equipment, as described in Exhibit "B".

"Production Unit" means a Unit that is not to be used initially as a model home.

"Project Eligibility" shall have the meaning ascribed to it in Section 6.1 below.

"Project Students" mean Grades 9-12 students enrolled in the School District and residing within the Property.

"Property" means the real property depicted in Exhibit "A" hereto.

"Public Agency" means the County, any city or other public agency, the boundaries of which include all or any portion of the Property.

"School" means the school to be constructed on each School Site as a Grades 9-12 School in accordance with the site layout and educational specifications set forth in Exhibit "B".

"School Facilities" shall mean, collectively, the Interim Facilities, the Phase 1 School Facilities, the Phase 2 School Facilities and the Phase 3 School Facilities.

"School Facilities Account" means an account within an Improvement Fund into which CFD Proceeds are to be deposited and disbursed to fund School Facilities in accordance with this Agreement.

"School Facilities Plan" means the School Facilities Plan attached hereto as Exhibit "C", as it may be amended with mutual consent of both parties.

"School Site" means any school site in the approximate locations depicted on Exhibit "F", the precise location depicted on Exhibit "F-1" or in an alternative location mutually acceptable to the Developer and School District.
"Senior Unit" means a dwelling unit within a property developed for senior citizen housing, a residential care facility for the elderly or a multi-level facility for the elderly, as described in Government Code Section 65995.1 as such section may be amended from time to time.

"Site Purchase Agreement" means a purchase and sale agreement with respect to a School Site.

"Special Fund" means the fund established and administered pursuant to Section 11.1.3 of this Agreement.

"State" means the State of California.

"State Funds" means funds available from the State of California to fund the School Facilities.

"Student Generation Report" shall have the meaning ascribed to it in Section 6.1 below.

"Superintendent" means the Superintendent of the School District, or his or her designee.

"Superpad Condition" means (i) the School Site has been graded to a 2% grade or less, and, if required pursuant to Section 8.5 below, to a 1/10th of a foot contour, (ii) all remediation or other site work required by Section 8.2(b) has been completed, (iii) frontage street improvements providing at least three points of access to the School Site have been completed, and (iv) all wet and dry utilities have been stubbed to the School Site property line, as further specified in Section 8.5 below, the Site Purchase Agreement and site design specifications approved by the School District and Developer.

"Surplus Special Taxes" means the special taxes of a CFD collected from Developed Property that are not required to pay annual debt service on outstanding Bonds and administrative expenses of the CFD and replenish the reserve fund for the Bonds.

"Three Year Projection" shall have the meaning ascribed to it in Section 10.2 below.

"Undeveloped Property" means taxable property within a CFD that is not classified as Developed Property or Final Map Property.

Section 3.0 Mitigation of School Facilities Impacts

3.1 Purpose and Covenants. The purpose of this Agreement is to set forth Developer's agreement to augment funding for School Facilities needed as a result of its development of the Property and the corresponding obligations of School District relating to the provision of the School Facilities for Project Students.

3.2 By entering into this Agreement and complying with its terms, Developer shall be deemed to have fulfilled its obligation to assist in funding school facilities to house the Project Students resulting from development of the Property as further described in section 4.0 below. In consideration of Developer's obligations provided for in this Agreement, School District agrees to support Developer's Project as further described in Section 5.0 below.

3.3 Agreement Unaffected By Changes in Law. School District and Developer agree that each party has negotiated in good faith to reach accord on this Agreement, and as such, the Agreement is a legally binding contract between the parties, enforceable in accordance with its
terms. Developer and School District agree that to the maximum extent permitted by law; this Agreement shall not be affected, modified, or annulled by any subsequent change in local, state or federal law.

3.4 School Facilities Plan. This Agreement, including, without limitation, the School Facilities Plan constitutes the agreed-upon school facilities needs analysis for the School Facilities needed to accommodate the Project Students, subject to modification as provided herein.

3.5 Adjustments for Changed or Unforeseen Circumstances. School District and Developer acknowledge that the Project is expected to be developed over a long period of time and the implementation of this Agreement may be subject to changed or unforeseen circumstances including without limitation, changes in the Project, changes in student generation rates, changes in School District policy, such as the adoption of a multi-track schedule, changes in potential Funding Sources, changes in State requirements with respect to the School Facilities, and changes in State funding of School District operations which materially affect the nature, scope or timing of construction of the School Facilities. Developer shall notify School District of material changes to the Project that would significantly affect the School Facilities Plan. At either party’s request, School District and Developer shall meet and in good faith consider modifications to this Agreement that may be mutually beneficial and necessary to address any changed or unforeseen circumstances.

3.6 Mitigation Agreement Costs. Within thirty (30) days following the execution and approval of this Agreement by School District and Developer, School District shall provide a written statement itemizing the actual, reasonable third-party costs incurred by School District relating to the negotiation and drafting of this Agreement with the firms of Fagen, Friedman & Fulffrost, LLP and Caldwell, Flores, Winter, Inc. Within thirty (30) days following Developer’s receipt of such statement, Developer shall reimburse School District the amount of such costs, not to exceed $80,000.

Section 4.0 Developer Obligations.

4.1 Community Facilities District. Developer shall request that funding for the School Facilities be provided through the formation of one or more CFDs and the levy of special taxes and sale of Bonds of each CFD in accordance with the Act, the Goals and Policies and this Agreement, including the School Facilities Plan and Performance Schedule. Upon the receipt of a written petition of the Developer, School District shall act as the lead agency in undertaking proceedings to consider the formation of any such CFD to finance the School Facilities and Other Facilities, as requested by Developer. The structure, special taxes and Bonds of each CFD formed by School District shall conform to the CFD Parameters set forth in Exhibit “D” hereto, except as such parameters may be modified by mutual agreement of the parties. Alternatively, the Developer may petition another Public Agency to form a CFD to finance Other Facilities of the Public Agency and the School Facilities pursuant to a JCFA with School District. The remaining provisions of this Section 4.0 shall apply to School District if it is the lead agency in formation of a CFD.
In the event the Developer submits a CFD formation petition to School District and the CFD is not formed due to the School District’s failure to adopt a resolution of formation with respect to the CFD in accordance with this Agreement prior to the occupancy of the first Dwelling Unit within the portion of Property that was proposed to be included in the CFD, this Agreement shall terminate with respect to any and all funding or performance obligations of the Developer and the remainder of the Property that has not previously been included in a CFD shall be subject to statutory school fees only. Notwithstanding such termination, School District’s obligations to fund the School Facilities and repay Developer Advances from the Funding Sources shall remain in effect. Following such termination, Developer may elect to receive a credit against statutory school fees otherwise payable in connection with development of the Property up to the amount of all unreimbursed Developer Advances.

Upon Developer’s submittal of a petition to the School District to undertake proceedings to form any CFD, Developer shall advance all necessary funds to pay costs incurred by the School District in undertaking such proceedings to consider the formation of any such CFD and issuing Bonds. At the time of submittal of the petition, or action by the Board, Developer shall advance fifty thousand dollars ($50,000) for such costs and shall make timely later advances for such costs as reasonably requested by School District. School District will advise Developer as to persons and firms under consideration by School District to render services to School District related to formation of the CFD(s) and sale of the Bonds. After completion of the CFD formation proceedings, funds advanced by the Developer pursuant to Section 3.6 above and this Section 4.1 shall be reimbursed without interest to Developer in cash solely from CFD Proceeds within thirty (30) days of receipt of CFD Proceeds. If the proceedings to form the CFD(s) are not successful or are abandoned prior to the issuance, sale and delivery of the Bonds, there shall be no obligation whatsoever on the part of School District to reimburse Developer for any costs and expenses paid from Developer’s advances to School District, except that any unused portion shall be returned to Developer.

4.2 Timing of Bond Issues. The Parties agree to the issuance of Bonds as necessary to fund the unfunded Funding Amounts corresponding to each Funding Threshold within a reasonable period of time prior to or following each Funding Threshold.

4.3 Levy of Surplus Special Taxes. School District agrees to levy and collect Surplus Special Taxes in each CFD in the first fiscal year following formation of the CFD until the earlier of (i) repayment of the Bonds and all Developer Advances or (ii) the expiration of the authorized term for the levy of Special Taxes of the CFD. Surplus Special Taxes shall be deposited in the Special Fund and disbursed to fund School Facilities as set forth in this Agreement.

4.4 Waiver of Right to Protest. Execution of this Agreement is made by Developer without protest. Developer knowingly and willingly waives its right of protest, if any, as may be afforded by Government Code Section 66020 or any other substantive or procedural provision of law.
Section 5.0 School District Obligations

5.1 So long as Developer is not in breach of this Agreement, School District hereby covenants that as to the Property, it will not:

(a) exercise any power or authority (under Section 17620 of the California Education Code or any other provision of applicable law) to levy a fee, tax, assessment, charge, dedication, or other form of requirement against any Dwelling Unit, Senior Unit or any Commercial/Industrial Development undertaken within the Property for the purpose of providing, funding or financing school facilities or any portion thereof (other than as specifically set forth in this Agreement);

(b) require the County or any Public Agency to exercise or cooperate with the County or any Public Agency in the exercise of, the power under Title 7, Division 1, Chapter 4.7 of the California Government Code (commencing with Section 65970) or any other provision of applicable law, to require the dedication of land, the payment of fees in lieu thereof, or both for classroom or related facilities for Grades 9-12 schools as a condition to the approval of any Dwelling Unit, Senior Unit or any Commercial/Industrial Development within the Property other than as specifically set forth in this Agreement;

(c) oppose development (including but not limited to commercial, industrial or residential development) of the Property, on the basis of inadequate school facilities or seek other forms of mitigation with respect to the adequacy of school facilities including, but not limited to, the establishment of developer fees (other than as specifically set forth in this Agreement), the payment of money by any developer, the dedication of land, or the application of an assessment or requirement of any nature against any developer of any portion of the Property as may otherwise be permitted by present or future State law, rulings, regulations and court decisions; and

(d) subject the Property to any increase in ad valorem real property taxes within a school facilities improvement district of the School District, except as provided herein.

