

TOWN OF APPLE VALLEY TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council Date: April 30, 2013

From: Dennis Cron, Assistant Town Manager Item No: 8

Municipal Operations and Contract Services

Subject: APPROVE GRANT OF EASEMENT DOCUMENTS WITH VICTOR

VALLEY WASTEWATER RECLAMATION AUTHORITY FOR THE SUB-REGIONAL WASTEWATER TREATMENT PLANT AND PERCOLATION

PONDS

T.M.	Approval:	Budgeted Item: ☐ Yes ☐ No ☒ N/A

RECOMMENDED ACTION:

Approve and authorize the Town Manager to sign the grant of easement documents between the Town of Apple Valley (Town) and Victor Valley Wastewater Reclamation Authority (VVWRA) for the sub-regional wastewater treatment plant and sub-regional percolation ponds.

SUMMARY:

VVWRA continues its planning efforts to build a sub-regional wastewater treatment plant in Apple Valley. The treatment plant will be located at Lenny Brewster Sports Park, with appurtenant disposal ponds to be constructed within the Apple Valley Golf Course property. A conditional use permit (CUP) and site approval for the treatment plant facility has been approved and construction can begin once funding has been allocated. The disposal ponds are not required to have a CUP as these are water features that are permitted and consistent with the existing land use. Once constructed, VVWRA will be the owner/operator of the treatment plant and disposal ponds. VVWRA is required to secure proof of legal access to the property for construction, operation and maintenance of the wastewater treatment plant and disposal ponds. Proof of legal access to the property is required by the State Water Resources Control Board, Division of Financial Assistance, to determine eligibility for State Revolving Fund Loan commitments. VVWRA must prove it (VVWRA) has legal access to the land on which the facilities will be constructed for the life of the project. This is required as a precondition of receiving State Revolving Loan Funds commitment and this condition

would typically apply irrespective of what financing instrument was sought. The easements to be granted will remain in full force and effect for the intended use until and unless the VVWRA should withdraw the project. If withdrawn at some later date, the VVWRA is required to vacate the easements and the easements shall no longer have any force or effect.

FISCAL IMPACT:

None

ATTACHMENTS:

Grant of Easement Sub-Regional Wastewater Treatment Plant, Exhibit B and B1 Grant of Easement Sub-Regional Percolation Ponds, Exhibit B and B1

RECORDING REQUESTED BY:

Victor Valley Wastewater Reclamation Authority

WHEN RECORDED MAIL TO:

Piero C. Dallarda Best Best & Krieger LLP 3990 University Avenue Riverside, California 92501

Space above this line for Recorder's Use

GRANT OF EASEMENT (Sub-Regional Wastewater Treatment Plant)

Assessor Parcel No(s): 440-085-13

RECITALS

- A. Grantor is the owner of certain real property ("Property"), situated in the County of San Bernardino, California, and more particularly described and depicted on Exhibit "B" attached hereto and incorporated herein by reference.
- B. Grantee is a joint powers authority which is engaged in the business of managing, treating and disposing of domestic strength municipal wastewater which is generated by its member agencies at facilities owned and operated by Grantee.
- C. Grantor is a member agency of Grantee and Grantee has requested an exclusive easement for the use of the Property as a location for the construction and operation of a sub-regional wastewater treatment facility ("TOAV Plant") that will (i) treat wastewater generated by the residents and businesses located within the territorial boundaries of Grantor; and (ii) generate recycled water that can be put to beneficial use.
- D. Grantor is willing to grant an exclusive easement for the construction and operation of the TOAV Plant on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals and the easements and covenants contained herein, Grantor and Grantee hereby agree as follows:

