

**AMENDED AND RESTATED
TRES HERMANOS CONSERVATION AUTHORITY
JOINT POWERS AGREEMENT**

By and Between

CITY OF INDUSTRY, CALIFORNIA

CITY OF CHINO HILLS, CALIFORNIA

And

CITY OF DIAMOND BAR, CALIFORNIA

TABLE OF CONTENTS

RECITALS..... 1

AGREEMENT..... 2

CHAPTER 1. DEFINITIONS 2

CHAPTER 2. PURPOSE AND POWERS 3

 2.1 AUTHORITY CREATED 3

 2.2 COMMON POWERS 4

 2.3 GENERAL PURPOSE 4

 2.4 POWERS 4

CHAPTER 3. ORGANIZATION 6

 3.1 MEMBERSHIP 6

 3.2 BOARD 6

 3.3 PRINCIPAL OFFICE 7

 3.4 MEETINGS 7

 3.5 QUORUM 7

 3.6 POWERS AND LIMITATIONS 7

 3.7 AGENDAS - SECRETARY DUTIES 7

 3.8 TREASURER 8

 3.9 LEGAL COUNSEL 8

 3.10 EXECUTIVE DIRECTOR 8

 3.11 DEPUTY EXECUTIVE DIRECTOR 9

 3.12 ROTATION OF ADMINISTRATION 9

 3.13 BOND 9

3.14	STATUS OF OFFICERS AND EMPLOYEES	9
3.15	POLITICAL REFORM ACT	10
CHAPTER 4.	FUNDING AND ADMINISTRATION	10
4.1	FUNDING.....	10
4.2	ADDITIONAL COST OBLIGATIONS.....	11
4.3	APPROVAL BY MEMBERS’ CITY COUNCILS.....	12
4.4	EMERGENCY MAINTENANCE	12
4.5	PURCHASING POLICY	12
CHAPTER 5.	BUDGETARY PROVISIONS	13
5.1	ANNUAL BUDGET.....	13
5.2	DISBURSEMENTS.....	13
5.3	ACCOUNTS	13
5.4	EXPENDITURES WITHIN APPROVED ANNUAL BUDGET	13
5.5	REVENUES.....	13
5.6	USES AS OF THE EFFECTIVE DATE	14
CHAPTER 6.	BOARD VOTING REQUIREMENTS	14
CHAPTER 7.	LAND USE REGULATIONS/DEED RESTRICTION.....	15
CHAPTER 8.	LIABILITY/INSURANCE.....	15
8.1	LIABILITY.....	15
8.2	INDEMNIFICATION/HOLD HARMLESS/INSURANCE	15
8.3	GOVERNMENT CLAIMS	17
CHAPTER 9.	ADMISSION OR WITHDRAWAL OF MEMBERS	18
9.1	NEW MEMBERS.....	18

9.2	WITHDRAWAL.....	18
9.3	BREACH	18
9.4	PENALTIES	19
CHAPTER 10. AUTHORITY TERMINATION AND DISPOSITION OF ASSETS		19
10.1	TERMINATION.....	19
10.2	DISTRIBUTION OF PROPERTY	20
CHAPTER 11. MISCELLANEOUS		22
11.1	AMENDMENTS	22
11.2	NOTICE.....	22
11.3	PARTIAL INVALIDITY	23
11.4	GOVERNING LAW/VENUE	23
11.5	INTEGRATION.....	23
11.6	NO THIRD-PARTY BENEFICIARIES.....	23
11.7	RECORDATION.....	24

**AMENDED AND RESTATED
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This Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement (“Agreement”), shall be effective as of February 5, 2019, (“Effective Date”) and is made by and between the following public entities, (each individually a “Party” and collectively, the “Parties”):

- A. City of Industry (“Industry”)
- B. City of Chino Hills (“Chino Hills”)
- C. City of Diamond Bar (“Diamond Bar”)

RECITALS

A. Chino Hills and Diamond Bar entered into that certain Joint Exercise of Powers Agreement dated January 19, 1999 (the “1999 Agreement”), the stated purpose of which was to create a joint powers authority to coordinate the overall development and conservation of the Tres Hermanos Ranch (the “Ranch”), by preparing studies, plans, environmental reviews and similar information and by making recommendations to its members to take such actions to implement its recommendations. In 1999 Industry was made an ex-officio non-voting member of the Joint Powers Authority, but Industry’s status was, as of the Effective Date, unclear.

B. The Ranch consists of approximately 2,445 acres of largely undeveloped property. Approximately 1,750 acres are within Chino Hills and 695 acres are within Diamond Bar. The Ranch was acquired by the Industry Urban-Development Agency in 1978 and is currently owned by the Successor Agency to Industry’s Urban Development Agency (“Successor Agency”). Industry proposed to purchase the Ranch from the Successor Agency. Industry entered into a lease agreement and various amendments thereto with San Gabriel Valley Water and Power, LLC, a private entity (collectively the “Lease”) which was applicable to the Ranch in the event the Lease was (i) in effect, and (ii) the Ranch was purchased by Industry prior to December 31, 2018. Chino Hills and Diamond Bar objected to Industry’s proposed purchase and use, and initiated litigation in Sacramento and Los Angeles Superior Courts to (i) set aside the approvals related to Industry’s purchase of the Ranch and (ii) invalidate the Lease (the “Litigation”).

C. After initiation of the Litigation, the Parties began settlement discussions to resolve the Litigation, which resulted in the Parties entering into a settlement agreement dated February 5, 2019, (the “Settlement Agreement”) which Settlement Agreement included as a condition thereof, that the Parties enter into this Agreement.

D. As part of the Settlement Agreement, Chino Hills and Diamond Bar will collectively contribute to Industry ten percent (10%) of Industry's \$41,650,000 purchase price for the Ranch from the Successor Agency. Chino Hills' and Diamond Bar's pro rata shares of the ten percent (10%) contribution were calculated on the basis of the amount of acreage of Ranch property within each city's jurisdiction. Based upon this calculation, Chino Hills will contribute \$2,959,967 to Industry and Diamond Bar will contribute \$1,205,033 to Industry.

E. The Parties agree that the Ranch serves as an important environmental, scientific, educational, and recreational resource, and that the most prudent method of managing the Ranch to best serve their respective jurisdictions is to transfer ownership of the Ranch to a re-constituted Tres Hermanos Conservation Authority in which all Parties have representation.

F. The Parties have further determined that the planning and coordination of any future preservation, development or use of the Ranch by the re-constituted Tres Hermanos Conservation Authority will allow for rational regional land use planning and environmental conservation, as well as enable the Parties to realize significant cost savings and administrative efficiencies.

G. The Parties have determined that the administrative and maintenance costs associated with the Ranch should be funded by the Parties, with costs apportioned as outlined by this Agreement.

H. The Parties each have the power and authority to perform and contract with one another pursuant to the Joint Exercise of Powers Act, sections 6500 et. seq. of the Government Code ("Joint Powers Act"), for the performance of the duties and functions that form the basis of this Agreement.

I. The Parties intend that in entering into this Agreement that it shall replace and supersede in its entirety the 1999 Agreement and all amendments and/or addendums to the 1999 Agreement and the joint powers authority created thereunder.

AGREEMENT

In consideration of the foregoing recitals and the mutual covenants contained in this Agreement, it is agreed between and among each of the Parties that this Agreement amends, replaces and supersedes in its entirety the 1999 Agreement, any amendments or addendums thereto, and the joint powers authority created thereunder as follows:

CHAPTER 1. DEFINITIONS

1.1 "Authority" shall mean the joint powers authority known as the Tres Hermanos Conservation Authority, created by this Agreement pursuant to the Joint Powers Act.

