DEPOSIT AND FUNDING AGREEMENT

This DEPOSIT AND FUNDING AGREEMENT ("**Agreement**") is entered into to be effective on 12-21-12 between (i) STEVENSON RANCH VENTURE LLC, a Delaware limited liability company ("**Landowner**") and CASTAIC LAKE WATER AGENCY, a public agency duly organized and existing under and by virtue of the laws of the State of California ("**CLWA**"). Landowner and CLWA are sometimes collectively referred to herein as the "Parties."

RECITALS

A. CLWA is a public agency organized and operated in accordance with California Water Code Appendix, Chapter 103, for the purpose of acquiring water and water rights, and to provide and sell such water at wholesale and retail to customers in the Los Angeles and Ventura Counties, California.

B. CLWA has adopted a policy setting forth the criteria for annexation to CLWA ("**Annexation Policy**"). The Annexation Policy is attached hereto as **Exhibit A.**

C. Landowner owns land, consisting of approximately 1759 acres in the County of Los Angeles ("**County**"), which is adjacent to the service area boundary of CLWA as shown on the map attached hereto as **Exhibit "B"** (the "**Annexation Lands**").

D. Pursuant to the Annexation Policy, Landowner anticipates submitting a written request for the annexation of the Annexation Lands into CLWA for purposes of receiving a water supply for the Annexation Lands (the "**Annexation Request**"). Such annexation would require the approval of the County for land use changes, the approval of the Los Angeles County Local Agency Formation Commission ("**LAFCO**") for annexation, and compliance with the requirements of the Annexation Policy.

E. County would act as the California Environmental Quality Act ("CEQA") lead agency and as the entity responsible for land use planning decisions, including, based on information provided by Valencia Water Company as the retail water purveyor, in compliance with Water Code section 10910, *et seq.* As such, the County would conduct the analyses of environmental impacts of the proposed land use, including the annexation and use of the water supply from CLWA. CLWA and LAFCO would be responsible agencies pursuant to the provisions of CEQA.

F. To protect current and future residents and landowners within the CLWA's service area, CLWA requires Landowner to arrange for an additional source of water supply ("**Additional Water Supply**") as defined in the Annexation Policy. Pursuant to a Pre-Annexation Agreement between CLWA and Landowner of even date herewith (the "**Pre-Annexation Agreement**"), CLWA has agreed to reserve an Additional Water Supply of 2,500 acre feet per year for use on the Annexation Land.

G. Pursuant to the Annexation Policy, certain costs are to be paid by the annexation proponent whether or not the annexation is completed. Landowner desires to enter into

this Agreement for the purpose of defraying certain of CLWA's costs to evaluate, process, and, if approved, implement the Annexation Request and complete the annexation of the Annexation Lands in accordance with the Annexation Policy (the "**Reimbursable Costs**"). The Reimbursable Costs include without limitation costs of (i) negotiation and development of any required annexation agreement, (ii) amendment of CLWA's State Water Project Contract to include the Annexation Lands in the area within which CLWA's Water Project Water may be delivered, if necessary, (iii) participation in the LAFCO process, (iv) any required CEQA compliance, (v) litigation challenging the annexation, (vi) engineering, planning, environmental and legal services required by the Annexation Request, and (vii) CLWA's actual direct overhead (which includes, by way of example and not of limitation, salaries, benefits, equipment and facilities costs) as determined by its customary practices reasonably allocated to activities necessitated by the Annexation Request.

NOW, THEREFORE, the Parties agree as follows:

1. **RECITALS**. All Recitals set out above are true and correct.