16773.00028\7796417.2 1/29/13

TERMS OF EASEMENT

- 1. Grant of Easement. For valuable consideration, receipt of which is hereby acknowledged, Grantor hereby grants to Grantee an exclusive perpetual easement and right of way over that portion of the Property described on Exhibit "B1" ("Plant Site") to build, construct, operate, maintain, alter, upgrade, repair and replace the TOAV Plant and all ancillary improvements and facilities, including co-generation or other renewable energy facilities that provide electricity to the TOAV Plant. Grantee shall exercise its rights under this Easement and shall operate the TOAV Plant in accordance with the terms and conditions set forth below. It is intended that the scope of this Easement shall permit Grantee to treat both domestic and industrial wastewater at the TOAV Plant as determined by the rules and regulations of Grantee which are adopted from time to time. Grantor further covenants and agrees that the operation and maintenance of the pump station located adjacent to the Property on Otoe Road is necessary to deliver wastewater to the TOAV Plant for processing and treatment and that Grantor agrees to operate and maintain such pump station at Grantor's sole cost and expense during the term of this Easement.
- Right of Termination. This Easement is intended to be perpetual, provided, however, that Grantor reserves the right to terminate this Easement in the event that: (a) the TOAV Plant is not built within five (5) years of the execution of this Easement; (b) the TOAV Plant is permanently shut down or abandoned by Grantee; or (c) Grantee is dissolved as a joint power authority with no successor agency taking over operation of the TOAV Plant, subject to any plan for the allocation or distribution of assets as may be agreed upon by the member agencies of Grantee or determined by a final order of a court of competent jurisdiction as a result of such dissolution. Grantor shall give Grantee no less than ninety (90) days written notice of its intent to terminate this Easement in accordance with this Section 2.
- Construction Phase. As a member agency of Grantee, Grantor shall have the opportunity to review and approve the final design and layout of the TOAV Plant pursuant to the normal governance process of Grantee. Grantee shall give Grantor no less than sixty (60) days written notice in advance of the commencement of construction of the TOAV Plant on the Property. Grantee, or its general contractor, shall obtain, at its sole cost and expense, prior to construction and work, all federal, state and local permits, licenses and approvals necessary for such construction, including any local land use approvals required from Grantor, copies of which will be delivered to Grantor prior to commencement of construction and work on the TOAV Plant. In carrying out the construction of the TOAV Plant, Grantee and its general contractor shall use commercially reasonable efforts to minimize noise, dust and other adverse impacts caused by the construction on the surrounding properties and shall indemnify and defend Grantor from any third party claim arising in connection with such adverse impacts. Prior to the commencement of any such work, in addition to any insurance coverage of Grantee, the general contractor of Grantee shall be required to obtain and maintain during all periods of construction and work on the Property insurance coverage in the type and amounts as are required by the risk manager of Grantee for the construction of public works and such coverage shall name Grantor, its elected officials, officers and employees as additional insureds. Grantee shall cause its general contractor to deliver to Grantor a certificate of insurance evidencing compliance with this Section 3. Grantee shall be solely responsible for compliance with all Environmental Laws and regulations regarding the proper handling and disposition of soil, construction and demolition materials at the Property.
- 4. Operations Phase. Grantee shall be solely responsible for the operation, maintenance and repair of the TOAV Plant and shall obtain and maintain, at its sole cost and expense, all federal, state and local permits, licenses and approvals necessary for the operation of the TOAV Plant ("Legal Requirements"). Grantee shall operate the TOAV Plant in accordance with all federal and state laws, rules and regulations applicable to wastewater treatment and shall further comply with all health and safety standards, as modified from time to time, of any governing body with jurisdiction over Grantee's

16773.00028\7796417.2 1/29/13

operations. Grantee shall maintain landscaping, as agreed with Grantor, in the setback areas between the perimeter of the TOAV Plant and the boundary of the Property.