Notwithstanding anything in (a), (b), (c) or (d) above to the contrary, School District shall not be prohibited from pursuing any general obligation bond election that it desires on a School District-wide basis provided a fair share (as reasonably determined by the Board of Trustees of the School District) of the proceeds of the general obligation bonds issued that are authorized by such election shall be considered Local Funds pursuant to this Agreement.

The foregoing notwithstanding, the provisions of this Section 5.1 shall terminate upon issuance of the building permit for, and occupancy of, the last Dwelling Unit, Senior Unit and Commercial/Industrial Development within the Property.

5.2 School District Acknowledgement. School District acknowledges that the compliance with terms in this Agreement makes adequate provision for the School Facilities needed to house the Project Students. By execution hereof, the Superintendent is authorized to execute a document from time to time, if requested by Developer, indicating that this Agreement has been approved by the School District, that performance of this Agreement by Developer mitigates the school facilities impacts of the development of the Property and that Developer, as
of the time of execution of such document, has performed its obligations as set forth in this Agreement.

Section 6.0  Local, State and Federal Funds

6.1  Pursuit of State Funds. School District agrees that State Funds are an integral funding source for the School Facilities. Accordingly, as to all eligibility for State Funds available to School District as a result of the Entitlements, any future land use entitlements for development of the Property and any land use entitlements for the development of other property to be served by the School Facilities ("Project Eligibility"), School District covenants to take reasonable steps available to School District to pursue and obtain State Funding for the School Facilities. To this end, the School District agrees that it shall make reasonable interim use of relocatable classrooms in both existing and new schools to reasonably accommodate Project Students, subject to existing agreements and applicable law. School District agrees also to implement policies as it determines to be in the best interest of the School District so as to maximize eligibility for State Funds. School District agrees to provide Developer copies of the State Funds application forms filed by School District for all new construction projects until all School Facilities are constructed. School District agrees that its first priority for use of its Project Eligibility for State Funds for new construction as of and following the date of execution of this Agreement shall be for the School Facilities.

6.2  Pursuit and Use of Federal Funds. School District shall take reasonable steps available to School District to pursue and obtain Federal Funds for the School Facilities. School District agrees to provide Developer copies of Federal Funds application forms filed by or on behalf of School District and Developer agrees to cooperate with School District with respect to such applications. All Federal Funds received for any costs of the School Facilities shall be considered a Funding Source and applied in accordance with the priorities specified in Section 6.4 below. If, however, such Federal Funds are required by the applicable law to be spent on a specific component of the School Facilities they shall still be considered a Funding Source but shall be applied to fund the School Facilities in accordance with such law.

6.3  Pursuit and Use of Local Funds. School District shall take reasonable steps available to School District to pursue and obtain Local Funds for the School Facilities. School District agrees to provide Developer copies of Local Funds application forms filed by or on behalf of School District and Developer agrees to cooperate with School District with respect to such applications. All Local Funds received for any costs of the School Facilities shall be considered a Funding Source and applied in accordance with the priorities specified in Section 6.4 below. If, however, such Local Funds are required by the applicable law to be spent on a specific component of the School Facilities, they shall still be considered a Funding Source, but shall be applied to fund the School Facilities in accordance with such law.

6.4  Use of Local, State and Federal Funds. Local Funds, State Funds, and Federal Funds received by the School District for the School Facilities shall be applied according to the following priorities:
(i) first, to fund the full purchase price of the School Site and costs of the construction, furnishing and equipping of the School for which the Local Funds, State Funds and Federal Funds were received;

(ii) second, if Local Funds, State Funds or Federal Funds remain after fully funding the amounts in subparagraph (i) above, such funds shall be used to reimburse prior Developer Advances for School Facilities; and

(iii) third, if Local Funds, State Funds, or Federal Funds remain after fully funding the amounts in subparagraphs (i) and (ii) above such funds may be used to fund the costs of Interim Facilities for Project Students and to fund any remaining School Facilities.

Section 7.0 New School Facilities.

7.1 School Size. Each School will be designed and constructed to accommodate up to approximately 2,850 students in permanent facilities on a traditional, single-track school schedule, with the capacity to add 17 modular classrooms to house up to an additional 500 students on an interim basis.

7.2 Site Requirements. Each School will be built on a site containing approximately 60 net usable acres and delivered to School District in Superpad Condition, subject to the terms of this Agreement and the Site Purchase Agreement.

Section 8.0 School Sites.

8.1 Location of School Sites. Developer and School District have agreed that the approximate location and configuration of each School Site is depicted on Exhibit "F". In addition, the Developer and School District have agreed that the precise location of the first School Site is depicted in Exhibit “F-1”. The precise location of the other School Site shall be determined at the time of approval of the tentative subdivision map for the area that includes the School Site. Developer warrants and represents that it will be able to deliver and transfer title to each School Site to the School District subject to the terms of this Agreement and the Site Purchase Agreement and consistent with the Performance Schedule. Notwithstanding anything to the contrary in this section, Developer acknowledges that all School Sites must be preliminarily approved as potential sites by a representative of the California Department of Education.

8.2 School Site Approvals. In addition to any other requirements set forth in this Agreement, prior to the transfer of title to each School Site to School District pursuant to the terms of this Agreement and the Site Purchase Agreement, all of the following must occur:

(a) The School Site must have received any and all final approvals from the School District and all agencies having jurisdiction over the School Site, including but not limited to, the County, the California State Department of Education, the Department of Toxic Substance Control and any other applicable governmental agencies. The School Site must have satisfied all conditions required for school sites under the California Environmental Quality Act, the California Education Code, and all other applicable local, state, or federal law, and must either have no identified health hazards as a result of the Preliminary Endangerment Assessment
required by the Department of Toxic Substance Control or any health hazards must be able to be satisfactorily remediated or mitigated.

(b) Any and all remediation, mitigation, clean-up, or other site work necessary to secure the above-referenced approvals for the School Site shall be undertaken at the sole cost of the Developer, provided, however, if the Developer determines it would be economically infeasible to complete such work the School District and Developer shall make a good faith effort to identify an alternative School Site.

(c) Developer agrees to fully and timely cooperate with the School District in the actions necessary to obtain the approvals set forth above.

8.3 Reservation of School Site. Developer shall reserve each School Site for acquisition by the School District until no later than the date two (2) years following the Funding Threshold for the acquisition of the School Site ("Acquisition Deadline"). If the School District has not acquired the School Site by the Acquisition Deadline, Developer shall no longer be required to reserve the School Site for acquisition by the School District and may proceed to use or develop that School Site for any overlying or alternative uses permitted by the Entitlements, and/or seek County approval of new land uses for that School Site without any restriction by School District. The Acquisition Deadline shall be extended, however, if at the time it occurs the parties have entered into the Site Purchase Agreement, the Site Purchase Agreement remains in effect and the School Site has not been acquired because the funding available from the Funding Sources is insufficient to acquire the School Site and construct the School in conformity with the terms of this Agreement. The Acquisition Deadline shall be extended until such funding is available to School District from the herein specified sources, unless Developer, in its sole discretion, accepts terms for payment of the full fair market value over time.

8.4 Timing and Process of Site Delivery. Developer shall deliver clear title to each School Site in accordance with the Performance Schedule and a Site Purchase Agreement as herein described to be executed by School District and Developer. The purchase price for the School Site shall be determined according to the process described below. Developer acknowledges and agrees the purchase price of each School Site shall be paid solely from the Funding Sources.

With respect to each School Site, the Developer and the School District shall attempt to agree upon an acceptable MAI appraiser whose report as to the fair market value of the land, as of the agreed appraisal date, shall determine the purchase price of the land. The appraiser shall be instructed to determine the fair market value of the School Site based upon its highest and best use as residential development and assuming the land is in Superpad Condition. If the Developer and the School District cannot agree on a single appraiser within thirty (30) days following the first party’s written designation of an appraiser, each party shall, within the next thirty (30) days, designate an MAI appraiser to independently appraise the land, as of the agreed appraisal date, and prepare a report of the fair market value of the land. If the opinions of value of the two appraisers differ by 10% or less from each other, the purchase price of the land shall be the average of the two appraisals. If the opinions of the value of the two appraisers differ by more than 10%, the two appraisers shall be provided written notice by either party to agree upon a third MAI appraiser within thirty (30) days of such written notice. The
third appraiser shall independently assess the land and prepare a letter opinion of the fair market value of the land. In that event, the purchase price of the land shall be deemed to be the average of the two appraisals (from the previous two appraisal reports and the third appraisal letter opinion) having the closest opinions of value. The appraiser(s) shall be instructed to prepare their reports in accordance with the Office of Public Schools Construction requirements for such reports. The cost of determining the appraised fair market value of the School Site pursuant to this Section 8.4 shall be funded from the Funding Sources.