2. **PAYMENT OF REIMBURSABLE COSTS**. Landowner shall pay or reimburse CLWA for all Reimbursable Costs incurred after the effective date of this Agreement. Pursuant to the Annexation Policy, upon execution of this Agreement Landowner shall provide CLWA with an initial, non-refundable deposit of $10,000 and $50,000 for processing costs, for a total of $60,000. Such deposit shall be used by CLWA to pay Reimbursable Costs, which shall be itemized and charged first against the initial non-refundable deposit until exhausted and then against the deposit for processing costs. At such time as the deposit for processing costs has dropped below Ten Thousand Dollars ($10,000), CLWA shall provide Landowner with a notice to replenish the deposit. Within thirty (30) days of receipt of that notice, Landowner shall replenish the deposit to the lesser of (i) Fifty Thousand Dollar ($50,000) or (ii) the amount reasonably believed by CLWA to be necessary to complete the requested annexation. If such amount is not timely replenished, CLWA shall stop work until the replenishment occurs but shall not recover any amounts under this Agreement except for amounts required to pay or reimburse Reimbursable Costs under this Agreement. CLWA shall provide Landowner with a written summary of all charges on a quarterly basis. Such costs shall be charged against the amount on deposit until the sooner of the date (i) the annexation is completed by the filing of a revised boundary statement with the State and any litigation related to such annexation has been concluded by final judgment of a court of competent jurisdiction or (ii) Landowner, in writing, withdraws the Annexation Request or otherwise instructs CLWA to suspend activities relative to the proposed annexation. At such time that the annexation is completed, or the Annexation Request is withdrawn or Landowner instructs CLWA to suspend activities relative to the proposed annexation, any outstanding amounts owing to CLWA shall be paid and the remainder of the amount on deposit shall be returned to Landowner, without interest.

3. **DISPUTE RESOLUTION.** Notwithstanding any other provision of this Agreement, Landowner may dispute any Reimbursable Costs asserted by CLWA to be payable by Landowner pursuant to this Agreement within 45 days after the receipt of the quarterly summary of expenses reflecting the disputed expense. If Landowner disputes an expense, Landowner shall provide CLWA with a written description of the basis for the dispute within such 45-day period. Any expenses not disputed in writing within such 45-day period shall be conclusively deemed approved by Landowner. If Landowner disputes an expense, CLWA's General Manager and Landowner shall promptly meet and discuss such disputed expense and in good faith attempt to resolve the dispute. If such dispute is not resolved within 30 days of the first meeting between CLWA's General Manager and Landowner, all Parties shall reserve their rights concerning such disputed expense(s).

4. **CLWA CONDITIONS/NO LIMITATION OF DISCRETION.** CLWA cannot and does not by this Agreement commit itself or agree that it can or will provide water service to the Annexation Lands or otherwise approve any annexation, since project-related reviews and approvals have not been completed. Landowner understands and assumes any and all risk that the annexation and related approvals may not be approved by the respective governmental agencies or that such approvals, if granted, may be challenged in court. Nothing contained in this Agreement shall be construed to require CLWA to proceed with any action of any kind or require it to exercise its discretion in any way, other than to work in good faith with Landowner. The sole purpose of this Agreement is to provide for the repayment or payment to CLWA of Reimbursable Costs expended or committed on Landowner's behalf.

5. **TERM.** This Agreement shall take effect on the date of execution by both Parties and shall continue in full force and effect until (i) it is terminated pursuant to the terms hereof, (ii) CLWA provides written notice to Landowner that CLWA has determined all obligations hereunder have been performed or otherwise provided for, or (iii) upon 30 days written notice to CLWA by Landowner that Landowner is withdrawing its Annexation Request or no longer intends to pursue the annexation of the Annexation Lands to CLWA. At such time, any outstanding amounts owing to CLWA shall be paid and the remainder of the amount on deposit shall be returned to Landowner without interest.

6. **ASSIGNMENT.** Landowner may assign this Agreement, or any or all of its rights hereunder, and may delegate any or all of its duties under this Agreement, without the prior consent of CLWA, to a successor in interest to all or a portion of the Annexation Lands. CLWA may not assign this Agreement, or assign any of its rights or delegate any of its duties hereunder, without the prior written consent of Landowner.

7. **SUCCESSORS AND ASSIGNS.** All covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns, whether so expressed or not.