- 5. Access. Grantee shall have the right to access the Property from all public roads, driveways and walkways that are now and may be located in and around the Property as necessary or appropriate for proper ingress and egress to and from the TOAV Plant.
- 6. <u>Utilities and Water Rights</u>. Grantor shall provide access to utilities located on the Property which are necessary for the operation of the TOAV Plant. Any utility upgrades necessary for the TOAV Plant shall be at Grantee's expense and all such utilities shall be separately metered and paid for by Grantee. Grantee acknowledges that it shall not have the right to the use of any water rights of Grantor in connection with this Easement and Grantee shall be responsible for procuring water service or water rights as necessary to conduct the construction and operation of the TOAV Plant.
- 7. Ownership of TOAV Plant. Grantee shall be the owner of the TOAV Plant and all improvements, pipelines and facilities related to the TOAV Plant. Grantee shall further own and have the right to use all tax or environmental credits or allowances generated by the activities of Grantee and its contractors or assignees on the Property. Grantor acknowledges that Grantee may finance the acquisition and installation of the TOAV Plant with bonds, loans or other debt instruments, provided, however, that the repayment of such obligations shall be the sole obligation of Grantee. Upon the termination of this Easement for any reason, unless otherwise agreed upon between Grantee and Grantor, Grantee shall remove the TOAV Plant and shall restore all disturbed subsurface and surface estates to their predevelopment condition.
- 8. <u>Costs and Expenses</u>. Grantee shall be solely responsible for all costs arising from the use of this Easement, including all costs related to the design, permitting, construction, operation, maintenance and repair of the TOAV Plant.

9. Indemnity

- (a) <u>Indemnity by Grantee</u>. Grantee hereby agrees, at its sole cost and expense, to indemnify, protect, hold harmless and defend Grantor, its elected officials, officers, employees, agents, successors and assigns (each an "<u>Indemnified Party</u>") from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses (including, without limitation, fees, disbursements and cost of attorneys, consultants and experts) (collectively "<u>Losses</u>") which may at any time be imposed upon, incurred, or suffered by, or asserted or awarded against, any Indemnified Party directly or indirectly relating to or arising from (i) the use of this Easement by Grantee; (ii) the operation of the TOAV Plant; and (iii) the violation of any Legal Requirements, including without limitation, any Environmental Laws applicable to the treatment and discharge of wastewater by Grantee. This indemnity shall not apply to any Losses or Third Party Claims which result from the sole negligence or willful misconduct of Grantor, its employees, agents, successors or assigns.
- (b) <u>Defense of Third Party Claims</u>. Promptly following receipt of any written claim or legal proceeding asserted by a person or entity which is not a party to this Agreement (a "<u>Third Party Claim</u>"), the Indemnified Party shall notify Grantee of such claim in writing. Grantee shall have a period of 30 days (or such lesser period as may be required to timely respond to a Third Party Claim) following the receipt of such notice to undertake and diligently pursue the defense of the Third Party Claim with legal counsel chosen by Grantee. Grantee shall reimburse the Indemnified Party for any legal expense reasonably incurred by the Indemnified Party to timely respond to a Third Party Claim prior to Grantee assuming the defense thereof. Grantee shall not consent to entry of judgment or enter into any settlement

16773.00028\7796417.2 1/29/13

agreement, without the consent of the Indemnified Party, which does not include a complete and unconditional release of the Indemnified Party or which imposes injunctive or other equitable relief against the Indemnified Party. Subject to the foregoing, Grantee shall have final authority with respect to all decisions made in connection with the defense of the Third Party Claim. If Grantee fails to assume and diligently pursue the defense of a Third Party Claim, the Indemnified Party may defend against such Third Party Claim in such manner as it may deem appropriate, including without limitation settlement thereof on such terms as the Indemnified Party may deem appropriate, and to pursue such remedies as may be available to the Indemnified Party against Grantee.

(c) <u>Definitions</u>.

(i) "Environmental Laws" means any federal, state or local law whether common law, court or administrative decision, ordinance, regulation, permit condition, rule, court order or decree, or administrative order or any administrative policy or guideline concerning of a governmental authority relating to the environment, public health, any Hazardous Material (as hereinafter defined) or the treatment of wastewater, in effect from time to time, including, but not limited to (A) the Federal Water Pollution Control Act, as amended (33 U.S.C. §1251 et seq.); (B) the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901 et seq.); (C) the Comprehensive Environmental Response. Compensation and Liability Act, as amended (42 U.S.C. §9601 et seq.); (D) the Federal Clean Air Act, as amended (42 U.S.C. §7401 et seq.); (E) the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. §136 et seq.); (F the Toxic Substances Control Act, as amended (15 U.S.C. §2601 et seq.); (G) the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. §11001 et seq.); (H) the Occupational Safety and Health Act, as amended (29 U.S.C. §650 et seq.); (I) Chapter 6 of the California Health and Safety Code; California Health and Safety Code Sections 25100 et seq. and Sections 25280 et seq.; (J) the Safe Drinking Water and Toxic Enforcement Act of 1986, as amended (Proposition 65); (K) Title 22 of the California Code of Regulations (Division 4, Chapter 30); and (L) all regulations or guidelines promulgated pursuant to all of the foregoing, as same may be amended from time to time.