1.2 “Board” is the Board of Directors and the governing body of the Authority.

1.3 “Director” shall mean the voting representative appointed by the governing body of each Member to represent said Member on the Board.

1.4 “Deed Restriction” shall mean the deed restriction set forth in the grant deed transferring the Ranch to the Authority that limits the use of the Ranch to open space, public use or preservation.

1.5 “Fiscal Year” shall mean the twelve-month period commencing July 1st and concluding June 30th.

1.6 “Members” shall mean Industry, Chino Hills, and/or Diamond Bar (and each individually a “Member”), and any public entity that becomes a Member to this Agreement and which has not otherwise withdrawn from such membership or been terminated from such membership pursuant to Chapter 9, below.

1.7 “Ranch” shall mean the land described in the legal description and depicted in the map attached hereto as Exhibit “A”, consisting of approximately 2,445 acres of largely undeveloped open space located within Diamond Bar and Chino Hills. The Ranch shall constitute the jurisdictional boundaries of the Authority.

1.8 “Staff” shall mean all employees of Industry, Chino Hills, and Diamond Bar performing services related to the operation of the Authority and maintenance and operation of the Ranch in a manner to be determined by the Board, or such individual or entity as may be appointed by the Board to perform these functions.

CHAPTER 2. PURPOSE AND POWERS

2.1 AUTHORITY CREATED

The Authority is formed pursuant to the provision of Joint Powers Act; provided, however, that this Agreement shall terminate by its own terms if escrow transferring the Ranch to the Authority does not close within thirty (30) days after the Effective Date, unless otherwise extended in writing by the Parties. The Authority shall be considered a public entity separate and apart from the Members. The Authority shall within thirty (30) days after the Effective Date and after any amendment to this Agreement, cause a notice of this Agreement and any subsequent amendment thereto, to be prepared and filed with the office of the California Secretary of State containing the information required by Government Code section 6503.5.

2.2 COMMON POWERS

Chino Hills and Diamond Bar are general law cities and Industry a charter city, duly organized and validly existing under the laws of the State of California and have the power to carry on their business as is necessary and applicable to the purpose of this Agreement, including but not limited to owning property, land use planning and conservation.

2.3 GENERAL PURPOSE

The general purpose of this Agreement is to create a public entity to coordinate the overall conservation, use and potential improvement of the Ranch through collaboration by its Members whose representatives on the Board will coordinate and provide for the maintenance of the Ranch, determine proposed uses thereof, and ensure that any proposed disposition or use of the Ranch are consistent with (a) applicable land use, zoning, and other laws and regulations and (b) the Deed Restriction.

This Agreement is intended to provide a formal mechanism by which the Authority can fund this collaborative effort to the satisfaction of each of the Parties.

2.4 POWERS

The Authority, through its Board, shall have the power, in its own name, to do any and all of the following:

- A. To jointly exercise the common powers of the Members;
- B. To make and enter into contracts, including but not limited to, contracting with other public agencies for services, equipment and related items;
- C. To acquire, hold or dispose of all or any portion of the Ranch and other property by any lawful means, including, without limitation, by gift, purchase, lease or sale;
- D. To determine and authorize all uses of the Ranch consistent with and subject to the Deed Restriction and the general plan and zoning laws of the city in which the Ranch is located;
- E. To incur debts, liabilities or obligations, subject to the limitations specified in this Agreement and, to the extent permitted by law, borrow funds on a temporary basis to meet operational expenses until expected revenue is available for that purpose;

- F. To the extent permitted by law, to enter into lease agreements, lease-purchase agreements, licenses, or other financial arrangements extending beyond the current budgetary cycle, necessary or convenient to the operation of the Authority so long as such agreement or financial arrangements contain substantially the following provisions:

The Authority receives its funds on an annual budgetary cycle from its individual Members. The Authority agrees to use its best efforts to obtain authorization and appropriation of funds from its individual Members to pay lease payments due under this Agreement, including, without limitation, the inclusion in its budget request for each fiscal year during the term of this Agreement a request for adequate funds to meet in full its obligation hereunder. The Board may terminate this Agreement in the event funds are not appropriated or appropriations are withdrawn or withheld upon thirty (30) days written notice. Termination under this provision shall not constitute a default or breach. The Authority shall not be obligated to pay any additional lease payments but shall, after written notice from Lessor, deliver the equipment or property to the Lessor or its assignee. Lessor acknowledges that the individual Members of the Authority shall not be liable for the debts of the Authority;

- G. To invest any money in the treasury pursuant to Section 6505.5 of the Joint Powers Act that is not required for the immediate needs of the Authority, as the Board determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Government Code section 53601;
- H. To receive gifts, contributions, grants, and donations of property, funds, services and other forms of assistance from any person, firm, entity, corporation or public agency;
- I. To sue and be sued in its own name;
- J. To adopt rules, regulations, policies, by-laws and procedures consistent with the terms of this Agreement for governing the operation of the Authority; and
- K. To exercise any other power in the manner and according to the methods provided by applicable laws, rules or regulations or this Agreement, subject only to the restrictions on the manner of exercising such powers that may be applicable to the Members.

CHAPTER 3. ORGANIZATION

3.1 MEMBERSHIP

The Members of this Authority shall be Chino Hills, Diamond Bar and Industry, so long as each Member has not withdrawn from, or had its membership in the Authority terminated, as provided in Sections 9.2 and 9.3 below. Any new Member must be approved by way of an amendment to this Agreement in accordance with Chapter 6 and Sections 9.1 and 11.1 below.

3.2 BOARD

- A. The Board shall consist of seven (7) voting Directors and one (1) alternate from each Member. Directors and alternates shall at all times, while serving as a Director or alternate, be holding office on a Member's city council. Directors and one alternate shall be appointed by each Member's city council as follows:
1. Three (3) Directors and an alternate from Industry;
 2. Two (2) Directors and an alternate from Chino Hills; and
 3. Two (2) Directors and an alternate from Diamond Bar.
- B. Each Director, and alternate, shall hold office from the time of appointment and shall serve at the pleasure of the appointing city council. Upon occurrence of vacancy due to a Director leaving office as a city council member or for some other reason, a successor shall be appointed.
- C. A Director shall not receive compensation, but may be reimbursed by the Authority for expenses and reasonably incurred and approved in advance by the Board while performing duties required by this Agreement and as further specified and limited by resolution of the Board.
- D. Annually, at its first meeting of each new calendar year, the Board shall select a chairperson and vice chairperson from among the Directors; provided, however, that: (i) the chairperson and vice chairperson shall not be Directors representing the same Member; and (ii) the positions of chairperson and vice chairperson shall alternate each year among all Members so that each Member has one Director serving as a chairperson and one Director as vice chairperson once during each three-year period.

3.3 PRINCIPAL OFFICE

The principal office of the Authority shall be located at the city hall of the Member whose city manager is serving as Executive Director.

3.4 MEETINGS

The time of regular meetings of the Board shall be determined by resolution. Regular, adjourned, and special meetings of the Board shall be called, noticed and conducted in accordance with the Ralph M. Brown Act or other relevant open meeting law. Each Member shall be entitled to have its Directors, or its alternate, when a Member's appointed Director cannot attend, in attendance to establish a quorum or to vote upon matters coming before the Board. Meetings shall be held at the city hall of the Member whose city manager is serving as Executive Director.

3.5 QUORUM

Attendance by a majority of the Directors at a meeting, which majority must include at least one Director from each Member, shall constitute a quorum for the purpose of transacting business relating to the Authority; provided, however, that any action by the Board must be taken in accordance with the voting requirements set forth in this Agreement, including Chapter 6 below.