8. **INDEMNIFICATION.** Landowner shall indemnify, defend and hold harmless CLWA, its officers, agents and employees, from and against any and all litigation brought by third parties pertaining to this Agreement, except that arising from the negligence or misconduct of CLWA.

9. **ATTORNEYS' FEES.** In the event of litigation between the Parties hereto arising out of or in connection with this Agreement, the prevailing party shall, in addition to any other relief awarded by the court, be entitled to recover its costs and reasonable attorneys' fees as determined by the court.

10. **NOTICE.** Any notice to be given hereunder shall effective only when in writing and delivered to the party to whom notice is being given personally, by fax or by mail, to the address set out below:

To CLWA:	Castaic Lake Water Agency 27234 Bouquet Canyon Road Santa Clarita, CA 91350 (661) 297-1600 (661) 297-1610 fax Attn: Dan Masnada, General Manager
To Landowner:	Stevenson Ranch Venture LLC 25124 Springfield Court, Suite 300 Valencia, California 91355 (661) 255-4255 (661) 255-3960 Attn: Donald L. Kimball

Either party may change the place of notice to any other location by giving notice to the other.

11. **NO CONTINUING WAIVER**. No waiver of any term or condition of this Agreement shall be a continuing waiver thereof. This Agreement shall be interpreted in a manner consistent with all other terms and agreements between the Parties.

12. **COUNTERPARTS**. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Signatures sent by facsimile or email shall be deemed originals and treated in all respects as originals.

13. **AUTHORITY**. In signing below, each of the Parties represents and warrants to each of the other Parties that each is a duly organized or constituted entity, with all requisite power to carry out its obligations under this Agreement, and that the execution, delivery, and performance of this Agreement have been duly authorized by all necessary action of the Board of Directors or other governing body of such Party, and shall not result in a violation of such Party's organizational documents.

14. **GOVERNING LAW**. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

15. **AGREEMENT**. No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by all of the Parties.

16. **FURTHER ACTION**. The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms hereof.

17. **JOINT DRAFTING AND NEGOTIATION**. This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing this Agreement and that it is fully aware of and understands all of its terms and the legal consequences thereof.

18. **HEADINGS**. Headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

19. **NO THIRD PARTY BENEFICIARIES**. No third party other than the parties' respective successors and permitted assigns shall be entitled to claim or enforce any rights under this Agreement.

20. **SEVERABILITY**. In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Agreement taken as a whole and legally valid. The remainder of this Agreement shall not be affected thereby.

21. **INTEGRATION**. This Agreement is separate and apart from the Pre-Annexation Agreement or any annexation agreement with respect to the Annexation Lands, and survives the execution thereof. To the extent the Annexation Policy is inconsistent with this Agreement, this Agreement shall prevail.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below.

Date: 12-21-12

CASTAIC LAKE WATER AGENCY

By: _____
DAN MASNADA, General Manager

ATTEST:

_____
APRIL JACOBS, Secretary

Date: 12-21-12

STEVENSON RANCH VENTURE LLC

By: Lennar Land Partners II, a Florida general partnership, its Sole Member

By: LandSource Holding Company, LLC, a Delaware limited liability company, a Partner

By: Newhall Land Development, LLC, a Delaware limited liability company, its Sole Member

By: Newhall Holding Company, LLC, a Delaware limited liability company, its Manager

By: _____
Donald L. Kimball, Executive Vice President

ANNEXATIONS TO CASTAIC LAKE WATER AGENCY

SECTION

1. ANNEXATION COMMENCEMENT PROCEDURES
2. GENERAL POLICIES RELATED TO ANNEXATIONS
3. FINANCIAL POLICIES RELATED TO ANNEXATIONS

1. ANNEXATION COMMENCEMENT PROCEDURES

1.1 Request for Annexation, Basic Information, Non-Refundable Payment.

A request for annexation of land(s) ("Annexation Land") shall be made by the fee owners or their duly authorized agents ("Applicants") to the Agency and shall be in writing. The request shall include:

(a) A map of the area proposed to be annexed specifically identifying the location of all assessor's parcels and roads, and a list of the assessed values by assessor's parcel number;

(b) Identification of the current ownership of each parcel;

(c) A statement of the present use of each of the parcels;

(d) A statement of proposed land use and/or zoning changes for each parcel, plus a copy of all vesting tentative maps or tentative maps affecting the area proposed to be annexed; and

(e) For Local Agency Formation Commission informational purposes, a statement setting forth whether the number of voters within the area proposed to be annexed is less than 12, or 12 or more.