(ii) "<u>Hazardous Materials</u>" means any petroleum or petroleum products and any hazardous or toxic material, substance, pollutant, allergen, irritant, mold, fungus, bacteria, contaminant, waste, or terms similar to the forgoing, any of which are (A) defined by or regulated as such under any Environmental Laws, or (B) determined by a final court ruling or order to be hazardous or toxic..

- 10. Quiet Enjoyment. Grantor covenants and agrees that Grantee, provided it remains in compliance with its obligations under this Easement, shall lawfully and quietly have, hold, occupy and enjoy the Property in accordance with the terms hereof throughout the entire term of this Easement free from any claim of any entity or person of superior title thereto without hindrance to, interference with or molestation of Grantee's use and enjoyment thereof, whether by Grantee or any of its agents, employees or independent contractors or by any entity, person or persons having or claiming an interest in the Property.
- 11. <u>Prior Uses</u>. Grantee does not assume and shall not be responsible for any liability arising in connection with the presence of any Hazardous Materials on or below the Property or the breach of Environmental Laws, if any, which result from any prior use of the Property or the migration of any contamination or pollution from adjacent properties.
- 12. <u>Assignment</u>. This Easement and all the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Grantee shall have the right to contract with independent contractors for the operation of all or any portion of the TOAV Plant as approved by the governing board of Grantee from time to time, including the installation and operation of

16773.00028\7796417.2 1/29/13

facilities for the generation of electrical energy, provided, however, that Grantee shall at all times remain responsible for the activities of such independent contractors pursuant to this Agreement.

- 13. Applicable Law and Legal Fees. This Easement shall be governed by the laws of the State of California. If any legal or equitable action or proceeding is instituted by one party against the other to enforce or interpret any provision of this Easement, the party prevailing in such action shall be entitled to recover from the losing party all of its costs of suit, including, but not limited to, reasonable attorneys' fees awarded by the court.
- 14. <u>Amendments</u>. This Easement may be amended or modified only by a written instrument executed and acknowledged by the parties or their successors in interest and recorded in the Official Records of the County of San Bernardino, California. Any waiver by a party of any breach or failure to enforce any of the terms of this Easement shall not affect or waive such party's right to enforce any other term of this Easement.
- 15. <u>Severability</u>. Any provision of this Easement adjudicated by a court of competent jurisdiction to be invalid or unenforceable for any reason shall be ineffective to the extent of such prohibition or invalidity and shall not invalidate or otherwise render invalid or unenforceable any remaining provisions of this Grant.
- 16. <u>No Third Party Beneficiaries</u>. Except as set expressly set forth herein, no third party shall have the right to enforce any term of this Agreement.
- 17. <u>Entire Agreement</u>. Except for any additional easements granted by Grantor to Grantee in connection with pipelines, ponds and other facilities located outside the Property, this Easement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes the terms of any previous agreements or understandings, oral or written.
- 18. <u>Further Assurances</u>. Either party shall execute and deliver such further instruments as may be reasonably requested by the other party in order to carry out the terms of this Easement.
- 19. <u>Notice</u>. In the event that written notice must or may be given hereunder, such notice shall be sent via a commercial overnight courier to the other party at the following address or such other address as a party may notify the other in writing:

If to Grantee: Victor Valley Wastewater Reclamation Authority

Attn: General Manager

15776 Main St. Hesperia, CA 92345

If to Grantor: Town of Apple Valley

Attn: Town Manager 14955 Dale Evans Parkway, Apple Valley, California 92307

[signature page follows]

16773.00028\7796417.2 1/29/13

IN WITNESS WHEREOF, Grantor and Grantee have executed this Grant as of the date first set forth above.