3.6 POWERS AND LIMITATIONS

All powers of the Authority set forth in Section 2.4 are reserved to it and may be exercised by the Board, unless otherwise limited by law. The Board may adopt rules and regulations for the conduct of its affairs that are not in conflict with this Agreement.

3.7 AGENDAS - SECRETARY DUTIES

The secretary of the Authority ("Secretary") shall provide notice of, prepare and post agendas for, and keep minutes of, each regular, adjourned and special meeting of the Board and other records, as necessary, of the Board. The Secretary shall send a copy of the minutes to each Director and otherwise perform the duties necessary to ensure compliance with provisions of law including, without limitations, any applicable "open meeting law" such as the Ralph M Brown Act.

3.8 TREASURER

The treasurer of the Authority shall hold the office of treasurer and auditor (“Treasurer”), in accordance with Government Code section 6505.6, and shall perform the duties as authorized in Section 6505 et seq. of the Government Code. The Treasurer shall cause an independent audit to be made by a certified public accountant in compliance with Section 6505 of the Government Code. The certified public accountant shall be annually appointed by the Board. The Treasurer shall keep all revenues of the Authority in a separate account from any Member accounts, and, if available, an interest-bearing account, and otherwise perform the duties and responsibilities of that office as specified in Sections 6505 et seq. of Government Code. Any surplus funds not immediately needed may be invested in accordance with the investment policy annually adopted by the Board, as required by Government Code section 53646, and consistent with Government Code sections 16429.1, 53601, 53635, and 53684, as they may be amended. Any funds held by the joint powers authority pursuant to the 1999 Agreement shall, upon the Effective Date, be transmitted to the Treasurer for the Authority and placed in the Authority’s account. Those funds shall be used to satisfy the obligations of Diamond Bar and Chino Hills to fund Maintenance Costs (as defined in Section 4.1.A below). Diamond Bar and Chino Hills shall each be credited with 50% of the transmitted funds, currently in the amount of \$90,499.

3.9 LEGAL COUNSEL

The Diamond Bar City Attorney shall serve as the Authority’s initial general counsel; provided, however, that the Board shall appoint an independent general counsel within six months of the Effective Date, which independent legal counsel shall not provide or be providing any other legal services to any Member without the express written approval by the Board. Cost for general counsel services shall be considered Maintenance Costs. Extraordinary legal services (for example prosecuting on behalf of or defending the Authority, its officers, and agents in a legal action) shall be considered Extraordinary Costs (as defined in Section 4.2 below). The Members agree that the provision of legal services to the Authority by the Diamond Bar City Attorney shall not preclude or constitute a conflict of interest with respect to the Diamond Bar City Attorney providing city attorney services to Diamond Bar.

3.10 EXECUTIVE DIRECTOR

The executive director of the Authority (“Executive Director”) shall perform any duties necessary and appropriate for the day-to-day management and operation of the Authority and award and execute contracts in amounts set forth in this Agreement and as otherwise authorized by the Board.

3.11 DEPUTY EXECUTIVE DIRECTOR

The deputy executive director of the Authority (“Deputy Executive Director”) is authorized to and shall perform those functions of the Executive Director when the Executive Director is not available. The Deputy Executive Director shall inform the Executive Director of all actions taken during the period of the Executive Director’s unavailability as soon as reasonable practicable.

3.12 ROTATION OF ADMINISTRATION

From the Effective Date, the Industry City Manager shall serve as the Executive Director, the Diamond Bar City Manager shall serve as the Deputy Executive Director, the Chino Hills Finance Director shall serve as the Treasurer, and the Industry City Clerk shall serve as Secretary. The offices of Executive Director, Deputy Executive Director, Treasurer and Secretary shall be held until December 31, 2020. Beginning on January 1, 2021, the offices shall rotate, so that Diamond Bar’s City Manager shall serve as Executive Director, Chino Hills’ City Manager shall serve as Deputy Executive Director, Industry’s Finance Director shall serve as Treasurer, and Diamond Bar’s City Clerk shall serve as Secretary. These offices shall be held for two years and then beginning on January 1, 2023, Chino Hills’ City Manager shall serve as Executive Director, Industry’s City Manager shall as Deputy Executive Director, Chino Hills’ Finance Director shall as Treasurer, and Chino Hills’ City Clerk shall as Secretary. After two years in office, the offices shall rotate effective January 1, 2025, to the initial year’s officer appointments and then the same rotation set forth above shall be repeated for the term of this Agreement.

3.13 BOND

The Treasurer, auditor and such other persons who may have access to, or handle, any revenue of the Authority shall be required to file an official bond in an amount determined by the Board and consistent with the provisions of Section 6505.1 of the Government Code. This bonding requirement shall be satisfied if an existing bond is extended to cover the duties required by this Agreement. The costs of complying with the requirements of this Section shall be considered an administrative expense of the Authority.

3.14 STATUS OF OFFICERS AND EMPLOYEES

In accordance with the Joint Powers Act, all of the privileges and immunities from liability, exemptions from laws, ordinances and rules, and all pension, relief, disability, workers compensation and other benefits which apply to the activities of officers, agents, or employees of any of the Members when performing their respective duties or functions for that Member, shall

apply to each of them to the same degree and extent while engaged in the performance of any activity, function or duty pursuant to the Agreement on behalf of the Authority.

3.15 POLITICAL REFORM ACT

The Directors, and their alternates, shall be considered public officials within the meaning of the Political Reform Act of 1974, as amended, and its regulations, for the purposes of financial disclosure, conflict of interest and other requirements of such Act and regulations and shall file annual statements of economic interest as required, along with any other officers of the Authority who may be required to do so. Other persons working for or on behalf of the Authority may be required to file such statements in accordance with the Authority's conflict of interest code, which shall be adopted by the Board promptly.

CHAPTER 4. FUNDING AND ADMINISTRATION

4.1 FUNDING

- A. Each Member shall pay an equal one-third share ("Maintenance Cost Member Share") of the cost for the reasonable annual and recurring maintenance of the Ranch, for insurance, for legal and costs of administration of the Authority and a reasonable reserve as established by the Board ("Maintenance Costs"). Such costs shall be specified in the annual budget approved by the Authority in accordance with this Agreement.
- B. For the Authority's first fiscal year, which fiscal year shall be from the Effective Date to June 30, 2020, each Member shall contribute a Maintenance Cost Member Share of One Hundred Thousand Dollars (\$100,000.00), which amount shall be transmitted to the Treasurer within 30 days of the Effective Date and deposited into a separate Authority account; provided, however, that Diamond Bar and Chino Hills shall receive credits against their respective contributions for funds transmitted to the Treasure in accordance with Section 3.8 above.
- C. After the initial fiscal year, the Treasurer shall invoice each Member its Maintenance Cost Member Share on July 1 of each Fiscal Year and payment in full shall be due within 30 days of receipt of each invoice. A 3% penalty shall be assessed for any late payments received after the 30-day period and payments more than 30 days late shall in addition, accrue interest at the rate of 10% per annum.
- D. Should the actual Maintenance Costs exceed the budgeted amount, those costs shall be carried over into the next Fiscal Year as Maintenance Costs and added to the amount to be invoiced to each Member as Maintenance Costs in relation to the

Maintenance Cost Member Share of each Member. If the Authority does not have sufficient funds on hand to pay the Maintenance Costs, it shall estimate the amount needed for the remainder of the Fiscal Year and invoice each Member such amount in accordance with each Member's Share.