Each request for annexation shall be accompanied by a non-refundable payment of up to $10,000 as determined by the General Manager to reimburse the Agency for staff time and expenses of evaluating, processing the feasibility of the proposed annexation and publishing the petition and preparing and making the filings required by law. If the request involves more than one Water Service Area ("WSA") of the Agency, then the non-refundable payment for such request will be up to $10,000 for lands within each WSA.

1.2 Submittal of Request

A request for annexation and all information required in connection therewith shall be submitted to the General Manager.

2. GENERAL POLICIES RELATED TO ANNEXATIONS

2.1 Water Supply

(a) **Water Demand.** The Agency's General Manager shall estimate the highest potential water use, in acre-feet per year, ("Water Demand") for the proposed Annexation Land. This estimate shall be on the basis that the proposed Annexation Land will ultimately be put to its highest and best use, which shall be determined by considering land planning information available, including that of the landowner in determining the Water Demand for the proposed Annexation Land. The sole exception to this highest and best land use standard shall be for lands irrevocably dedicated to a non-irrigated public use, in their natural state, for park or open space purposes.

(b) **Additional Water Supplies Determination.** The Agency shall evaluate and determine the source of water supply needed by the Agency to serve the Annexation Land ("Additional Water Supplies") and also the reliability of that source of supply for potable water purposes ("Reliability"). The Additional Water Supplies for the Annexation Land shall be equal to the amount of Water Demand, plus an upward adjustment for the source of supply's Reliability so as to avoid any diversion from the Agency's existing water supply from and/or reduction in water supply reliability within the existing Agency service area.

(c) **Transfers of Water Rights.** Additional Water Supplies, at the reasonable discretion of the Board of Directors and on advice and recommendation of the General Manager, can be provided by the Agency from transfers of contractual rights to the State Water Project Contract Table A Amounts or rights to water from other sources.

(d) **Agency Vesting.** The rights to the Additional Water Supplies and all appurtenant requirements to exercise such rights for the delivery of the Additional Water Supplies to the Agency must be fully vested in the name of the Agency as a condition precedent to the approval and to completion of the annexation.

2.2 **Revenue Plan**

Prior to completion of an annexation, the General Manager shall present to the Board a revenue plan concerning the Annexation Lands ("Revenue Plan" herein). The Revenue Plan will include a component for 1% property taxes, a component setting forth the method of payment of Acquisition Costs of the

Additional Water Supplies, Carrying Costs (Section 3.4), and Back Taxes (Section 3.2(a)(1)) as set forth herein.

(a) **1% Property Taxes.** Absent mitigating factors, the Revenue Plan shall include a sum of money dedicated to the Agency that is the same percentage share of 1% property tax monies that exists in the remainder of the Los Angeles and Ventura Counties portions of the Agency that are not impacted by redevelopment projects ("1% Property Tax Transfer" herein). This requirement is to avoid use of the Agency's existing share of the 1% property tax money to subsidize the costs related to the Annexation Lands. In the event the County of Los Angeles or the County of Ventura does not consent to the 1% Property Tax Transfer, then to the extent the dedication of the share of the 1% property tax money from the Annexation Land is not equal to the same percentage share that exists in the Agency, an equivalent sum of money ("1% Tax Equivalent" herein) shall be paid by the Applicant for the annexing land as set forth in the Annexation Agreement, including by way of stand-by charge.