GRAN	TOR:
Town o	of Apple Valley
By: Name:	Frank Robinson
Title:	Town Manager
GRAN	TEE:
Victor	Valley Wastewater Reclamation Authority
By:	
Name:	8
Title:	General Manager

NOTARY ACKNOWLEDGEMENTS ATTACHED

16773.00028\7796417.2 1/29/13

EXHIBIT "B"LEGAL DESCRIPTION

THAT PORTION OF THE SOUTHWEST ONE-QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF TRACT 5436, AS PER MAP RECORDED IN BOOK 65 OF MAPS, PAGES 17 AND 18, RECORDS OF SAID COUNTY; THENCE NORTH 89°57'30" EAST 18.50 FEET ALONG THE SOUTH LINE OF THE SOUTHWEST WEST ONE-QUARTER OF SAID SECTION, TO A LINE THAT IS 18.50 FEET EASTERLY OF AND PARALLEL WITH THE EASTERLY LINE OF SAID TRACT 5436; THENCE NORTH 00°14'00" WEST 59.50 FEET ALONG SAID PARALLEL LINE TO A POINT ON A PARALLEL LINE THAT IS 59.50 FEET NORTHERLY OF SAID SOUTH LINE, ALSO BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 00°14'00" WEST 202.38 FEET; THENCE LEAVING SAID PARALLEL LINE NORTH 89°59'19" EAST 71.16 FEET; THENCE SOUTH 55°00'41" EAST 12.53; THENCE SOUTH 63°45'41" EAST 29.97 FEET; THENCE SOUTH 81°15'41"EAST 29.97 FEET; THENCE NORTH 89°59'19" EAST 62.86 FEET; THENCE SOUTH 73°56'39" EAST 18.07 FEET: THENCE NORTH 89°59'19" EAST 231.49 FEET: THENCE SOUTH 81°28'06"EAST 19.46 FEET; THENCE SOUTH 64°22'55" EAST 19.46 FEET; THENCE SOUTH 47°17'45" EAST 19.46 FEET; THENCE SOUTH 30°12'34" EAST 19.46 FEET; THENCE SOUTH 38°45'09" EAST 17.78 FEET; THENCE 72°55'30" EAST 17.78 FEET; THENCE NORTH 89°59'19" 11.28 FEET; THENCE SOUTH 00°00'41" EAST 45.00 FEET; THENCE SOUTH 89°59'19" WEST 6.50 FEET; THENCE SOUTH 67°29'19" WEST 25.26 FEET; THENCE SOUTH 22°29'19" WEST 25.26 FEET TO A POINT ON SAID PARALLEL LINE THAT IS 59.50 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTHERLY LINE OF THE SOUTHWEST ONE-QUARTER OF SECTION 4; ; THENCE SOUTH 89°57'30" WEST 509.62 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.

CONTAINING 92,802 SQ. FT. OR 2.130 AC. OF LAND, (MORE OR LESS)

EXHIBIT "BI" ATTACHED, AND BY THIS REFERENCE, MADE A PART THEREOF.

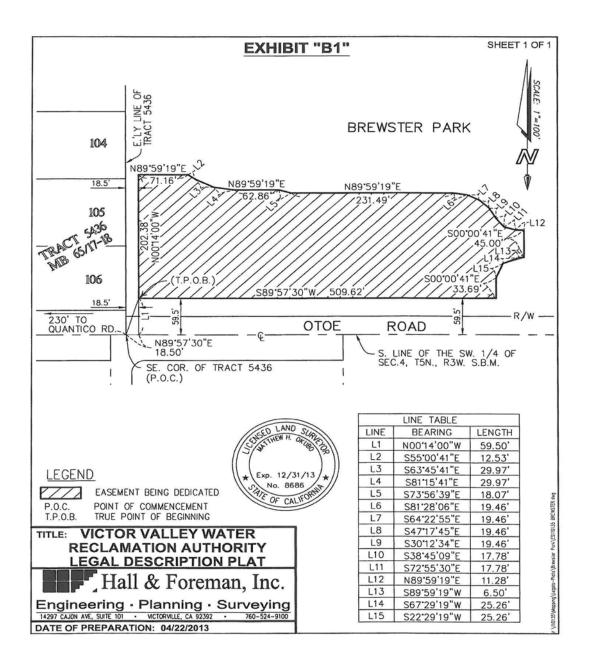
PREPARED UNDER MY SUPERVISION:

MATTHEW H. OKUBO, P.L.S. 8686 DATE

LICENSE EXPIRES: 12/31/13

Exp. 12/31/13 ANO. 8686

V:\110135\Mapping\Legals-Plats\Brewster Park\ES110135 BREWSTER.doc



RECORDING REQUESTED BY:

Victor Valley Wastewater Reclamation Authority

WHEN RECORDED MAIL TO:

Piero C. Dallarda Best Best & Krieger LLP 3990 University Avenue Riverside, California 92501

Space above this line for Recorder's Use

GRANT OF EASEMENT (Sub-Regional Percolation Ponds)

Assessor Parcel No(s): 3112-111-41

This Grant of Easement ("<u>Easement</u>") is made as of ________, 2013 by and between the TOWN OF APPLE VALLEY ("TOAV"), a municipal corporation ("<u>Grantor</u>") and VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY ("VVWRA"), a California joint powers authority ("Grantee").

RECITALS

- A. Grantor is the owner of certain real property ("Property"), situated in the County of San Bernardino, California, and more particularly described and depicted on Exhibit "B" attached hereto and incorporated herein by reference. The Property is currently used for the operation of a municipal golf course commonly knows as the Apple Valley Golf Course ("AVGC").
- B. Grantee is a joint powers authority which is engaged in the business of managing, treating and disposing of domestic strength municipal wastewater which is generated by its member agencies at facilities owned and operated by Grantee.
- C. Grantor is a member agency of Grantee and has granted a separate easement to Grantee for the construction and operation of a sub-regional wastewater treatment facility ("TOAV Plant") that will (i) treat wastewater generated by the residents and businesses located within the territorial boundaries of Grantor; and (ii) generate recycled water that can be put to beneficial use ("Plant Easement").
- D. Grantee requires a location for the construction of percolation ponds to dispose of recycled water that is discharged from the TOAV Plant and Grantor desires to use recycled water from the TOAV Plant for irrigation at the AVGC and other local uses.

16773.00028\7800179.1 1/29/13

E. Grantor is willing to grant a non-exclusive easement for the construction and operation of the percolation ponds on the Property on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals and the easements and covenants contained herein, Grantor and Grantee hereby agree as follows:

TERMS OF EASEMENT

- 1. <u>Grant of Easements</u>. For valuable consideration, receipt of which is hereby acknowledged, Grantor hereby grants to Grantee, its successors and assigns, the following easements and rights of way:
 - (a) an exclusive perpetual easement and right of way over that portion of the Property described on Exhibit "B1" ("Pond Site") to build, construct, operate, maintain, alter, upgrade, repair and replace percolation ponds and related pumps, utility lines, equipment and facilities ("Percolation Ponds"), for the disposal of recycled water which is discharged from the TOAV Plant; and
 - (b) a non-exclusive perpetual easement and right of way over the Property to construct, inspect, maintain, repair, replace and operate one or more pipelines for the purpose of conveying recycled water to the Percolation Ponds ("Recycled Water Pipelines"). Grantee shall make a reasonable effort to route its pipelines through existing public utility easements and to minimize undue interference or disturbance to the operation of AVGC; and
 - (c) a non-exclusive perpetual access easement and right of way within the Property for ingress and egress to the Percolation Ponds and the Recycled Water Pipelines (collectively, the "Percolation Facilities"), provided, however, that Grantee shall make a reasonable effort to utilize existing public utility easements within the Property for such access and to minimize undue interference or disturbance to the AVGC as a result of the activities of Grantee.