4.2 ADDITIONAL COST OBLIGATIONS

- A. Any costs over and above Maintenance Costs ("Extraordinary Costs"), including capital improvements, extraordinary legal costs and non-routine maintenance shall be identified in the budget approved by the Authority. As part of the budget process, the Board shall separately estimate the Extraordinary Costs and each Member's proportionate share of such costs, taking into consideration which Member(s) will primarily benefit from the Extraordinary Costs (each an "Extraordinary Cost Member Share"). If Extraordinary Costs are not known at the time of budget approval, the budget shall be amended to include those costs and Members shall be invoiced separately for the Extraordinary Cost Member Share of each Member as determined by the Board.
- B. Notwithstanding the above, Industry has identified that the Arnold Reservoir dam is in need of a one-time repair and requires remediation, to wit, the construction and/or installation of erosion control measures on the wet side of the earthen dam (the "Remediation Work"). At the time this Agreement was approved by the Members, Industry was still in the process of analyzing and engineering the Remediation Work. Industry agrees to complete this process and prepare plans and specifications for the Remediation Work, perform the Remediation Work and pay all costs associated with the Remediation Work. The plans and specifications shall be submitted to each Member's city engineer for their reasonable review and comment, at a cost to the respective Member, not the Authority. Any such comments shall be in writing and provided to Industry within seven (7) business days of receipt of the plans and specifications. The Members' city engineers shall work in good faith to resolve all comments, if any. As consideration for Industry's performance of and payment for the Remediation Work, the Authority agrees, at no cost to Industry, to cooperate and take all reasonable steps to assist Industry in securing the necessary permit, if any, to perform the Remediation Work and to issue an encroachment permit to Industry to perform the Remediation Work. The encroachment permit for the Remediation Work shall contain such conditions as are standard and customary for third parties performing work on the Members' public property, including, but not limited to, insurance and indemnity requirements, and shall be approved as to form by Authority's General Counsel. Notwithstanding the foregoing, Industry may satisfy the insurance and indemnity requirements of the encroachment permit by including

the Authority, its appointed officials, officers, agents, and attorneys as additional insureds and indemnified parties in the contract awarding the Remediation Work; provided such provisions are reasonably satisfactory to, and approved in writing by, the Authority's General Counsel. After completion of the one-time Remediation Work, Industry shall not be responsible for any future repair, maintenance or other work to the Arnold Reservoir dam.

4.3 APPROVAL BY MEMBERS' CITY COUNCILS

To the extent any Member is required to pay either its Maintenance Cost Member Share or Extraordinary Cost Member Share, the obligation to pay such amounts is binding on a Member only if approved by that Member's city council, which approval may be approved as part of each Member's adoption of its annual city budgets.

4.4 EMERGENCY MAINTENANCE

In the event the Ranch or any improvement thereon suffers damage requiring emergency repairs, the Executive Director, upon written notification to the Board and its general counsel and written concurrence from all of the Members' city managers, is authorized without prior Board approval to expend funds to have the necessary emergency repairs completed as soon as possible from available Authority funds, but in no event, shall such expenditures exceed \$15,000 per Fiscal Year per emergency event without prior Board approval. The Board shall convene as soon as reasonably practical to ratify any such expenditure and to approve any expenditure exceeding \$15,000. The cost of such repairs shall be borne equally by each Member. For purposes of this Section 4.4, an emergency shall exist if all Members' city managers agree the circumstances set forth in Public Contract Code section 20168 exist.

4.5 PURCHASING POLICY

In procuring services and public works contracts, the Authority shall initially follow the purchasing policies of Chino Hills and applicable provisions of the Public Contracts Code. The Board shall direct that a purchasing policy be presented to the Board within one year of the date first written above, and upon adoption by resolution, it shall become the purchasing policy of the Authority. The Executive Director is authorized to approve purchases and execute contracts authorized by the budget with a value of up to \$15,000 per fiscal year. Purchases and contracts with a value exceeding \$15,000 per fiscal year must be approved by the Board. The Board may alter such authority by Resolution.

CHAPTER 5. BUDGETARY PROVISIONS

5.1 ANNUAL BUDGET

The Board shall adopt an annual budget and procedures therefore so that by April 30th of each year the budget may be timely submitted to the Members to include in their annual city budgets. A preliminary draft of the budget shall be presented to the Board by March 30th of each year and as provided in Chapter 4 above, shall separate out Maintenance Costs and Extraordinary Costs and the Maintenance Cost Member Share and Extraordinary Cost Member Share of each Member. The Board shall establish a reasonable reserve and the policy and timing for funding such reserve. Upon Board adoption, the budget shall be immediately transmitted to each Member for consideration and if approved by each Member's city council, be included in each Member's annual budget for the Fiscal Year in which the budget is approved.

5.2 DISBURSEMENTS

The Treasurer shall draw checks and/or warrants in accordance with policies and/or procedures established by this Agreement and as otherwise established by Resolution of the Board. A summation of such payments shall be presented to the Board quarterly at a Board meeting as part of the Treasurer's quarterly report.

5.3 ACCOUNTS

All funds shall be placed in Authority accounts segregated from any Member accounts and the receipt, transfer or disbursement of funds shall be accounted for in accordance with generally accepted accounting principles applicable to government entities. There shall be strict accountability for all funds. All interest earnings, revenues and expenditures shall be reported quarterly to the Board as part of the Treasurer's quarterly report.

5.4 EXPENDITURES WITHIN APPROVED ANNUAL BUDGET

All expenditures shall be within the limitations of the approved annual budget, and as required for emergency repairs, or as such budget is amended by the Board.

5.5 REVENUES

Any revenue derived or generated from any use, lease, license or disposition of any portion of the Ranch shall remain with the Authority to use for Authority purposes and to offset, in whole or part, any Authority costs. In the event revenues exceed the Authority's costs during any Fiscal Year and the full funding of any reserve amount as established by the Board as provided in Section 5.1 above, such revenues shall be distributed at the end of each Fiscal Year

to each Member as follows: (1) if the portion of the Ranch from which such revenues are derived is located entirely within Chino Hills, 50% to Industry and 50% to Chino Hills; (2) if the portion of the Ranch from which such revenues are derived is located entirely within Diamond Bar, 50% to Industry and 50% to Diamond Bar; and (3) if the portion of the Ranch from which any excess revenues are derived is located in both Chino Hills and Diamond Bar, the revenue shall be split among the Members in equal one-third shares. The Board may, on a case-by-case basis, provide for revenue sharing based on a different formula in accordance with the voting requirements in Chapter 6 below.

5.6 USES AS OF THE EFFECTIVE DATE

The Members agree that the use of the Ranch for cattle grazing as it currently exists and persons that have been residing on the Ranch with the knowledge of Industry may remain on the Ranch for a period of not less than 180 days from the Effective Date, provided that such use and residency does not intensify or otherwise pose any danger or liability to the Authority as determined by the Board. By the end of the 180-day period, the Board shall in good faith consider such uses and residency and take such actions as the Board deems reasonably necessary to formalize any contractual relationships pertaining to such use and residency or, in its sole discretion, determine to cease such use and residency.

CHAPTER 6. BOARD VOTING REQUIREMENTS

All actions of the Board shall require at least four votes, including at least two votes from Industry and at least one vote from each Member; provided, however, that special voting rules shall apply in the following situations:

- A. Any proposed use, lease or disposition of all or a portion of the Ranch by a Member or third party, shall require four votes, including at least two votes from Directors from Industry and at least one vote of a Director from the Member within whose jurisdictional boundaries the Ranch property proposed for such use, lease or disposition is located. If the portion of the Ranch proposed for a use, lease or disposition, is located in both Diamond Bar and Chino Hills, approval of at least one Director from both Diamond Bar and Chino Hills, and two Directors from Industry shall be required.
- B. Any action that is required by the Authority to enforce Industry's obligations under Section 8.2H below, or Authority's decision to retain separate legal counsel to defend the Authority Parties against Claims pursuant to Section 8.2H below, shall require a vote of at least four Directors, but no vote from a Director from Industry shall be required.