(b) **Acquisition Costs and Carrying Costs.** The Revenue Plan will set out the acquisition costs and the Carrying Costs to the Agency of the Additional Water Supplies and the method of payment of such obligations by the Applicant to the Agency. Such obligations shall be set forth in the Annexation Agreement.

(c) **Back Taxes.** The Revenue Plan will set forth the manner in which the Back Taxes (Section 3.2(a)(1)) will be paid by the Applicant. Such obligation shall be set forth in the Annexation Agreement.

2.3 **Retail Water Service**

Retail Water Purveyor Service. The Applicant's plan for service of water to the Annexation Land must, absent mitigating factors, include contractual or other appropriate provisions for service of the Annexation Land by an existing retail water purveyor of the Agency.

2.4 **Additional Approvals**

(a) **DWR.** To the extent required by Agency's SWP contract, the Director of the Department of Water Resources ("DWR") of the State of California must approve all changes in the Agency's service territory prior to completion of an annexation.

(b) **LAFCO.** The relevant Local Agency Formation Commission must process and approve changes in Agency boundaries if, and to the extent, required by California law.

2.5 **No Agricultural Use**

The Agency will not process any annexation where Agency water will be used for agricultural purposes. The Agency, further, will condition all annexations, to the maximum extent permitted by law, to preclude use of water of the Agency for agricultural purposes.

2.6 **Contiguous Territory**

An area proposed for annexation shall be contiguous to the Agency. No annexation shall leave an unannexed area entirely or nearly surrounded by area annexed to the Agency, unless the Board specifically finds that the Agency's interests will not be adversely affected by such a configuration of annexed territory.

2.7 **Minimum Acreage**

The Agency, absent mitigating factors, will not process an annexation involving less than 250 acres. This minimum acreage requirement may, however, be satisfied by simultaneous annexation of smaller parcels whose combined acreage exceeds 250 acres.

2.8 **Annexation Terms and Conditions**

All annexations shall be subject to the following terms and conditions:

(a) **Regulations.** The sale and delivery of all water by the Agency, regardless of the nature and time of use of such water, shall be subject to regulations promulgated from time to time by the Agency, and also those regulations promulgated by the retail water purveyor(s) serving the proposed Annexation Land.

(b) **No outside use.** Except upon terms and conditions specifically approved by the Board, water sold and delivered by the Agency shall not be used in any manner which intentionally or avoidably results in its use outside the Agency service area.

(c) **No additional works.** The Agency shall not be obligated to provide additional works or facilities, necessitated by the annexing area, as defined by Agency policies in effect from time-to-time for the delivery of water to the Annexation Land from works or facilities owned and operated by the Agency.

(d) **Common pool.** Except as set forth in this paragraph or in the Annexation Agreement, Additional Water Supplies acquired to meet the Water Demand of Annexation Land is a water right of the Agency for use in its service area, including the Annexation Land when annexation is

completed. Subject to the Water Demands on the Agency, the Additional Water Supplies may be used for water banking and other uses as deemed appropriate at the discretion of the Board and is not dedicated solely for use on the Annexation Land. Notwithstanding the foregoing, if, pursuant to the Annexation Agreement, the Applicants are required to pay the capital and/or the carrying costs for the Additional Water Supplies as described in Section 3.2(a)(2) of this Policy, and are not in default of such obligation as determined by a final judgment, the Agency shall not treat such Additional Water Supplies as water available to support "can-serve", "will-serve", or "water availability" letters ("Water Availability" herein) for any new development within the service area of the Agency and shall, upon request, provide the retail water purveyor serving the Annexation Land with the necessary water supply assurances to enable the retail provider to issue Water Availability letters for the Annexation Land to the extent the Additional Water Supplies would be sufficient to support such letters.

(e) **Lead Agency.** At its election, the Agency, in cooperation with the LAFCO, shall be the lead agency for purposes of compliance with the California Environmental Quality Act and, in any event, shall direct, conduct, and have final approval of the environmental analysis for the Additional Water Supplies.