8.5 Condition of School Site. Developer shall provide to School District for its review draft infrastructure improvement plans for the frontage street improvements and wet and dry utilities serving each School Site prior to approval of such plans by the County and applicable service provider. Subject to the approval of the County and/or applicable service provider, Developer shall incorporate in such plans reasonable revisions requested by School District in order to provide service to each School Site. Developer shall also provide to School District for its review draft grading plans for each School Site prior to approval of such plans by the County. The grading plans shall provide for grading of at least 60 acres of the School Site to not more than a 2% grade. In addition, if School District (i) provides to Developer site design specifications for a School Site to a 1/10 of a foot contour in a timely manner prior to approval of the grading plans and (ii) has entered into a Site Purchase Agreement for the School Site which provides for the School District’s acquisition of the School Site within 90 days following completion of the School Site in Superpad Condition, Developer agrees to grade the School Site to such contour. Otherwise, such grading work will be conducted by the School District. The costs of the frontage street improvements and wet and dry utilities to a School Site, any remediation work required by Section 8.2(b) and grading of the School Site provided by Developer pursuant to this Section 8.5 shall be considered the Superpad Condition in which a School Site is to be delivered and shall be reflected in the fair market value of the School Site.

Developer and School District agree that each School Site shall be delivered in Superpad Condition and Developer shall provide a Notice of Availability with respect to each School Site upon satisfaction of the Superpad Condition for the School Site. In addition, Developer must be able to deliver title to the School Site, free and clear of any and all defects, encumbrances and liens that would affect the School District’s ability to use the School Site for its intended purposes. Should all of the improvements required to deliver the School Site in Superpad Condition not be completed prior to close of escrow, performance bonds equal to 100% of the reasonably estimated cost of such incomplete improvements shall be provided by Developer at no cost to the School District to guarantee completion of such improvements. The School District shall release such performance bonds upon completion of such improvements.

8.6 Deed Restrictions. Each School Site shall be conveyed to the School District subject to (a) the condition that the site be used exclusively for school and related educational and recreational purposes for at least 20 years, or such longer period that Bonds are outstanding, and (b) thereafter, a right of first refusal in favor of the Developer and its successors to acquire the School Site if the School Site is subsequently determined by the School District to be surplus and is offered for sale according to the applicable laws for sale of surplus school property. The Developer may waive the conditions set forth in this Section 8.6 with respect to either School Site at any time.
Section 9.0  Alternative Design and Bidding of Schools.

9.1  Alternative Design. School District and Developer agree that the Schools shall be designed so that the Phase 1 School Facilities can be bid and constructed prior to and separate from the Phase 2 School Facilities and, with respect to the first School, prior to and separate from the Phase 3 School Facilities, as well.

9.2  Bidding and Award of Construction Contracts. The bids solicited by School District shall be obtained in the alternative for each School for the Phase 1 School Facilities and Phase 2 School Facilities. If State Funds are received for a School, including for acquisition of the School Site, at the time the Funding Threshold is reached for the Phase 1 School Facilities the School District shall award contracts for both the Phase 1 School Facilities and Phase 2 School Facilities. If the associated Funding Amount is not sufficient to fund acquisition of the School Site and the construction, furnishing and equipping of the School, based on all of the alternative bids solicited by School District for the School, such bids may be rejected and the School redesigned so as to meet the herein described student capacity requirements, to the extent feasible on the basis of the funding available. Thereafter, the redesigned School shall be bid and constructed. Alternatively, Developer may, in its sole discretion, augment the herein provided funding, on terms acceptable to Developer, so as to allow the School to be constructed on the basis of the bids originally received.

Section 10.0  Project Students Projections, Interim Facilities and School Facilities

10.1  Actual Project Students. On or before January 31 and July 31 of each Calendar Year, commencing with the first such date to occur following the effective date of the first Entitlements, School District shall provide Developer with a written statement, as of the preceding December 31 and June 30, respectively, of the number of Project Students in each School in permanent and Interim Facilities and the number of District Students, including Project Students, in each School in permanent and Interim Facilities (each report, a “Student Generation Report”). For purposes of this Agreement, the “effective date of the First Entitlements” shall mean the date the first Entitlements, which shall consist of at least an amendment of the County General Plan, the Preserve Specific Plan and any related environmental approvals are effective after the expiration of any and all limitation and referendum periods applicable to such Entitlements and final resolution of all litigation, legislation and administrative actions relating to such Entitlements and any applicable appeal periods.

10.2  Unhoused Students Projection. Not later than January 31st of each Calendar Year, commencing the January 31 following the effective date of the first Entitlements, until buildout of the Property, Developer shall provide School District with the total number of Dwelling Units for which Certificates of Compliance are projected by the Developer to be obtained within the Property during each of the next three (3) twelve (12) month periods from July 1 of that Calendar Year through June 30 of the next three (3) Calendar Years. School District and Developer shall estimate the number of Project Students expected to be generated over each of the next three (3) school years based on the number and mix of Dwelling Units anticipated to be constructed, as provided by Developer, and the estimated student generation of Project Students based (i) initially, upon the estimated student generation rates of 0.230 9-12 students per single family detached Dwelling Unit, 0.361 9-12 students per single family...
attached Dwelling Unit and 0.089 9-12 students per apartment Dwelling Unit and (ii) upon the occupancy of 500 Dwelling Units within the Property, upon actual student generation rates from such occupied Dwelling Units or other mutually acceptable student generation rates. The School District shall also reasonably estimate the number of District Students expected to attend schools within the attendance areas of the schools serving Project Students over each of the next three (3) school years. The School District will compare the number of existing and projected District Students to the student housing available in those schools in the next school year, based upon the capacity of such school facilities, to determine whether Interim Facilities are needed to house the Project Students ("One Year Projection"). If the One Year Projection shows such existing and projected District Students, including Project Students, will exceed the total capacity of the schools to be attended by Project Students, the Developer's share of the required Interim Facilities shall be paid from the Funding Sources.

School District shall also compare the number of such existing and projected District Students to the student housing available in existing permanent school facilities for the next three (3) school years (the "Three Year Projection"). The Three Year Projection shall be used by the parties in planning for future School Facilities and considering modifications to the Funding Thresholds in the School Facilities Plan.

In determining the available student housing in existing school facilities for the purposes of the One Year Projection, School District shall allocate available seats proportionately to projected Project Students and projected District Students (excluding Project Students) expected to be generated from other new development within the applicable attendance area(s). For example, if the number of projected 9-12 Project Students in a One Year Projection is 50 and the number of projected 9-12 District Students (including the 50 Project Students) in the One Year Projection is 100 and there are 80 seats available in the existing school facilities serving those students, 40 of the available seats would be allocated to Project Students (50/100 x 80), 40 of the available seats would be allocated to District Students (excluding Project Students) and funding for Interim Facilities for 10 Project Students would have to be provided from the Funding Sources pursuant to Section 11.2 below.

Section 11.0 School Facilities Funding

11.1 Funding Sources

11.1.1 Funding Thresholds and Amounts. School District and Developer agree that in order to adequately house the Project Students both Interim Facilities and permanent School Facilities must be funded and constructed at certain times relative to the development of the Property and the generation of Project Students. Therefore, School District and Developer agree to the Funding Thresholds and corresponding Funding Amounts set forth in the School Facilities Plan and agree that the Funding Amounts are to be satisfied from the following Funding Sources, in order of priority:

(a) Local Funds, State Funds and Federal Funds;

(b) Other Proceeds;
(c) CFD Proceeds deposited in the Special Fund and School Facilities Account; and

(d) Developer Advances.

As a Funding Threshold is reached, the corresponding Funding Amount shall be funded according to the following priority; first, from available Local Funds, State Funds and Federal Funds; second, from Other Proceeds, to the extent necessary; third, from CFD Proceeds, to the extent necessary; and fourth, from Developer Advances, to the extent necessary. Developer acknowledges that Local Funds, State Funds, and Federal Funds, Other Proceeds and/or CFD Proceeds may be available later than the School District will need them in order to construct the School Facilities and, therefore, may serve as a source of reimbursement of Developer Advances.

11.1.2 Local, State and Federal Funds. Local Funds, State Funds and Federal Funds received by the School District shall be disbursed in accordance with Section 6.4 above.

11.1.3 Other Proceeds. Other Proceeds consisting of statutory school fees or mitigation payments paid with respect to other developments that will be served by any of the School Facilities or by Commercial/Industrial Development or Senior Units within the Property shall be deposited in a discrete, interest-bearing special fund maintained and administered by the School District (the “Special Fund”) and disbursed only to fund costs of the School Facilities and to reimburse Developer Advances. Earnings on the investment of funds in the Special Fund shall remain in the Special Fund and be disbursed to pay for School Facilities. Other Proceeds consisting of the proceeds of bonds of a community facilities district encompassing all or any portion of other developments that will be served by the School Facilities shall be disbursed to fund the School Facilities. School District agrees, to the maximum extent permitted by applicable law, to require new development occurring outside the Property that will be within the attendance area of any of the Schools when they are constructed to pay a mitigation payment at least commensurate to the funding obligations of the Developer in this Agreement.