Grantee shall exercise its rights under this Easement and shall operate the Percolation Facilities in accordance with the terms and conditions set forth below. For the purposes of this Easement, the term "recycled water" shall refer to wastewater that has been treated in accordance with all federal and state laws and regulations applicable to treated wastewater which is being recycled for use in non-potable applications, including Title 22 of the California Code of Regulations.

2. AVGC Facility Upgrades. As additional consideration for the Easement, Grantee has agreed to pay Grantor the sum of two-hundred fifty thousand dollars (\$250,000) to assist Grantor with certain upgrades to the irrigation system and holding ponds of AVGC that are required under existing law for Grantor to make use of recycled water at the Property ("AVGC Upgrades"). The payment shall be made to Grantor upon the commencement of construction by Grantee on the Percolation Facilities. Grantor shall be solely responsible for the design and construction of such upgrades and all permits required in connection therewith. Grantor will cooperate with Grantee to schedule the construction of the AVGC Upgrades to ensure that such construction does not interfere with the construction of the Percolation Facilities. The terms for delivery of recycled water from the Percolation Ponds to the AVGC irrigation system and/or for other local uses shall be subject to a separate agreement between Grantee and Grantor that has been approved by the governing body of Grantee.

16773.00028\7800179.1 1/29/13

- Construction Phase. Grantee shall give Grantor no less than thirty (30) days to review and approve the final design and layout of the Percolation Facilities and shall make reasonable efforts to address any concerns of Grantor with the intent of minimizing the impact of the Percolation Facilities on the operation of AVGC. Grantee shall further give Grantor no less than sixty (60) days written notice in advance of the commencement of construction on the Property. Grantee, or its general contractor, shall obtain, at its sole cost and expense, prior to construction and work, all federal, state and local permits, licenses and approvals necessary for such construction, including local land use approvals required from Grantor, copies of which will be delivered to Grantor prior to commencement of construction and work on the Percolation Facilities. In carrying out the construction of the Percolation Facilities, Grantee and its general contractor shall use commercially reasonable efforts to minimize noise, dust and other adverse impacts caused by the construction on the Property and any surrounding properties and shall indemnify and defend Grantor from any third party claim arising in connection with such adverse impacts. Prior to the commencement of any such work, in addition to any insurance coverage of Grantee, the general contractor of Grantee shall be required to obtain and maintain during all periods of construction and work on the Property insurance coverage in the type and amounts as are required by the risk manager of Grantee for the construction of public works and such coverage shall name Grantor, its elected officials, officers and employees as additional insureds. Grantee shall cause its general contractor to deliver to Grantor a certificate of insurance evidencing compliance with this Section 3. Grantee shall be solely responsible for compliance with all Environmental Laws and regulations regarding the proper handling and disposition of soil, construction and demolition materials at the Property.
- 4. Operations Phase. Grantee shall be solely responsible for the operation, maintenance and repair of the Percolation Facilities and shall obtain and maintain, at its sole cost and expense, all federal, state and local permits, licenses and approvals necessary for the operation of the Percolation Facilities ("Legal Requirements"). Grantee shall operate the Percolation Facilities in accordance with all federal and state laws, rules and regulations applicable to wastewater treatment and shall further comply with all health and safety standards, as modified from time to time, of any governing body with jurisdiction over Grantee's operations. Grantee shall install landscaping, as agreed with Grantor, around the perimeter of the Percolation Facilities and Grantor agrees that it shall maintain such landscaping as part of the normal grounds keeping activities of Grantor at AVGC.
- 5. Access. Grantee shall have the right to access the Property from all public roads, driveways and walkways that are now and may be located in and around the Property as necessary or appropriate for proper ingress and egress to and from the Percolation Facilities. Grantee will observe all speed limits and other rules and regulations established by Grantor with respect to such roads and driveways existing on the Property which are used to access the Percolation Facilities.
- 6. <u>Utilities and Water Rights</u>. Grantor shall provide access to utilities located on the Property which are necessary for the operation of the Percolation Facilities. Any utility upgrades necessary for the Percolation Facilities shall be at Grantee's expense and all such utilities shall be separately metered and paid for by Grantee. Grantee acknowledges that it shall not have the right to the use of any water rights of Grantor in connection with this Easement and Grantee shall be responsible for procuring water service or water rights as necessary to conduct the construction and operation of the Percolation Facilities.
- 7. Ownership of Percolation Facilities. Grantee shall be the owner of the Percolation Facilities. Grantor acknowledges that Grantee may finance the acquisition and installation of the Percolation Facilities with bonds, loans or other debt instruments, provided, however, that the repayment of such obligations shall be the sole obligation of Grantee. Upon the termination of this Easement for any reason, unless otherwise agreed upon between Grantee and Grantor, Grantee shall remove the Percolation