- C. Termination of a Member, penalties assessed against a Member for a breach under Sections 9.3 and 9.4 below, and/or any action to enforce any Member liabilities or obligations under this Agreement or the Purchase and Sale Agreement and Joint Escrow Instructions between Industry dated February 6, 2019 by and between Industry and the Authority, shall require a vote of at least four Directors, but no vote from a Director from the breaching, obligated or liable Member shall be required.

CHAPTER 7. LAND USE REGULATIONS/DEED RESTRICTION

Any use, lease, license or disposition of all or any portion of the Ranch as set forth in Chapter 6 above, shall be consistent with the Deed Restriction and the land use, building and other applicable laws, regulations and processing requirements of the jurisdiction in which the property proposed for such use, lease, license or disposition is located (i.e., Chino Hills and/or Diamond Bar). Board approval of a such use, lease, license or disposition of all or a portion of the Ranch shall not in any way limit a Member's regulatory authority over such proposed use or disposition. Notwithstanding any other provision herein, Chino Hills and Diamond Bar each have the authority to transfer residential units from the portion of the Ranch that is located within their respective City's boundaries without the approval of the Authority and the Authority shall have no rights or obligations with regard to such transfers.

CHAPTER 8. LIABILITY/INSURANCE

8.1 LIABILITY

The debts, liabilities and obligations of the Authority shall not be considered the debts, liabilities or obligations of any Member, except as otherwise provided in this Chapter or State law.

8.2 INDEMNIFICATION/HOLD HARMLESS/INSURANCE

- A. Except as otherwise specifically provided in this Section 8.2, the Authority shall defend, indemnify and hold harmless each Member, its officers, agents, employees, attorneys, representatives and volunteers from and against any loss, injury, damage, claim, lawsuit, liability, expense, or damages of any kind or nature arising out of or in connection with this Agreement, including the acts or omissions of Member employees, officers, Staff, agents, attorneys, representatives and volunteers, while performing services for the Authority. The Authority shall finance its obligation pursuant to this Section by establishing a liability reserve fund, by purchasing commercial insurance, and/or by joining a joint powers insurance authority ("JPIA") as determined by the Board. In the event that the Authority's financial obligations to indemnify, defend and hold harmless, pursuant to this Section, exceed the liability reserve fund and the proceeds from

any applicable insurance or JPIA coverage maintained by the Authority (“Unfunded Liability”), the Board shall make a recommendation to each Member’s city council as to whether to fund Unfunded Liability and the proportionate share of such funding to be contributed by each Member. No Member shall be liable for such contribution unless each Member’s city council agrees to the contribution toward the Unfunded Liability recommended by the Board at the time the need to contribute to the Unfunded Liability arises.

- B. Notwithstanding anything to the contrary in Section 8.2A above, the Authority, its officers, agents, contractors, employees, representatives, Staff and volunteers, shall not be liable, in any manner, to any Member, or to an officer, official, or employee of any Member, for any loss, injury, damage, claim, lawsuit, liability, expense, or damages which may be incurred by, or brought against a Member, or to an officer, official or employee of any Member, regardless of whether or not such liability may have arisen, in whole or in part, by the negligent acts, conduct, or omissions of one or more of the above.
- C. Each Member shall assign to the Authority its rights, title, and interest to recover damages from any third party for claims arising out of this Agreement, to the extent that the Authority has met its obligations to defend, indemnify and hold harmless such Member pursuant to this Chapter.
- D. Should any Member utilize the Ranch for its own purposes, which use must be approved in accordance with Section 6.A above, such Member shall indemnify, defend, and hold harmless the Authority and the other Members from all claims, demands, actions, liability, or damages of any kind or nature, arising out of such use.
- E. Each Member shall defend, indemnify and hold harmless the Authority, its officers, agents, and representatives from and against any loss, injury, damage, claim, lawsuit, liability, expense, or damages of any kind or nature arising out of or in connection with any conduct of its employees, officers, agents, attorneys, representatives, and volunteers to the extent that any such loss, injury, damage, claim, lawsuit, liability, expense or damages arises out of conduct which is not within such person’s scope of duties for the Authority.
- F. The Authority shall purchase general liability insurance or in the alternative, participate in a joint insurance pool or some combination thereof, to cover any damages or loss relating to the Ranch as well as any loss, injury, damage, claim, lawsuit, liability, expense, or damages alleging a dangerous condition of the Ranch or otherwise arising out of this Agreement. The cost of such insurance and/or membership in a joint insurance pool shall be considered Maintenance

Costs. A current certificate of insurance evidencing general liability coverage or such other proof as may be reasonably acceptable, shall be approved by the Authority's general counsel and filed with the Secretary.

- G. No provisions of this Agreement shall be construed as to require any Member to obtain or maintain liability or other insurance coverage not otherwise required by law.
- H. Notwithstanding anything to the contrary in this Agreement, Industry shall indemnify, defend, and hold harmless the Authority, its Directors, officers, Staff, agents, attorneys and employees, if any (collectively, "Authority Parties"), from and against any loss, injury, damage, claim, lawsuit, liability, expense, or damages (collectively, "Claims") of any kind or nature arising out of or in connection with any dispute between Industry and San Gabriel Valley Water and Power, LLC, its directors, officers, employees, assigns, successors, and affiliates (collectively, "San Gabriel Parties"), including without limitation any dispute arising out of the Lease; provided, however, that should the Authority Parties incur any legal costs in defending any Claims, the costs of such defense shall be shared among the Members as follows: Industry shall pay 50% of such costs; Chino Hills shall pay 35.5% of such costs and Diamond Bar shall pay 14.5% of such costs. In the event any litigation is commenced by the Authority to enforce Industry's obligations under this Section 8.2H, the prevailing party in such litigation shall be entitled to its reasonable costs and expenses, including without limitation, reasonable attorneys' fees and courts costs, as awarded by a court of competition jurisdiction, in addition to any other relief to which the Authority may be entitled.

8.3 GOVERNMENT CLAIMS

- A. To the extent authorized by Government Code section 935 and any other laws, all claims against the Authority for money or damages, including any claims otherwise excepted from the claims filing requirement by Government Code section 905, shall be subject to and presented within the time and manner prescribed in Part 3 of Division 3.6 of Title 1 of the Government Code. A signed written claim shall be presented to the Authority by mail or personal delivery by the claimant or a person authorized by claimant to act on his or her behalf. The claim shall conform to the requirements of Government Code section 910.
- B. Unless otherwise designated by the Board, the city manager of each Member, or their designees shall comprise a Claims Committee. The Claims Committee shall, in consultation with legal counsel for the Authority, review all claims and make recommendations to the Board concerning their disposition.

CHAPTER 9. ADMISSION OR WITHDRAWAL OF MEMBERS

9.1 NEW MEMBERS

Additional public entities may become Members of the Authority upon such terms and conditions as may be specified by the Board. New Members shall pay to the Authority an amount to be determined by the Board at the time of application and become new Members upon meeting such additional conditions imposed upon them by the Board. Approval of a new Member shall be in accordance with Chapter 6 above.