11.1.4 CFD Proceeds. CFD Proceeds consisting of Surplus Special Taxes shall be deposited in the Special Fund and disbursed only to fund costs of the School Facilities and to reimburse Developer Advances. CFD Proceeds consisting of the portion of the proceeds of Bonds earmarked for School Facilities shall be deposited in a School Facilities Account and disbursed only to fund costs of the School Facilities and to reimburse Developer Advances.

11.1.5 Developer Advances. If at the time a Funding Threshold is reached the funds then available from all of the Funding Sources described in Sections 11.1.2, 11.1.3 and 11.1.4 are less than the corresponding Funding Amount, the Developer shall advance funds in an amount equal to the shortfall (a “Developer Advance”). If the Funding Threshold relates to the acquisition of a School Site, the Developer may elect, in its sole discretion, to accept payment of less than the full fair market value of the School Site at the close of escrow and accept terms for payment of the unpaid fair market value, plus interest on such amount at a reasonable, market rate, over time, as further described in Section 8.3 above and the Site Purchase Agreement. Developer Advances shall be repaid from other Funding Sources as they become available.
11.1.6 **Semi-annual Accounting.** On or before January 31 and July 31 of each year, School District shall provide Developer with an unaudited accounting of all Funding Sources received on a cumulative basis and since the last accounting, the amount and specific nature of the expenditures of Funding Sources and the balance of all Funding Sources as of the preceding December 31 and June 30, respectively.

11.2 **Interim Facilities.**

11.2.1 **Prior to Completion of First School.** Subject to an agreement with the K-8 Provider with respect to operations, School District agrees the first K-8 School constructed within the Property may serve as a K-12 school on an interim basis, prior to completion of the Phase 1 School Facilities for the first School. Developer agrees to cooperate with School District and the K-8 Provider in the design of the first K-8 School to accommodate such K-12 usage. Prior to completion of (i) the first K-8 School within the Property and an agreement between School District and the K-8 Provider as to its joint operation as a K-12 school on an interim basis, or (ii) the Phase 1 School Facilities for the first School, Project Students will have the option of attending Quartz Hill High School or applying for an inter-district transfer to attend Frazier Mountain High School. If the K-8 Provider and District agree to the joint operation of the first K-8 School on an interim basis as a K-12 School, Developer agrees to fund any shortfall between the State funding apportionment District receives for operation of the K-12 School (the “Collected Apportionment”) and the District’s actual staffing and maintenance costs (the “Operations Costs”) for the K-12 School based on the following staff needs and staff/student ratios and as set forth below:

<table>
<thead>
<tr>
<th>POSITION</th>
<th>POSITIONS REQUIRED</th>
<th>NUMBER OF GRADE 9-12 STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>1 (share with K-8 Provider)</td>
<td>≥1</td>
</tr>
<tr>
<td>Asst. Principal/Counselor</td>
<td>1 (share with K-8 Provider)</td>
<td>≥1</td>
</tr>
<tr>
<td>Admin. Assistant</td>
<td>1</td>
<td>0-200</td>
</tr>
<tr>
<td></td>
<td>1 (share with K-8 Provider)</td>
<td>200-300</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>&gt;300</td>
</tr>
<tr>
<td>Data Technician</td>
<td>1 (share with K-8 Provider)</td>
<td>≥1</td>
</tr>
<tr>
<td>Account Technician</td>
<td>1 (share with K-8 Provider)</td>
<td>≥1</td>
</tr>
<tr>
<td>Custodian</td>
<td>1 (share with K-8 Provider)</td>
<td>0-400</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>&gt;400</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1</td>
<td>≥1</td>
</tr>
<tr>
<td>Child Nutrition Assistant</td>
<td>1</td>
<td>0-300</td>
</tr>
<tr>
<td></td>
<td>1 (share with K-8 Provider)</td>
<td>&gt;300</td>
</tr>
<tr>
<td>Noon Duty/Crossing Guard/Security</td>
<td>1</td>
<td>≥400</td>
</tr>
<tr>
<td>Teacher</td>
<td>1</td>
<td>Per 29 students</td>
</tr>
</tbody>
</table>

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H&O: #43384 v8

17
The salaries for the staff positions described above shall not exceed the salaries paid for the same staff position District-wide. Where a staff position is shown as to be shared with the K-8 Provider the allocation of the costs of such position between the District and the K-8 Provider shall be determined by the District and K-8 Provider.

At the time the District and K-8 Provider agree on the joint operation of the K-12 School, District and Developer shall agree on a schedule for, and a process for determining the amount of, any required advances by Developer of any actual shortfall between the Collected Apportionment and the Operations Costs described above for a minimum of the first three school years that the K-12 School is in operation, but not more than the first four years of operations. Developer shall advance funds to District in accordance with such schedule, subject to reimbursement from State funding when received by District.

11.2.2 Following Completion of Each Phase. Each School shall be designed to allow for the addition of up to 17 modular classrooms as Interim Facilities in order to allow for additional capacity to house Project Students, if necessary, prior to completion of the next phase of the School or the first phase of the next School to be constructed. A determination as to whether such Interim Facilities are required shall be based on a One Year Projection and the Developer's share of the cost of required Interim Facilities shall be determined in accordance with Section 10.2 above.

11.3 Planning, Design, Engineering and State Approval. Upon the occurrence of the applicable Funding Threshold for each School, the corresponding Funding Amount shall be funded from the Funding Sources for planning, design, engineering and State approval costs for the School Site and School.

11.4 School Sites. Upon the occurrence of the applicable Funding Threshold for the acquisition of each School Site, the fair market value of the School Site shall be funded from the Funding Sources, unless Developer opts to accept payment of all or a portion of the fair market value over time, on payment terms acceptable to the Developer, as described in Sections 8.3 and 11.1.5 above and the Site Purchase Agreement.

11.5 School Construction, Furnishing and Equipping. Upon the occurrence of the applicable Funding Threshold for the funding of the construction, furnishing and equipping of each School, the corresponding Funding Amount shall be funded from the Funding Sources and the School District shall proceed with reasonable diligence to complete construction of and open the corresponding Phase of each School.

11.6 Indexing and Adjustment of Funding Amounts. The Funding Amounts specified in the School Facilities Plan for the Non-Land Components that remain unfunded as of each January 1, commencing January 1, 2009, shall be adjusted by the percentage change in the Index for the preceding Calendar Year.

If another new high school is constructed by the School District following the date of this Agreement and prior to the Funding Threshold for the start of construction of the Phase 1 School Facilities for the first School, School District and Developer shall review the actual costs of such new high school based on the contract(s) awarded for it and compare such costs and the specifications of such new school to the corresponding Funding Amounts and specifications for
the first School, as adjusted to that point pursuant to the Index. If School District and Developer agree, based upon such comparison, that the then current Funding Amounts for the Non-Land Components of the first School are 5% or more higher or lower than the current estimate of such Non-Land Components, they shall negotiate in good faith to adjust the applicable Funding Amounts accordingly for the first and second School.

Upon the completion of the design of each School, School District shall obtain a preliminary estimate of the cost of the School and, if such estimated cost exceeds the total Funding Amount for the Non-Land Components of the School, as previously adjusted pursuant to this Section 11.6, School District and Developer shall attempt to identify cost-saving revisions to such design that reduce the costs to or below such total Funding Amount.

If either School District or Developer reasonably determine that due to changes in the Project or as a result of actual student generation rates, the number of Project Students will be less than the capacity of both Schools, the Funding Amounts for the second School shall be reduced by a percentage equal to the number of non-Project Students to be housed in the School divided by the total seating capacity of the School.

Section 12.0 Covenant to Construct School Facilities to Serve Project Students.

At the time sufficient funds are received by the School District to pay for the construction of each Phase of a School on a School Site and the School Site has been provided to the School District pursuant to this Agreement and the Site Purchase Agreement, School District covenants for the benefit of Developer that School District will use its reasonably best efforts to immediately commence and with reasonable diligence complete construction of the applicable Phase. The School District and Developer intend, at no extra cost to School District and Developer, that each School shall be compatible in architecture and design, including exterior materials, colors, textures, features and landscaping with the residences expected to be constructed within the Property. The School District and Developer shall consult with one another periodically in the process of (i) Developer’s preparation of the grading plans for, and infrastructure improvement plans relating to, each School Site, (ii) School District’s preparation of each School Site layout, (iii) School District’s engineering and preparation of plans and specifications for each Phase of a school, (iv) in developing and selecting the exterior materials, colors, textures, features and landscaping (“Exterior Design”) of each School and (v) with respect to the naming of each School, as further described in Exhibit “G” hereto. At a minimum, this consultation will include the following: (1) prior to commencing design of a School, the School District architect shall meet with the Developer to discuss the Exterior Design concepts for the facility and their compatibility with the applicable community, and (2) as and when the School District’s architect prepares preliminary plans which includes Exterior Design elements, the Developer shall be invited to review and provide comments on or suggestions respecting such plans, and (3) the School District shall give due consideration to such comments in the preparation of the final plans. In order that architects and engineers selected by the School District to design the School Facilities are adequately informed of their responsibilities under this Agreement, the School District will include a description of the engineering and design review process substantially similar to the description set forth in Exhibit “G” hereto in all solicitation for engineering and architectural services related to each School.
Section 13.0 Miscellaneous

13.1 Developer-Build Option. With the mutual written agreement of Developer and School District, Developer may provide directly for the construction of any School in accordance with applicable State law and the following essential terms:

(a) the plans and specifications for the School shall be approved by School District and Developer;

(b) at Developer's election, the School Site shall be acquired from Developer with available Funding Sources prior to the commencement of construction of the School;

(c) Developer shall be entitled to progress payments for the costs of the School from available Funding Sources;

(d) School District shall designate and employ a consultant to monitor construction in order to ensure the School is constructed in accordance with the plans and specifications, the costs of whom shall be paid from Funding Sources; and

(e) School District shall accept ownership of the School immediately upon its completion in accordance with the plans and specifications.