(f) **Water Efficiency Guidelines.** To the extent practicable, the retail water purveyor(s) and owner(s) of parcels, as appropriate, within an Annexation Land, shall comply with all Agency rules and regulations, including the following:

(1) **Conservation.** Annual water use shall be minimized by incorporating water conservation measures into the development plans. Use of local groundwater, surface water, and recycled wastewater supplies shall be maximized to reduce demands on the Agency.

(2) **BMPs:** Best Management Practices ("BMPs") conservation measures, as identified by the Agency from time to time, shall be applied uniformly in all new and existing developments within the annexed area. At least one model home constructed in each new development within the proposed Annexation Land shall demonstrate a water conserving landscape.

(g) **Coordination Compliance.** The retail water purveyor(s), within which the proposed Annexation Land is or will be located, and the Agency shall coordinate to assure compliance with these provisions so that information is provided to the Agency regarding such compliance.

3. FINANCIAL POLICIES RELATED TO ANNEXATIONS

3.1 Annexation Agreement; Additional Water Supplies; Processing Costs, and Annexation Charges

(a) **Annexation Agreement.** An Applicant shall enter into an agreement with the Agency whereby the Applicant agrees to pay all Agency Processing Costs and Annexation Charges as defined herein ("Annexation Agreement" herein). Unless approved otherwise by the Board, all Processing Costs must be paid as a condition precedent to completion of the annexation. The Annexation Agreement shall provide the

security for and method of payment of the Processing Costs (if appropriate), the 1% Tax Equivalent, and Annexation Charges as determined appropriate by the Board.

(b) **No Guarantee.** The Annexation Agreement will recite that obtaining amendments in the Agency's State Water Contract or new contracts to secure Additional Water Supplies from other sources is not a routine process, could take considerable months or years, and that there can be no guarantee or prediction of success for the annexation and/or contract amendment, or new contract negotiation efforts.

(c) **Assumption of Risk.** The Annexation Agreement will explicitly provide that the Agency lacks legal authority in any way to predict its decision concerning a proposed annexation prior to completion of required environmental review processes, and that the Applicant assumes all financial risk related to ultimate Agency Board decisions to approve or to deny annexations in whole, or in part.

(d) **Processing Deposit.** Unless a lesser sum is approved by the Board, the Annexation Agreement shall require a deposit of $50,000 by each Applicant (in addition to the initial payment of up to $10,000) as a condition of processing or continuing to process the annexation. The deposit will be used to pay for Processing Costs. Further, whenever the Agency so requests, additional sums must be paid by the Applicant to restore the deposit to $50,000. Following completion of the annexation or termination of the annexation process, any unexpended deposit money shall be returned to the Applicant. Periodic accounting of the expenditures shall be provided by the Agency to the Applicant.

(e) **Board Approval.** All Agency-Applicant Annexation Agreements shall be subject to Board approval. The terms will differ for individual annexations because all annexations are unique and raise special issues.

(f) **No Subsidy.** The obligation for the Applicants to pay processing costs is to ensure that the Applicant is not subsidized in any way by existing Agency ratepayers and taxpayers.

(g) **Processing Costs.** Processing Costs, include, but are not limited to, title reports, Carrying Costs incurred before completion of annexation, staff time, engineering, environmental, and legal services, including the negotiation and amendment of the Annexation Agreement, the Agency's State Water Contract, or negotiation and execution of contracts to secure Additional Water Supplies from other sources and litigation, including costs and attorneys' fees, if any, required to complete the annexation ("Processing Costs" herein).