9.2 WITHDRAWAL

A Member may voluntarily withdraw from the Authority at the end of any Fiscal Year and terminate its rights and obligations pursuant to this Agreement by giving written notice of its intention to withdraw to the Secretary no later than December 31st. The written notice shall be accompanied by a resolution from the city council of the Member specifying its intent to withdraw from the Authority and shall be effective as of June 30th of the current Fiscal Year. Any written notices received between December 31st and June 30th, shall be effective in the following Fiscal Year. Withdrawal of a Member shall not relieve the withdrawing Member of its share of any debts or other liabilities incurred by the Authority prior to the effective date of such withdrawal, or any liabilities imposed upon or incurred by the Member pursuant to this Agreement prior to the effective date of such withdrawal. Upon the effective date of a withdrawal, the withdrawing Member shall not be entitled to any revenue being generated by a use, lease, or license of all or a portion of the Ranch under Section 5.5; provided, however, that it shall remain entitled to its proportionate share of revenue from (1) any existing or future long-term lease (i.e., a lease of all or a portion of the Ranch with a term of thirty-five (35) years or more, including any extension options thereto exercised by the tenant under such lease), and (2) any sale of all or any portion of the Ranch when, and if such, occurs. The withdrawn Member's share of any revenue from a long-term lease or the sale of all or any portion of the Ranch shall be reduced, however, by (1) any amounts that were due the Authority by the withdrawn member and have not been paid, and (2) one third of the amount of Maintenance Costs, Extraordinary Costs and/or Unfunded Liabilities that have been paid by the remaining Members since the date of the Member's withdrawal, plus interest on such costs at the rate of five percent (5%) per annum from the time they are incurred or were due from the withdrawn Member, but not paid. The Board may, with the approval of each Member's city council, agree to different terms for a Member withdrawal.

9.3 BREACH

In addition to any other remedies available at law, including, but not limited to specific performance, the Board shall have the authority to terminate the membership of any Member in the event the Member materially breaches its duties pursuant to this Agreement. For the

purposes of this Section, the term “material breach” shall include, without limitation, a failure of a Member to fund its Member Share Maintenance Cost or its Extraordinary Cost Member Share, the failure to make any contributions or pay any assessment when due, and the failure to defend or indemnify other Members as required in Sections 8.2.D, 8.2.E, and 8.2.H, above. The Board shall give the breaching Member notice of the breach and the right to cure the breach within thirty (30) days of the notice. If the breach cannot be reasonably cured within thirty (30) days, the Board shall provide additional time; provided that the breaching Member commences such cure within such thirty (30) day period and diligently prosecutes such cure to completion. If the breaching Members fails to cure or diligently pursue such cure of the breach within the time provided to the reasonable satisfaction of the Board, the Board shall have the right to terminate the Membership of the breaching Member. Termination of a Member for breach shall not relieve the terminated Member of its proportionate share of any debts or other liabilities incurred by the Authority or any liabilities imposed upon or incurred by the Member pursuant to this Agreement prior to the effective date of such termination. For purposes of determining the terminated Member’s share of revenues, a termination shall be treated the same as a withdrawal under Section 9.2 above; provided, however, that any costs incurred by the remaining Members to cure the terminated Member’s breach shall reduce the terminated Member’s right to share in revenues.

9.4 PENALTIES

Notwithstanding anything to the contrary in Section 9.3 above, and without waiving any other remedies available by law or through this Agreement, the Board may determine not to terminate a Member for a material breach. To the extent the non-breaching Members pay any costs for which the breaching Member is responsible, including, but not limited to, costs to cure the breaching Member’s breach, the breaching Member’s share of any revenues under this Agreement shall be reduced by the amount paid by the non-breaching Member(s) to cure the breach and the non-breaching Member(s) share of revenues shall be increased in proportion to the amounts such Members have paid under this Section 9.4, until the non-breaching Members are reimbursed for any such payments, plus interest at the rate of five percent (5)% per annum from the time such payments are made.

CHAPTER 10. AUTHORITY TERMINATION AND DISPOSITION OF ASSETS

10.1 TERMINATION

The Authority shall continue to exercise the joint powers specified in this Agreement until termination of this Agreement. This Agreement shall terminate if: (a) a majority of the Members give the Authority written notice of their intention to withdraw, whether at the same time or different times, as specified in Section 9.2; (b) all of the Members mutually agree to terminate this Agreement; or (c) if the Ranch is purchased in its entirety by a third party or parties. Notwithstanding the foregoing, no termination of the Authority shall occur until all

Authority debts, liabilities, and obligations and other payments are made in accordance with a resolution adopted by the Board.

10.2 DISTRIBUTION OF PROPERTY

- A. The Authority is the fee owner of the Ranch. In the event of a termination of this Agreement due to the withdrawal by both Chino Hills and Diamond Bar pursuant to Section 9.2 above, Industry shall have the first right to purchase the Ranch, subject to the Deed Restriction. Within forty-five (45) days of a written notice received by the Authority that results in both Chino Hills and Diamond Bar withdrawing from the Authority, Industry shall provide the Authority with written notice of its desire to purchase the Ranch (“Industry Notice”). In the event the Authority receives the Industry Notice, Industry’s purchase price shall be \$4,165,000 (“Industry Purchase Price”), which is the difference between Industry’s original contribution of \$37,485,000 toward the Authority’s purchase of the Ranch and the Authority’s original purchase price of the Ranch in the amount of \$41,650,000 (“Authority Purchase Price”). The Industry Purchase Price shall be paid to Chino Hills in the amount of \$2,959,967 and paid to Diamond Bar in the amount of \$1,205,033.
- B. In the event of a termination of this Agreement that is due in part to a withdrawal of Industry pursuant to Section 9.2 above, Chino Hills and Diamond Bar shall have the first right to purchase portions of the Ranch, subject to the Deed Restriction. Within forty-five (45) days of receipt of Industry’s written notice of withdrawal, Chino Hills and/or Diamond Bar shall provide the Authority with written notice of their/its desire to purchase that portion of the Ranch lying within their respective jurisdictions (“Purchase Notice”). In the event the Authority receives a Purchase Notice from Chino Hills, the purchase price for Chino Hills shall be \$26,615,698 (“Chino Hills Purchase Price”), which is the difference between Chino Hills’ original contribution of \$2,959,967 toward the Authority Purchase Price and that portion of the Authority Purchase Price attributable to the 1750.46 acres of the Ranch lying within Chino Hills’ jurisdiction (\$29,599,666). The full amount of the Chino Hills Purchase Price shall be paid to Industry. In the event the Authority receives a Purchase Notice from Diamond Bar, the purchase price shall be \$10,844,312 (“Diamond Bar Purchase Price”), which is the difference between Diamond Bar’s original contribution of \$1,205,033 toward the Authority Purchase Price and that portion of the Authority Purchase Price attributable to the 712.63 acres of the Ranch lying within Diamond Bar’s jurisdiction (\$12,050,334). The full amount of the Diamond Bar Purchase Price shall be paid to Industry.