13.2 Priority Attendance. Notwithstanding the fact that School District, in its sole discretion and according to state and federal law, makes all decisions with regard to determining school attendance areas, School District agrees to make reasonable efforts to give Project Students priority attendance at the Interim Facilities and permanent School Facilities to the maximum extent permitted by law. School District agrees to provide Developer prior written notice of any Board actions regarding the adoption or modification of attendance boundaries for each School constructed on a School Site and to meet and confer with Developer prior to such actions. School District agrees during any period prior to buildout of the Property when new homes are being marketed for sale within the Property to exercise a good faith effort to not allow new students from outside the attendance area for a School to attend the School if it is reasonably probable that that would leave insufficient capacity available in the School for new students moving into the Property during the school year.

13.3 Binding on CFD. Upon formation of each CFD by School District, the CFD shall automatically become a party to this Agreement and all provisions that apply to School District shall apply to the CFD as well. The Board, acting as the legislative body of the CFD, shall perform all obligations of this Agreement that require performance on the part of the CFD.

13.4 Successors and Assigns. All of the covenants, stipulations, promises, and agreements contained in this Agreement by or on behalf of, or for the benefit of, either of the parties hereto, shall bind or inure to the benefit of the successors and assigns of the respective parties. The owners of Completed Property shall not be deemed to be successors and assigns of Developer for purposes of this Agreement, and shall have no right to enforce any provisions of this Mitigation Agreement.
13.5 Amendment. This Agreement may not be amended except in writing by Developer and School District, duly executed by their authorized agents. Developer and School District recognize that it may be necessary to make revisions to this Agreement, clarify its terms or provide additional detail in order to implement its terms after execution by the parties. Therefore, School District delegates to the Superintendent the authority to approve amendments to this Agreement that do not substantially affect the terms contained herein and to approve implementation agreements with Developer that implement or clarify the terms contained herein. Amendments to this Agreement that do substantially modify the terms contained herein must be approved by the Board of Education of the School District.

13.6 Entire Agreement. This Agreement supersedes and cancels any and all other agreements, either oral or written, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representation by any party which is not embodied herein or in any other agreement, statement, or promise not contained in this Agreement shall be valid and binding. The parties hereto agree to act in a manner that will not frustrate the purposes of this Agreement.

13.7 Attorney Fees. In the event of any action or proceeding brought by either party against the other under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees, costs and expenses incurred in such action or proceeding. In addition to the foregoing, the prevailing party shall be entitled to its reasonable attorney fees and costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

13.8 Execution. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

13.9 Notices. All correspondence, notices or certificates required by this Agreement shall be sufficiently given and served if delivered by hand directly to the offices named below or sent by United States first-class mail postage prepaid, with return receipt requested, and addressed as follows:

If to Developer: Centennial Founders, LLC
26650 The Old Road
Valencia, CA 91381
Attention: Project Manager

With a copy to: Hewitt & O'Neil LLP
19900 MacArthur Blvd., Suite 1050
Irvine, CA 92612
Attention: John Yeager
If to School District:  Antelope Valley Union High School District
44811 Sierra Highway
Lancaster, CA 93534
Attention: Superintendent

With a copy to:  Antelope Valley Union High School District
44811 Sierra Highway
Lancaster, CA 93534
Attention: Asst. Superintendent, Business Services

With a copy to:  Fagen Friedman & Ful frost LLP
1 Civic Center Drive Suite 300
San Marcos, CA 92069
Attention: Kathy McKee

Either party may change its mailing address at any time by giving written notice of such change to the other party in the manner provided herein. All notices under this Agreement shall be deemed given, received, made, or communicated on the date personal delivery is effected or, if mail, on the delivery date or attempted delivery date shown on the return receipt.

13.10 Exhibits. The Exhibits attached hereto are deemed incorporated into this Agreement in their entirety by reference.

13.11 Time. Time is of the essence in this Agreement and in each and every term, provision and condition hereof.

13.12 Remedies Cumulative. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of such provision or of any other provision hereof.

13.13 Construction. The parties hereto acknowledge and agree that each has been given the opportunity to review this Agreement with legal counsel independently, and/or has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. In the event of an ambiguity in or dispute regarding the interpretation of same, the interpretation of this Agreement shall not be resolved by any rule of interpretation providing for interpretation against the party who causes the uncertainty to exist or against the draftsman.

13.14 Choice of Law. This Agreement has been negotiated and executed in the State of California and shall be governed and construed by the laws of that state without regard to the conflicts of laws principles.

13.15 Captions. The captions, headings, and titles to the various articles and paragraphs of this Agreement are not a part of this Agreement, are for convenience and identification only, and shall have no effect upon the construction or interpretation of any part hereof.
13.16 No Third Party Benefit. This Agreement is by and between the parties named herein, and unless expressly provided in the foregoing provisions no third party shall be benefited hereby. This Agreement may not be enforced by anyone other than a party hereto or a successor to such party who has acquired his/her/its interest in a way permitted by the above provisions.

13.17 Force Majeure. The obligations of any party under this Agreement, and all deadlines by which any party's obligations hereunder must be performed, shall be excused or extended for a period of time equal to any prevention, delay or stoppage in performance which is attributable to any strike, lock-out or other labor or industrial disturbance, civil disturbance, act of a public enemy, war, riot, sabotage, blockade, embargo, lightning, earthquake, fire, storm, hurricane, tornado, flood or explosion.

13.18 Cooperation Regarding Consultants. School District and Developer shall consult with each other regarding and cooperate in the School District's selection of consultants for the formation of the CFD(s) and issuance of Bonds, the State approvals for the School Facilities and the design and construction of the School Facilities.

13.19 District CEQA Compliance. The obligations of the School District as to acquiring or constructing the School Facilities are subject to School District complying with the California Environmental Quality Act.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written.

ANTELOPE VALLEY UNION HIGH SCHOOL DISTRICT

By: __________________________
    President, Board of Education

By: __________________________
    Clerk, Board of Education

CENTENNIAL FOUNDERS, LLC, a Delaware limited liability company

By: Pardee Homes, a California corporation
    Its: Development Manager

By: __________________________
    Michael V. McGee, President

By: __________________________
    John Osgood, Senior Vice President
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written.

ANTELOPE VALLEY UNION HIGH SCHOOL DISTRICT

By: ______________________________
    President, Board of Education

By: ______________________________
    Clerk, Board of Education

CENTENNIAL FOUNDERS, LLC, a Delaware limited liability company

By: Pardee Homes, a California corporation
Its: Development Manager

By: ______________________________
    Michael V. McGee, President

By: ______________________________
    John Osgood, Senior Vice President
EXHIBIT B

PROTOTYPICAL SITE PLAN AND EDUCATION SPECIFICATIONS FOR HIGH SCHOOL NOS. 1 AND 2, INCLUDING PHASE 1 SCHOOL FACILITIES, PHASE 2 SCHOOL FACILITIES AND PHASE 3 SCHOOL FACILITIES

I. GENERAL HIGH SCHOOL REQUIREMENTS

<table>
<thead>
<tr>
<th>TEACHING STATIONS</th>
<th>ROOMS</th>
<th>105,040 +/- sq. ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts &amp; Crafts</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Classrooms</td>
<td>53 +/-</td>
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<tr>
<td>Computer</td>
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</tr>
<tr>
<td>Drama</td>
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<td></td>
</tr>
<tr>
<td>Music/Choir/Band</td>
<td>2</td>
<td></td>
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<td>P.E. Room 60-80 Students</td>
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<tr>
<td>Photography – Dry</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Science</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Science Labs</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Black Boxes/Flex. Space</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Severe Special Ed</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Non-Severe Special Ed</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>93</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CORE FACILITIES</th>
<th>Toilets</th>
<th>Custodial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>Gym</td>
<td>Teacher Workrooms</td>
</tr>
<tr>
<td>Kitchen</td>
<td>Storage</td>
<td>Health Office</td>
</tr>
<tr>
<td>Cafeteria</td>
<td>Mechanical/Electrical Rooms</td>
<td></td>
</tr>
<tr>
<td>Lunch Shelter</td>
<td>Grounds Building</td>
<td></td>
</tr>
<tr>
<td>Shower/ Locker</td>
<td>Data Closets (Conditioned)</td>
<td></td>
</tr>
<tr>
<td>Teacher Work Rooms</td>
<td>Teacher Resource/Training Center (2,000 sq. ft. w/ video)</td>
<td></td>
</tr>
<tr>
<td>Library (6,400 sq. ft.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grounds Building</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>117,376 +/- sq. ft.</td>
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</tbody>
</table>