3.2 **Annexation Charges**

(a) **Condition Precedent.** The annexation charge shall be paid to the Agency pursuant to the Annexation Agreement as a condition precedent to any obligation of the Agency with regard to providing Additional Water Supplies, and shall consist of the following components ("Annexation Charges" herein):

(1) **Back-Tax Computation.** In order to equitably share in benefits provided by the Agency through its existing Agency-wide facilities, the annexing area shall be required to pay an amount that is equivalent to total Agency ad valorem taxes that would have been levied

on the annexation area lands had they been included in the Agency territory since 1963 ("Back Tax" or Back Taxes" herein). Payment for Back Taxes for Agency facilities shall be calculated as follows: Applicant will provide the Assessor's Parcel Number for the Annexation Land. The assessed value of the parcel will be obtained from the latest Assessor's list in Los Angeles or Ventura County where the Annexation Land is located. Based on past history of increases in assessed value, the assessed value of the parcel(s) will be calculated for each year back to 1963. The computed annual assessed value will then be multiplied by the combined tax for that year to determine the amount of tax that would have been paid in that year. The result of each year's calculation will then be brought forward to reflect the current value of those annual amounts. The calculation will use the interest rate the Agency received for its investments during each period. From 1963 to 1986, the Agency invested its savings in Certificates of Deposit. From 1987 forward, the Agency also deposited funds in the Local Agency Investment Fund. The total sum of payments from 1963 to the present represents the Back Tax amount for those parcels to be annexed.

(2) **Payment for Additional Water Supplies.** Applicant will, at its sole expense, pay for the Additional Water Supplies needed to serve the proposed Annexation Land. The payment may be made by issuance of Agency debt secured by assessments, charges, standby charges, fees, or taxes on the proposed Annexation

Land. The Applicant will accordingly pay, as part of its Annexation Charges, the costs of Additional Water Supplies, including, without limitation, the "purchase or transfer price" exacted by the holder of the right to the water to be transferred to the Agency, any payment for contractual or other rights required for the Agency to use water transportation, water storage, or other facilities, cost of financing, and issuance of securities ("Acquisition Costs" herein, "Carrying Costs" (as defined in Section 3.4) to be paid after completion of annexation, and the 1% Tax Equivalent (§2.2).

3.3 **Payment Requirement in Full**

All Processing Costs shall be paid in full prior to completion of the annexation and Annexation Charges paid as set forth in the Annexation Agreement.

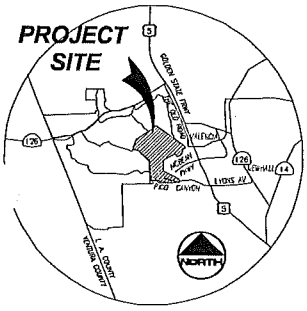
3.4 **"Carrying Costs" Defined**

The term "Carrying Costs" refers to any required payments to the State of California Department of Water Resources for additional Table A Amount, or to the contracting party with the Agency for other source of water supply.