- C. In the event this Agreement is terminated for any other reason or a Member does not elect its right of first purchase, the Ranch, or portion thereof, shall be conveyed to the Members as tenants in common in the following manner:
1. That portion of the Ranch within the jurisdictional limits of Chino Hills shall be conveyed to Industry and Chino Hills as tenants in common, 50% to Industry and 50% Chino Hills. In consideration thereof, Chino Hills shall pay to Industry \$11,839,866 (“Chino Hills Tenancy Price”), which is 50% of the difference between that portion of the Authority’s original purchase price attributable to the 1750.46 acres of the Ranch lying within Chino Hills’ jurisdiction (\$29,599,666) and Chino Hills’ contribution of \$2,959,967 to Authority’s original purchase price of the Ranch.
 2. That portion of the Ranch within the jurisdictional limits of Diamond Bar shall be conveyed to Industry and Diamond Bar as tenants in common, 50% to Industry and 50% to Diamond Bar. In consideration thereof, Diamond Bar shall pay to Industry \$4,820,134 (“Diamond Bar Tenancy Price”), which is 50% of the difference between that portion of the Authority’s original purchase price attributable to the 712.63 acres of the Ranch lying within Diamond Bar’s jurisdiction (\$12,050,334) and Chino Hills’ contribution to Authority’s original purchase price of \$1,205,033.
 3. In the event Chino Hills and/or Diamond Bar do not, respectively, elect to pay the Chino Hills Tenancy Price or the Diamond Bar Tenancy Price, Industry shall have the first right to purchase the Ranch lying within the jurisdiction of the city not making such an election. Industry’s purchase price for that portion of the Ranch lying within Chino Hills shall be \$2,959,967 and shall be paid to Chino Hills. Industry’s purchase price for that portion of the Ranch lying within Diamond Bar shall be \$1,205,033 and shall be paid to Diamond Bar. Notwithstanding the foregoing, the Members may seek a different method of disposing of the Ranch in the event of an involuntary termination; provided it is approved first by the Board pursuant to Section 6.A above and subsequent to such approval, by Industry’s city council and the city council of the Member within whose jurisdictional boundaries the Ranch property proposed for disposition is located.
- D. Each Member hereby covenants and agrees that either during the duration of this Agreement or upon the conveyance of the Ranch into tenants in common as set forth above, each Member: (a) agrees that it shall not institute or cause to be instituted the partition or division of all or any portion of the Ranch (or the sale or long-term lease of all or a portion of the Ranch in lieu thereof); (b) agrees that no partition or division of all or any portion of the Ranch (or sale or long-term lease

in lieu thereof) shall be permitted or occur; (c) expressly waives its respective rights under applicable law relating to partition or division of all or any portion of the Ranch (or sale or long-term lease in lieu thereof); and (d) shall direct and authorize the Authority and its Members to execute such documents and take such actions as necessary to implement the conveyances contemplated by this Section.

- E. Upon termination of the Authority, any remaining funds, property (excluding the Ranch itself) or other assets of the Authority, following discharge of all debts, liabilities and obligations of the Authority, shall be distributed to the Members equally, unless the Board provides for an alternative distribution.

CHAPTER 11. MISCELLANEOUS

11.1 AMENDMENTS

This Agreement may only be amended with the approval of each Member's city council in writing and executed by all Members.

11.2 NOTICE

Any notice or instrument required to be given or delivered pursuant to this Agreement shall be deemed given when personally delivered to the Member of the Authority, or deposited in the United States mail, first class postage pre-paid, and properly addressed to the principal office of the Member or the Authority, which may be changed upon written notice as provided herein to all other Members. The addresses of the principal office for each Member, which may be changed upon thirty (30) days written notice to the other Members, are as follows:

City of Industry:

15625 East Stafford Street
City of Industry, CA 91744
Attn: City Manager

With a copy to:

City of Industry
15625 East Stafford Street
City of Industry, CA 91744
Attn: City Attorney

City of Chino Hills:

14000 City Center Drive
Chino Hills, CA 91709
Attn: City Manager

With a copy to:
City of Chino Hills
14000 City Center Drive
Chino Hills, CA 91709
Attn: City Attorney

City of Diamond Bar:
21810 Copley Drive
Diamond Bar, CA 91765
Attn: City Manager

With a copy to:
City of Diamond Bar
21810 Copley Drive
Diamond Bar, CA 91765
Attn: City Attorney

11.3 PARTIAL INVALIDITY

If one or more of the Chapters, Sections, paragraphs or provisions of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction, each and all of the remaining Chapters, Sections, paragraphs or provisions shall not be affected and shall continue to be valid and enforceable to the fullest extent permitted by law, provided, the remaining Chapters, Sections, paragraphs or provisions can be construed in substance to constitute the Agreement the Parties intended in the first instance.

11.4 GOVERNING LAW/VENUE

This Agreement shall be construed in accordance with and governed by the laws of the State of California and the Members agree to submit to the jurisdiction of California courts. Venue shall be Los Angeles County.

11.5 INTEGRATION

This Agreement constitutes the entire agreement of the Members with respect to those matters addressed herein and supersedes all prior agreements, understandings, statements, negotiations and representations between the Parties with respect thereto, including, but not limited to, in its entirety, the 1999 Agreement.

11.6 NO THIRD-PARTY BENEFICIARIES

It is not the intent of the Parties to create duties or obligations to or rights in third parties not a Party to this Agreement.

11.7 RECORDATION

Upon this Agreement being approved and fully executed, the Clerk of the Board shall cause this Agreement to be recorded and provide the Board with evidence of such recordation.

IN WITNESS WHEREOF, the Members have caused this Agreement to be executed by their duly authorized officers, and to have their official seals affixed hereto as of the date first stated above.

CITY OF INDUSTRY

By _____
Troy Helling, City Manager

APPROVED AS TO FORM:

By _____
James M. Casso
City Attorney

ATTEST:

By: _____
Julie Gutierrez-Robles
Deputy City Clerk

CITY OF CHINO HILLS

By _____
Konradt Bartlam, City Manager

APPROVED AS TO FORM:

By: _____
Mark Hensley
City Attorney

ATTEST:

By: _____
Cheryl Balz
City Clerk

CITY OF DIAMOND BAR

By _____
Daniel Fox, City Manager

APPROVED AS TO FORM:

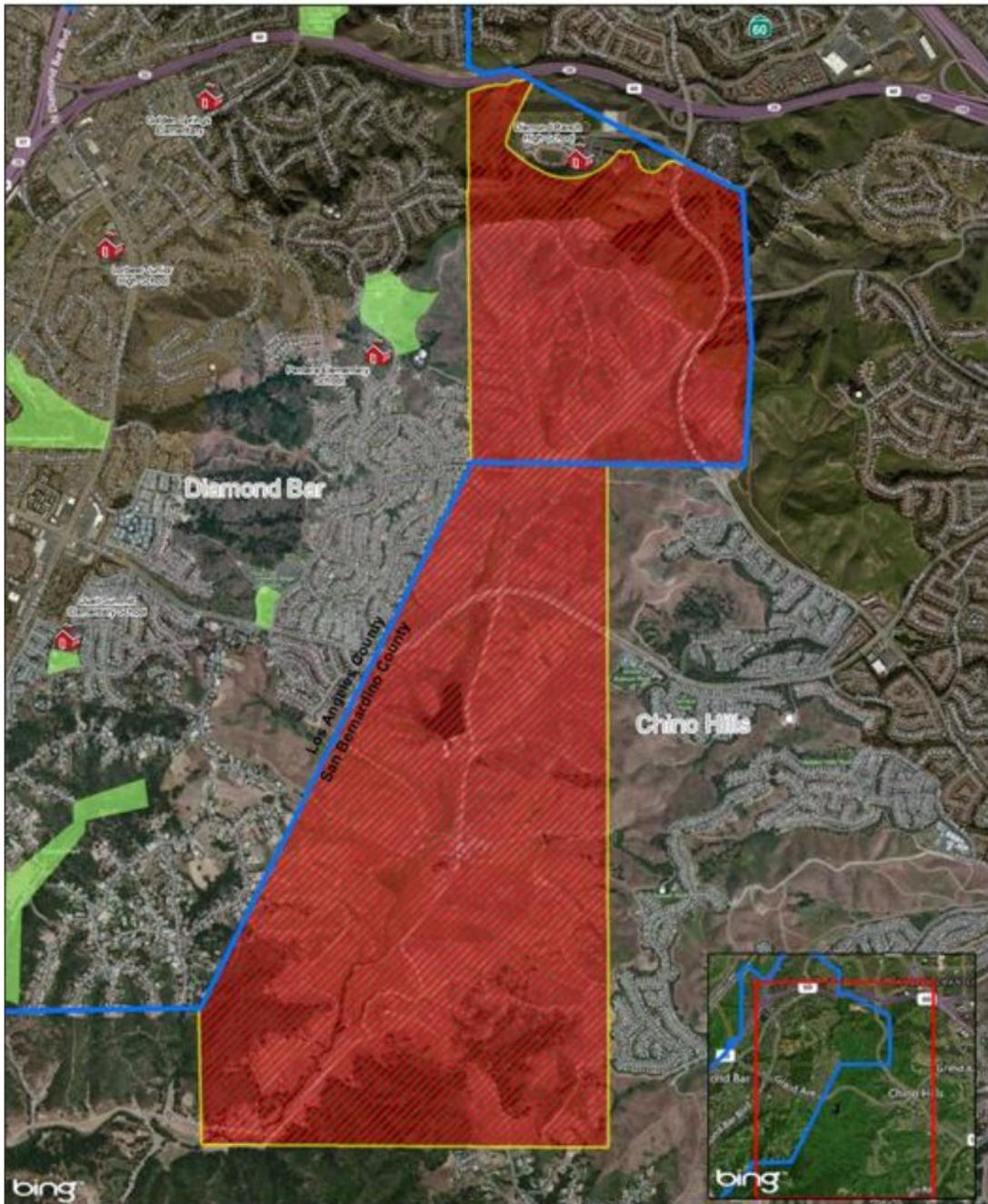
By: _____
David DeBerry, City Attorney

ATTEST:

By: _____
Tommye Cribbins, City Clerk

Exhibit "A"

Tres Hermanos



-  Tres Hermanos
-  City Boundary
-  Parks
-  Schools



Exhibit "A"

LEGAL DESCRIPTION OF THE LAND

PARCEL 1: (Los Angeles County)

A PORTION OF SECTION 1 AND ALL OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 12; THENCE EAST 80 CHAINS TO THE SOUTHEAST CORNER OF SECTION 12; THENCE NORTH 80 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 12; THENCE ON A COURSE OF ABOVE NORTH 61° 28' WEST 90.83 CHAINS MORE OR LESS, TO A POINT IN THE WEST LINE OF SAID SECTION 1, DISTANT 43.02 CHAINS NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE SOUTH ALONG THE WEST LINES OF SAID SECTION 1 AND 12 TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON JULY 05, 1968 AS INSTRUMENT NO. 399 IN BOOK D-4405 PAGE 993 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE STATE OF CALIFORNIA, RECORDED ON NOVEMBER 17, 1971 AS INSTRUMENTS NO. 253 AND 254 IN BOOK D-5259 PAGES 626 AND 630 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA RECORDED ON MARCH 07, 1975 AS INSTRUMENTS NO. 281 AND 282 IN BOOK D-6579 PAGES 1 AND 11 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL A, IN THE GRANT DEED TO POMONA UNIFIED SCHOOL DISTRICT, RECORDED APRIL 07, 1993 AS DOCUMENT NO. 93-653577, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A:

THAT PORTION OF THE SOUTH HALF OF SECTION 1 AND THE NORTH HALF OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF DIAMOND BAR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 3 OF PARCEL MAP NO. 13350 AS PER MAP FILED IN BOOK 144 AT PAGES 12 AND 13 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 65° 33' 44" WEST; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 3 NORTH 61° 55' 24" WEST 242.81 FEET TO THE MOST EASTERLY CORNER OF SAID LAND AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON NOVEMBER 17, 1971, AS INSTRUMENT NO. 254 IN BOOK D-5259 PAGE 630 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHWESTERLY BOUNDARIES OF SAID DEED TO THE STATE OF CALIFORNIA, AS FOLLOWS:

SOUTH 80° 26' 22" WEST 357.29 FEET, NORTH 39° 50' 49" WEST 184.88 FEET; NORTH 08° 58' 26" WEST, 186.31 FEET TO THE SOUTHWESTERLY LINE OF PARCEL 1 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK 83 PAGES 62 AND 63 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID LAST MENTIONED SOUTHWESTERLY LINE NORTH 61° 55' 24" WEST 2446.02 FEET; THENCE SOUTH 26° 04' 36" WEST 915.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 1500.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15° 00' 00", AN ARC DISTANCE OF 392.70 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 120.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 78° 55' 24" WEST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 60° 00' 00", AN ARC DISTANCE OF 125.66 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 48° 55' 24" EAST 170.71 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 2500.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE 16° 02' 34", AN ARC DISTANCE OF 700.00 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 1125.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 25° 02' 02" WEST; THENCE EASTERLY ALONG SAID COMPOUND CURVE

THROUGH A CENTRAL ANGLE OF 73° 27' 26", AN ARC DISTANCE OF 1442.33 FEET; THENCE TANGENT TO SAID COMPOUND CURVE NORTH 41° 34' 36" EAST 225.00 FEET; THENCE SOUTH 61° 55' 24" EAST 70.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 60° 00' 00", AN ARC DISTANCE OF 104.72 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE SOUTH HAVING A RADIUS OF 75.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 31° 55' 24" EAST; THENCE EASTERLY ALONG SAID REVERSE CURVE THROUGH A CENTRAL ANGLE OF 78° 30' 00" AN ARC DISTANCE OF 102.76 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 350.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 46° 34' 36" EAST; THENCE SOUTHEASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 22° 30' 00", AN ARC DISTANCE OF 137.44 FEET; THENCE TANGENT TO SAID LAST COMPOUND CURVE SOUTH 20° 55' 24" EAST 105.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 265.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 112° 00' 00", AN ARC DISTANCE OF 518.01 FEET; THENCE TANGENT TO LAST MENTIONED CURVE NORTH 47° 04' 36" EAST 137.02 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 200.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 67° 27' 44", AN ARC DISTANCE OF 235.49 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 65° 27' 40" EAST 38.64 FEET TO THE WESTERLY LINE OF CHINO HILLS PARKWAY (100.00 FEET WIDE) AS EXISTED ON APRIL 5, 1993, AND AS ESTABLISHED BY THE COUNTY ENGINEER OF SAN BERNARDINO; THENCE ALONG SAID CHINO HILLS PARKWAY, AS FOLLOWS:

NORTH 24° 32' 20" EAST 72.06 FEET AND NORTHERLY ALONG A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 1750.00 FEET THROUGH A CENTRAL ANGLE OF 00° 06' 04", AN ARC DISTANCE OF 3.09 FEET TO THE POINT OF BEGINNING.

AND ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL RW-1, CHINO HILLS PARKWAY RIGHT-OF-WAY, BY FINAL ORDER AND JUDGMENT IN CONDEMNATION, RECORDED AUGUST 25, 1995, INSTRUMENT NO. 95-1398248, OFFICIAL RECORDS.

PARCEL 2 (San Bernardino County)

REAL PROPERTY IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

THOSE PORTIONS OF SECTIONS 14 AND 23, IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN RECORD OF SURVEY RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHEASTERLY OF THE SAID RANCHO LINE BETWEEN STATIONS 13 AND 14, AS SHOWN ON SAID MAP.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

PARCEL NO. 2:

THE WEST 1/2 OF SECTION 13; THE WEST 1/2 OF SECTION 24; THE NORTHWEST 1/4 OF SECTION 25 AND THE NORTH 1/2 OF SECTION 26, ALL IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN THE RECORD OF SURVEYS, RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 83, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 92, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

APNs: 1000-011-19, 1000-011-20, 1000-011-21, 1000-011-22, 1000-011-13, 1000-011-14, 1000-031-14, 1000-031-15, 8701-022-270, 8701-021-271 and 8701-022-273.