II. ADDITIONAL DETAIL

<table>
<thead>
<tr>
<th>Food Service</th>
<th>15,085 sq. ft. (square footage included in Core Facilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dining - Service Line</td>
<td>1,200 sq. ft.</td>
</tr>
<tr>
<td>Speed Line – 6 Points of Sale</td>
<td>2,184 sq. ft.</td>
</tr>
<tr>
<td>Outdoor Shade</td>
<td>2,304 sq. ft.</td>
</tr>
<tr>
<td>Kitchen:</td>
<td>2,970 sq. ft.</td>
</tr>
<tr>
<td>Office</td>
<td></td>
</tr>
<tr>
<td>M&amp;W Lockers</td>
<td></td>
</tr>
<tr>
<td>M&amp;W Restrooms</td>
<td></td>
</tr>
<tr>
<td>Laundry</td>
<td></td>
</tr>
<tr>
<td>Dry Storage</td>
<td></td>
</tr>
<tr>
<td>Walk-in Cooler/Freezer</td>
<td></td>
</tr>
</tbody>
</table>

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Equipment
Custodial
Delivery Access
2nd POS Food Service
Speed Line – 2 Points of Sale
Storage
Custodial
Outdoor Patio

Administration

Offices
Principal
Secretary to Principal
Conference for Principal
Assist. Principal
Secretary to Assist. Principal
5 Vice Principal Offices
7 Counseling
2 Psychologist
Speech
Secretary to Psychologist
Copy Room
Staff Lounge
Accountant
Reception / Lobby
Career Counseling
Supervising Coordinator
Small Conference to Career
Large Conference to Career
Technician/PST
ASB Classroom
Activity Director
Book Keeper
Storage
ASB Store
Registrar
Cum Files
Data Tech with large MDF and fiber linked between schools
Health Office
Restroom for Health Office
Attendance
Security Lobby
Surveillance/Camera Room
Deputy
L.A.W.
Interview
Probation
Conference

1,600 sq. ft.

20,313 +/- sq. ft. (square footage included in Core Facilities)
Security Director
Custodial
Restrooms
Mechanical / Electrical Rooms
Teacher Mail Boxes

**Maintenance**

Shop: Benches / Equipment / Swamp Cooler / Heat
Restroom
Break Room
Office
Storage
Equipment Wash

**Grounds Building**

Lights
Water
Roll-up Doors
Man Door
Bulk Material Storage
Large Deck Mower Storage

**Standard Classrooms**

<table>
<thead>
<tr>
<th>All Classrooms</th>
<th>2 Marker Boards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tack Surface</td>
</tr>
<tr>
<td></td>
<td>Video Projector/Screen</td>
</tr>
<tr>
<td></td>
<td>6 Power Outlets</td>
</tr>
<tr>
<td></td>
<td>4 Data Drops + 1 for Projector</td>
</tr>
<tr>
<td></td>
<td>1 Telephone</td>
</tr>
</tbody>
</table>

**Science**

4 General Science Labs

| Built-In Casework with Sinks |
| Epoxy Counter Tops |
| Teacher Demonstration Desk |
| Electrical and Data for Laptops |

1 Physics Science Lab

| Built-In Casework with Sinks |
| Epoxy Counter Tops |
| Teacher Demonstration Desk |
| Fume Hood |

Chemistry Labs

| Built-In Casework with Sinks |
| Epoxy Counter Tops |
| Teacher Demonstration Desk |
| Fume Hood |

Prep Rooms

Storage

2,400 sq. ft. (square footage included in Core Facilities)

2,000 sq. ft. (square footage included in Core Facilities)

960 sq. ft. min. each

1,280 sq. ft. each

1,280 sq. ft.
(Serves 4-5 Labs)  Countertops with Sink

2 Science Classrooms  Teacher Demonstration Desk  960 sq. ft. each
(Typical Classroom)

Computer Lab
Classroom  35 Stations + Teacher and Aide  1,280 sq. ft. + Storage

Fine Arts
Band Room  Large Classroom
2 Practice Rooms
Instrument Storage
Workroom
Uniform Storage
Office
Music Library

Choir Classroom
Art – Storage and Sinks  1,235 sq. ft.
Painting – Storage and Sinks  1,235 sq. ft.
Ceramics – Storage and Sinks  1,235 sq. ft.
Pottery Wheels and Splash Guards – Outside Kilns  381 sq. ft.
Drawing – Storage and Sinks  1,235 sq. ft.
Photography – Storage and Sinks  1,235 sq. ft.
Drama – 13” Ceilings and Roll-Up Door  2,208 sq. ft.

Special Education
TMH, SDD
6 Classrooms Total:  960 sq. ft. classroom space
min. each + support

1 – SDD with restroom, shower, changing table, wheel chair
storage, and Hoyer Lift
2 – (TMH) restrooms, kitchens-range/oven, dishwasher, sink with
garbage disposal, microwave and cabinets
2 – ED with time-out and restrooms
1 – SDC with restroom

Learning Center with adjacent office, computers  480 sq. ft.

Special Education Support
2 IEP Rooms – 12’ X 14’
Testing Room – 12’ X 14’
File Storage
1 Special Education Secretary Office

Black Box-Flexible
Classrooms
6 Classrooms  Additional Electrical Power
Gas
Open Ceilings  1,920 sq. ft. each
Gym Facilities

Large Gym
- Full Court with Logo
- 2 Practice Courts
- Bleachers/Plastic with Graphics
- Score Boards
- Volleyball Courts

Small Gym
- Full Court
- Bleachers on one side
- Score Boards
- Storage

Shower and Locker
- Lockers
- Benches
- 2 Coach’s Shower/Lockers
- Coach’s Restroom
- B&G Restrooms
- Small Showers

Uniform Storage
- Storage
- Washer/Dryer/Sink
- Whirlpool/Sink
- Mat Storage?
- Impact Drywall
- Storage

Laundry

Training

Wrestling

Weight Rooms

Team Rooms
- 2 Storage
- Athletic Director Office
- Lobby
- Concessions
- Ticket Booth
- Boy and Girl Public Restrooms
- Custodian

Outdoor Area (Compliant to Title 9)

Varsity Baseball
- 200 Seat Bleachers

JV Baseball
- 200 Seat Bleachers

Freshman Baseball

Varsity Softball
- 200 Seat Bleachers

JV Softball

Freshman Softball

Batting Cages
- For Baseball and Softball

55,066 sq. ft. (square footage included in Core Facilities) (includes restrooms)

352 sq. ft.
204 sq. ft.
260 sq. ft.
2,000 sq. ft.
3,537 sq. ft.
451 sq. ft.

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B-5
Track (9) Lanes

With all track and field apparatus

Soccer (3-4) Fields
Tennis Courts (6)
Basketball Courts (8)
Storage Facilities for outdoor equipment

Football/Tract Stadium (High School No. 1 Only)
2500 seat capacity with press box Home side
1000 seat capacity visitor side
Snack Bar
Restrooms (two each side)
Ticket Booths

III. TYPICAL REQUIREMENTS

Roof access ladders
1/2 minimum slope on all roofs
Wood/metal crickets with 1/4" per foot slope in valleys
Roof drains in sumps
60 mil PVC roof system
Hollow metal doors & frames – 16 gauge exterior/18 gauge interior
2 porcelain over steel marker boards and tack surface typical all classrooms
Ceiling-mounted video projectors with manual screens typical all classrooms
Ceramic tile in restrooms
Plastic toilet partitions
Heavy duty partitions in gym – by Bischoff Sheet Metal installed on tube steel
Energy management system (District standard) for HVAC & lighting in commons areas
High Efficiency roof top HVAC units
Security system with exterior door contacts, gates and motion detectors with video verification.
CCTV security system
Custodial closets in every building with floor mounted mop sinks.
5 data drops typical in all classrooms
2 data drops typical in all offices & conference rooms
Exterior stucco painted,
CATV/Multimedia system
All Data MDFS and IDF installed in conditioned closets
Outdoor lunch shade structure
Second Point of Sale/Building for Food Service
2 wire irrigation control system installed in conduit
Minimal ornamental grass, xeriscape planters
Fiber optic cable linked between schools
Phone system per District standards
Fire Alarm per District standards
Security Alarm per District standards
School to be CHPS compliant
Planned for 16 future classrooms
Wrought Iron Fencing

Attached on page B-8 is a prototypical site plan for each School.
CONSTRUCTION PHASES

Phase 1 School Facilities—The Phase 1 School Facilities for each School shall consist of all the improvements described in pages B-1 through B-6 other than the Phase 2 School Facilities described below.

Phase 2 School Facilities—The Phase 2 School Facilities for each School shall consist of a separate wing or building of 10-15 classrooms and necessary building support facilities such as restrooms, custodial, electrical and communication rooms. The Phase 2 School Facilities shall be situated on the School Site to allow for direct street access for construction traffic that does not cross an occupied area of the campus as well as a similarly accessible contractor lay-down area.