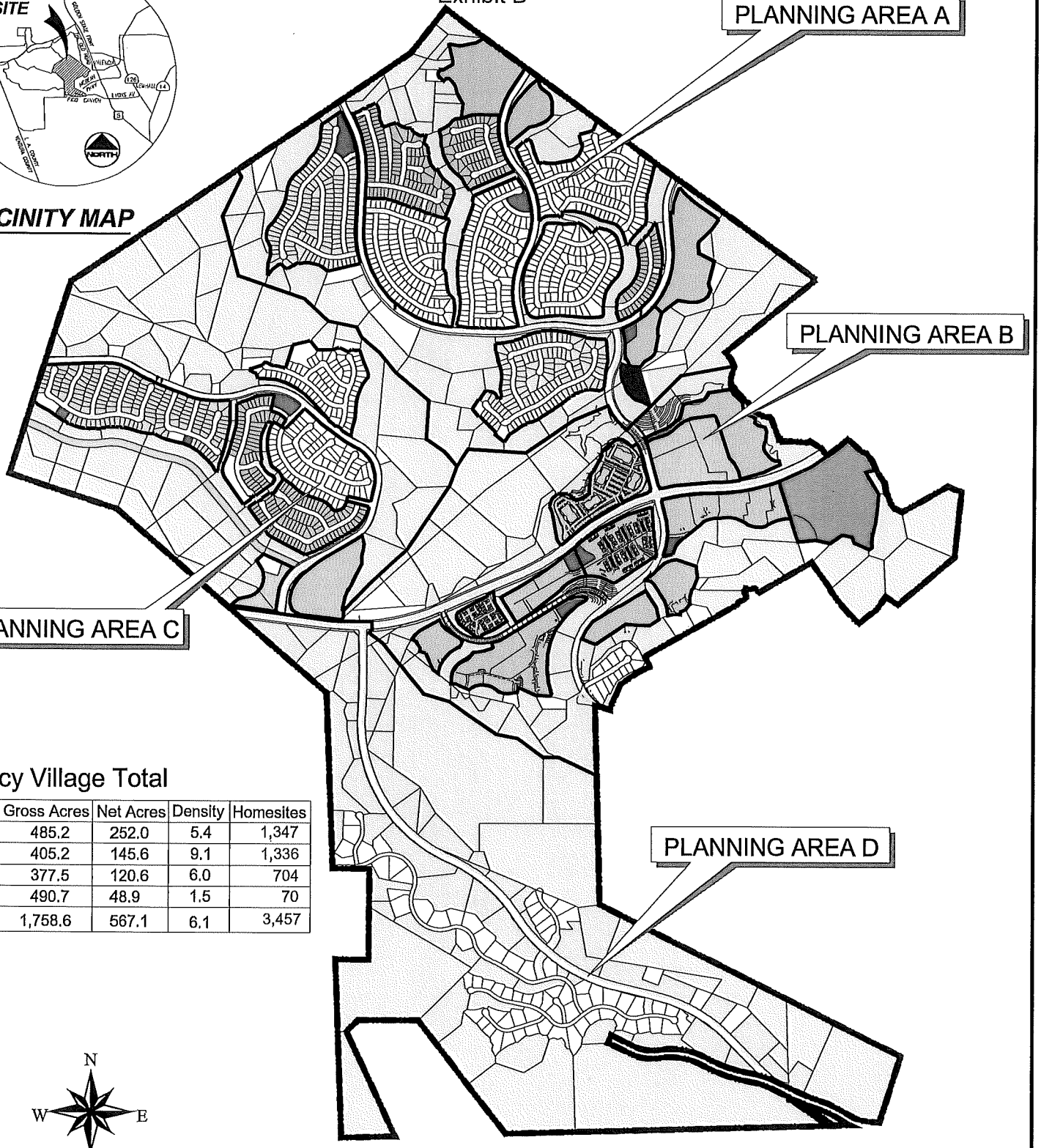
3.5 **Facility Capacity Fees**

Upon development of property within the Annexation Land, Agency facility capacity fees shall be payable pursuant to then existing Agency policies as a condition precedent to water service. To the extent the Annexation Charges include capital costs covered by Agency facility capacity fees, a credit against such fees will be provided.

Exhibit B

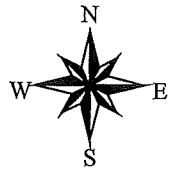


VICINITY MAP



Legacy Village Total

Area	Gross Acres	Net Acres	Density	Homesites
A	485.2	252.0	5.4	1,347
B	405.2	145.6	9.1	1,336
C	377.5	120.6	6.0	704
D	490.7	48.9	1.5	70
Total	1,758.6	567.1	6.1	3,457



N.T.S.

LEGACY VILLAGE VTTM 061996
LAND USE EXHIBIT

STEVENSON RANCH VENTURE, LLC
23823 WEST VALENCIA BOULEVARD
VALENCIA, CALIFORNIA 91355
TEL: (661)-255-4000

H&A HUNSAKER & ASSOCIATES
LOS ANGELES, INC.
PLANNING ▪ ENGINEERING ▪ SURVEYING
26074 Avenue Hall, Suite 22 ▪ Valencia, CA 91355 ▪ PH: (661) 294-2211 ▪ FX: (661) 294-9890

DATE: 8/01/2006 REVISED ON:
JOB#0015-29-1 SHEET 1 OF 1

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