Phase 3 School Facilities (High School No. 1 Only)—The Phase 3 School Facilities for High School No. 1 shall consist of a football/track stadium consisting of home-side bleachers to seat 2,500, visitor-side bleachers to seat 1,000, restrooms (2 each side). The stadium shall be situated on the School Site to allow for direct street access for construction traffic that does not cross an occupied area of the campus and a similarly situated contractor lay-down area.

OPTIONAL SCHOOL FACILITIES

To the extent excess funds remain available from Funding Sources after all School Facilities have been fully funded and all Developer Advances fully reimbursed, School District may elect to construct additional facilities at either or both Schools, including, without limitation, aquatic facilities, vocational educational facilities and performing arts facilities.
## EXHIBIT C

### 9-12 SCHOOL FACILITIES PLAN

<table>
<thead>
<tr>
<th>School</th>
<th>Funding Purpose</th>
<th>Funding Amount(^a)</th>
<th>Funding Threshold(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. High School No. 1</td>
<td>(a) Planning, design, architecture, engineering, state approval, permits (Phase 1)</td>
<td>$4,839,318</td>
<td>(i) tentative map approval for 5,833 DUs; and (ii) final map approval for 500 DUs.</td>
</tr>
<tr>
<td></td>
<td>(b) Site acquisition</td>
<td>Fair market value</td>
<td>(i) Completion of super pad improvements; and (ii) the earlier of (x) building permits issued for 200 DUs or (y) 100 Project Students generated.</td>
</tr>
<tr>
<td></td>
<td>(c) Construction (Phase 1) (including tests and inspection, project management, construction and 5% contingency)</td>
<td>$90,840,099</td>
<td>(i) Acquisition of school site; and (ii) the earlier of (x) building permits issued for 400 DUs or (y) 200 Project Students generated.</td>
</tr>
<tr>
<td></td>
<td>(d) Furnishing and equipping (Phase 1)</td>
<td>$5,595,300</td>
<td>6 months prior to completion of construction</td>
</tr>
<tr>
<td></td>
<td>(e) Architecture, engineering, permits (Phase 2)</td>
<td>$386,008</td>
<td>835 Project Students(^c)</td>
</tr>
<tr>
<td></td>
<td>(f) Construction (Phase 2) (including tests and inspection, project management, construction and 5% contingency)</td>
<td>$5,192,830</td>
<td>1,533 Project Students(^c)</td>
</tr>
<tr>
<td></td>
<td>(g) Furnishing and equipping (Phase 2)</td>
<td>$404,700</td>
<td>6 months prior to completion of construction</td>
</tr>
<tr>
<td></td>
<td>(h) Architecture, engineering, permits (Phase 3)</td>
<td>$457,210</td>
<td>1,533 Project Students(^c)</td>
</tr>
<tr>
<td></td>
<td>(i) Construction (Phase 3)</td>
<td>$6,205,300</td>
<td>1,907 Project Students(^c)</td>
</tr>
<tr>
<td></td>
<td>(j) Furnishing and equipping (Phase 3)</td>
<td>$404,700</td>
<td>6 months prior to completion of construction</td>
</tr>
<tr>
<td></td>
<td>(k) Interim Facilities (portable classrooms)</td>
<td>$75,000 per classroom</td>
<td>As needed</td>
</tr>
<tr>
<td>2. High School No. 2</td>
<td>(a) Planning, design, architecture, engineering, state approval, permits (Phase 1)</td>
<td>$4,839,318</td>
<td>1,533 Project Students(^c)</td>
</tr>
<tr>
<td></td>
<td>(b) Site acquisition</td>
<td>Fair market value</td>
<td>Completion of superpad improvements; and 1,907 Project Students(^c)</td>
</tr>
<tr>
<td>School</td>
<td>Funding Purpose</td>
<td>Funding Amount&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Funding Threshold&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------</td>
<td>---------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td></td>
<td>(c) Construction (Phase 1) (including tests and inspection, project management, construction and 5% contingency)</td>
<td>$90,840,099</td>
<td>Acquisition of school site; and 2,209 Project Students&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>(d) Furnishing and equipping (Phase 1)</td>
<td>$5,595,300</td>
<td>6 months prior to completion of construction</td>
</tr>
<tr>
<td></td>
<td>(e) Architecture, engineering, permits (Phase 2)</td>
<td>$386,008</td>
<td>3,271 Project Students&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>(f) Construction (Phase 2) (including tests and inspection, project management, construction and 5% contingency)</td>
<td>$5,192,830</td>
<td>3,585 Project Students&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>(g) Furnishing and equipping (Phase 2)</td>
<td>$404,700</td>
<td>6 months prior to completion at construction</td>
</tr>
<tr>
<td></td>
<td>(h) Interim Facilities (portable classrooms)</td>
<td>$75,000 per classroom</td>
<td>As needed</td>
</tr>
</tbody>
</table>

<sup>a</sup> Funding Amounts shall adjust according to Section 11.6.

<sup>b</sup> References to DUs mean Production Units and exclude model homes and Senior Units.

<sup>c</sup> Cumulative number of Project Students generated as identified in a Student Generation Report.
EXHIBIT D

CFD PARAMETERS

A. CFD Established by School District

The CFD structure, Rate and Method of Apportionment of Special Taxes ("RMA") and Bonds of each CFD established by the School District following Developer's submittal of a petition shall be based upon and conform to the parameters set forth below.

(1) CFD Structure

- One or more CFDs, or two or more Improvement Areas within a single CFD, shall be established encompassing the Property.

- Each CFD or Improvement Area will be subject to its own RMA and authorized indebtedness.

- School District's preference is that each CFD shall be authorized only to finance School Facilities. At Developer's request and subject to a JCFA with the applicable Public Agency(ies), however, each CFD may be authorized to finance Other Facilities provided, however, (i) the CFD Proceeds of a CFD available to fund Other Facilities of a Public Agency shall not exceed $1.00 less than the total CFD Proceeds reasonably expected at the time of formation of the CFD to be generated by the CFD for School Facilities, and (ii) all of School District’s administrative costs with respect to each JCFA and the financing of Other Facilities shall be funded from CFD Proceeds.

(2) Rate and Method of Apportionment of Special Taxes.

- Assessor's Parcels for which a building permit for residential use has been issued prior to March 1 each fiscal year shall be classified as "Developed Property." Assessor's Parcels for which a final subdivision map has been approved prior to January 1 creating individual lots for conveyance to homebuyers (a "B Map") but for which building permits have not been issued prior to March 1 each fiscal year shall be classified as "Final Map Property." All other taxable property shall be classified as "Undeveloped Property".

- The maximum special tax on all classifications of taxable property shall escalate by 2% annually, at Developer's election.

- The Developed Property special tax rate may vary based upon house size, density range or residential product type, as determined by the Developer and School District at the time of establishment of the CFD.

- The maximum special tax rates for Developed Property shall be established in an amount required to fund reasonable CFD administrative expenses per Improvement Area or CFD as a first priority for use of annual special tax collections and to provide 110% coverage of debt service on the Bonds upon issuance of all Bonds and buildout of the Improvement Area or CFD, as applicable. For purposes of establishing the maximum special tax rates for Developed Property, the average interest rate on the Bonds shall be assumed to be 50 basis points higher (or more at Developer's election) than the average interest rate on similar bonds at the time of formation of the CFD and the amount of Bonds assumed to be issued to fund (i) the costs of the School Facilities that are not reasonably expected to be
funded from Local, State and Federal Funds and Other Proceeds, (ii) Other Facilities, (iii) a reserve fund (or surety bond or letter of credit in lieu thereof), (iv) capitalized interest for each series of Bonds in the maximum amount permitted under State and federal law, or such lesser amount requested by the Developer, consistent with the timely and sufficient funding of the School Facilities pursuant to this Agreement and (v) costs of formation of the CFD and issuance of each series of bonds, including costs incurred by Developer for legal, financial and engineering services with respect to formation of the CFD and issuance of the Bonds.

- Each RMA shall provide for the levy of Special Taxes on Developed Property prior to the issuance of Bonds of the CFD to pay directly for School Facilities.

- Each RMA shall provide for the levy of special taxes to fund debt service, annual administrative expenses, reserve fund replenishment and, to the extent the CFD is not subject to a Teeter Plan, an amount of anticipated delinquency (the “Special Tax Requirement”) according to the following priorities:

  (A) First, special taxes shall be levied on all Developed Property at the assigned annual special tax rate;

  (B) Second, special taxes shall be levied proportionately on all Final Map Property up to 100% of the assigned annual special tax rate as necessary to fund the Special Tax Requirement; and

  (C) Third, special taxes shall be levied proportionately on all Undeveloped Property up to 100% of the assigned annual special tax rate as necessary to satisfy the Special Tax Requirement; provided, however, the School District and Developer may agree to tax Assessor’s Parcels owned by the Developer at different percentages pursuant to the RMA.

- Full prepayment of special taxes on Developed Property shall be permitted at any time.

- A partial prepayment of special taxes shall be permitted by a merchant builder with respect to all units within a marketing phase of Final Map Property prior to the close of escrow of each lot within the marketing phase to an individual homebuyer. For purposes of each RMA, a “marketing phase” shall mean a phase of homes being constructed and sold at approximately the same time consisting of not less than ten (10) homes.

- Commercial/Industrial Development and Senior Units shall be exempt from the levy of special taxes.

(3) Bonds

- School District and Developer shall mutually agree on the terms of the issuance of each series of Bonds consistent with the terms of this Agreement.

- Subject to bond market conditions at the time, no Bonds shall be issued unless the maximum annual special taxes pledged to repayment of the Bonds in each fiscal year (excluding the special taxes of any parcels that are delinquent at the time of issuance) equal 110% or more of (a) the principal of and interest on Bonds coming due in the bond year which ends in the next subsequent fiscal year (except to the extent such principal or interest is expected to be paid from proceeds from the sale of

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D-2
Bonds or other amounts then available in the applicable debt service fund for such purpose) plus (b) a priority amount for estimated administrative expenses not to exceed $50,000, subject to increase of up to 2% per year, per Improvement Area for the bond year referred to in clause (a). Notwithstanding the foregoing, if bond market conditions at the time of issuance require debt service coverage of more than 110% in order to successfully market any series of Bonds, School District and Developer agree to meet and mutually agree upon an appropriate modification of the percentage of debt service coverage with respect to such series in order to market the Bonds.

- Bonds of each CFD, or Improvement Area of a CFD, shall be issued and administered pursuant to a bond indenture, fiscal agent agreement, resolution of issuance or similar agreement (the “Indenture”). The Indenture shall establish an Improvement Fund and separate accounts of the Improvement Fund referred to as the School Facilities Account and, with respect to each Public Agency that has entered into a JCPA, an Other Facilities Account.

- CFD Proceeds shall be deposited in the Special Fund and School Facilities Account and disbursed at Funding Thresholds to fund Funding Amounts to the extent and as required in Section 11.1.1 of this Agreement.

- Bonds, other than bond or tax anticipation notes or similar short-term borrowings, shall have a term of not less than 30 years, unless at the time of issuance the special taxes pledged to repayment of the Bonds are authorized to be levied for less than 30 years, in which case the term of the Bonds shall equal the remaining authorized term of the special taxes.

- At the Developer’s request, the CFD(s) may issue series of bonds, variable rate bonds, capital appreciation bonds, bond anticipation notes, tax anticipation notes or other similar short-term borrowing in order to minimize the levy of special taxes on Undeveloped Property and Final Map Property and to fund the School Facilities on a timely basis. Subject to acceptable commitments by Developer in accordance with municipal finance industry practices, School District will not unreasonably refuse to issue variable rate bonds.

- In order to maximize the Bonds issued, Bonds may have escalating debt service that on average matches any escalation in the annual special tax rates.

B. CFD Establishment by Other Public Agency

- At Developer’s request, School District shall enter into a JCPA, in a form acceptable to School District, Developer and the Public Agency that is establishing a CFD, to authorize the CFD to finance the School Facilities. The School District’s costs of negotiating and drafting each JCPA shall be funded from the Developer’s deposits pursuant to Section 4.1 of the Agreement. In addition, all costs of the School District in administering each JCPA shall be payable from the proceeds of the Bonds and from special taxes of the CFD as an administrative expense of the CFD.
## EXHIBIT E

### PERFORMANCE SCHEDULE FOR EACH SCHOOL AND CFD

<table>
<thead>
<tr>
<th>Item</th>
<th>Completion</th>
<th>Party Required to Perform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire architect for School</td>
<td>90 days from Phase 1 Funding Threshold for planning, etc.</td>
<td>School District</td>
</tr>
<tr>
<td>School Site studies commence</td>
<td>120 days from Phase 1 Funding Threshold for planning, etc.</td>
<td>School District</td>
</tr>
<tr>
<td>DTSC no further action letter</td>
<td>300 days from Phase 1 Funding Threshold for planning, etc.</td>
<td>School District</td>
</tr>
<tr>
<td>CDE site package submission</td>
<td>300 days from Phase 1 Funding Threshold for planning, etc.</td>
<td>School District</td>
</tr>
<tr>
<td>DSA School construction plans submission</td>
<td>420 days from Phase 1 Funding Threshold for planning, etc.</td>
<td>School District</td>
</tr>
<tr>
<td>CDE approval</td>
<td>3 months following submission of plans</td>
<td>School District</td>
</tr>
<tr>
<td>DSA approval</td>
<td>3 months following submission of plans</td>
<td>School District</td>
</tr>
<tr>
<td>OPSC application submission</td>
<td>Within two weeks of CDE and DSA approvals</td>
<td>School District</td>
</tr>
<tr>
<td>School Site Notice of Availability</td>
<td>Satisfaction of Superpad Construction</td>
<td>Developer</td>
</tr>
<tr>
<td>School Site acquisition</td>
<td>Within 90 days of Notice of Availability</td>
<td>School District</td>
</tr>
<tr>
<td>SAB Approval</td>
<td>Within 60 days of submitting application</td>
<td>School District</td>
</tr>
<tr>
<td>School Construction bidding</td>
<td>Within 60 days of SAB approval</td>
<td>School District</td>
</tr>
<tr>
<td>Phase 1 Construction completed</td>
<td>Within 60 days or later of (i) receipt of construction bids and (ii) Phase 1 Funding Threshold for construction</td>
<td>School District</td>
</tr>
<tr>
<td>Phase 1 Construction commenced</td>
<td>Within 540 days of commencement</td>
<td>School District</td>
</tr>
<tr>
<td>School Opened</td>
<td>First school year after completion of Phase 1 School Facilities</td>
<td>School District</td>
</tr>
<tr>
<td>Petition to form CFD</td>
<td>Prior to approval of first final map within proposed CFD boundary</td>
<td>Developer</td>
</tr>
<tr>
<td>CFD formation</td>
<td>120 days following submittal of petition</td>
<td>School District</td>
</tr>
<tr>
<td>CFD Bond sales:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Site acquisition*</td>
<td>As required based on applicable Funding Thresholds</td>
<td>School District</td>
</tr>
<tr>
<td>(2) School construction*</td>
<td></td>
<td>School District</td>
</tr>
</tbody>
</table>

*The Bonds issued to fund Site acquisition may be concurrent with Bonds issued for construction or later at Developer's request.*
EXHIBIT F

[MAP SHOWING LOCATION OF BOTH SCHOOL SITES]
EXHIBIT F-1

[MAP SHOWING PRECISE LOCATION OF FIRST SCHOOL SITE]
## EXHIBIT G

### GRADING, INFRASTRUCTURE, ENGINEERING AND DESIGN REVIEW PROCESS

<table>
<thead>
<tr>
<th>Orientation (Kick-off)</th>
<th>Meeting with Developer or designee to discuss site layout, infrastructure criteria and location, educational specifications of School and initial design direction.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grading and Infrastructure Planning</td>
<td>Submittals to School District by Developer:</td>
</tr>
<tr>
<td></td>
<td>1) Grading plans</td>
</tr>
<tr>
<td></td>
<td>2) Wet and dry utility infrastructure plans to School Site boundary</td>
</tr>
<tr>
<td>Geo-Hazard Investigation and Report</td>
<td>Prepared by School District to determine Site layout</td>
</tr>
<tr>
<td>Conceptual Planning Design Review</td>
<td>Submittals to Developer:</td>
</tr>
<tr>
<td></td>
<td>1) Conceptual site plan(s) and related information</td>
</tr>
<tr>
<td></td>
<td>2) Architectural concept plans and elevations</td>
</tr>
<tr>
<td></td>
<td>3) Landscape concept plans</td>
</tr>
<tr>
<td>Engineering and Design Review</td>
<td>Submittals to Developer:</td>
</tr>
<tr>
<td></td>
<td>1) Dimensional site plans and details</td>
</tr>
<tr>
<td></td>
<td>2) Developed architectural plans and details</td>
</tr>
<tr>
<td></td>
<td>3) Developed landscape plans and details</td>
</tr>
<tr>
<td></td>
<td>4) Exterior materials and colors under consideration</td>
</tr>
<tr>
<td></td>
<td>5) Preliminary sign and naming concepts</td>
</tr>
<tr>
<td></td>
<td>6) Sign program</td>
</tr>
<tr>
<td></td>
<td>7) Preliminary engineering</td>
</tr>
<tr>
<td>Construction Documents Design Review</td>
<td>Submittals to Developer:</td>
</tr>
<tr>
<td></td>
<td>1) Final site plans, including grading/utilities plans</td>
</tr>
<tr>
<td></td>
<td>2) Final architectural plans and details</td>
</tr>
<tr>
<td></td>
<td>3) Sample board of exterior colors and materials</td>
</tr>
<tr>
<td></td>
<td>4) Final landscape/irrigation plans, with plant sizes</td>
</tr>
<tr>
<td></td>
<td>5) Exterior lighting plan and fixture illustrations</td>
</tr>
<tr>
<td></td>
<td>6) Final drawings for exterior signs</td>
</tr>
<tr>
<td>Construction Compliance Design Review</td>
<td>Submittals to Developer:</td>
</tr>
</tbody>
</table>

Field change order review and design review verification

**Note:** The process for design review by Developer is independent to the process for design review by the state or other governmental entities. The procedures are not related in any direct way.