16773.00028\7800179.1 1/29/13

Ponds and shall restore all disturbed subsurface and surface estates to their pre-development condition. Grantee shall not be required to remove the Recycled Water Pipelines.

- 8. <u>Costs and Expenses</u>. Grantee shall be solely responsible for all costs arising from the use of this Easement, including all costs related to the design, permitting, construction, operation, maintenance and repair of the Percolation Facilities.
- 9. <u>Right of Termination</u>. This Easement is intended to be perpetual, provided, however, that Grantor reserves the right terminate this Easement on ninety (90) days written notice to Grantee in the event that the easement for the TOAV Plant is terminated for any reason.

10. Indemnity

- (a) <u>Indemnity by Grantee</u>. Grantee hereby agrees, at its sole cost and expense, to indemnify, protect, hold harmless and defend Grantor, its elected officials, officers, employees, agents, successors and assigns (each an "<u>Indemnified Party</u>") from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses (including, without limitation, fees, disbursements and cost of attorneys, consultants and expenses (including, without limitation, fees, disbursements and cost of attorneys, consultants and expenses (including, without limitation, fees, disbursements and cost of attorneys, consultants and expenses (including, without limitation proceed upon, incurred, or suffered by, or asserted or awarded against, any Indemnified Party directly or indirectly relating to or arising from (i) the use of this Easement by Grantee; (ii) the operation of the Percolation Facilities; and (iii) the violation of any Legal Requirements, including without limitation, any Environmental Laws applicable to the discharge of recycled water to the Percolation Ponds by Grantee. This indemnity shall not apply to any Losses or Third Party Claims which result from the sole negligence or willful misconduct of Grantor, its employees, agents, successors or assigns.
- Defense of Third Party Claims. Promptly following receipt of any written claim or legal proceeding asserted by a person or entity which is not a party to this Agreement (a "Third Party Claim"), the Indemnified Party shall notify Grantee of such claim in writing. Grantee shall have a period of 30 days (or such lesser period as may be required to timely respond to a Third Party Claim) following the receipt of such notice to undertake and diligently pursue the defense of the Third Party Claim with legal counsel chosen by Grantee. Grantee shall reimburse the Indemnified Party for any legal expense reasonably incurred by the Indemnified Party to timely respond to a Third Party Claim prior to Grantee assuming the defense thereof. Grantee shall not consent to entry of judgment or enter into any settlement agreement, without the consent of the Indemnified Party, which does not include a complete and unconditional release of the Indemnified Party or which imposes injunctive or other equitable relief against the Indemnified Party. Subject to the foregoing, Grantee shall have final authority with respect to all decisions made in connection with the defense of the Third Party Claim. If Grantee fails to assume and diligently pursue the defense of a Third Party Claim, the Indemnified Party may defend against such Third Party Claim in such manner as it may deem appropriate, including without limitation settlement thereof on such terms as the Indemnified Party may deem appropriate, and to pursue such remedies as may be available to the Indemnified Party against Grantee.

(c) <u>Definitions</u>.

(i) "Environmental Laws" means any federal, state or local law whether common law, court or administrative decision, ordinance, regulation, permit condition, rule, court order or decree, or administrative order or any administrative policy or guideline concerning of a governmental authority relating to the environment, public health, any Hazardous Material (as hereinafter defined) or the treatment of wastewater, in effect from time to time, including, but not limited to (A) the Federal Water Pollution Control Act, as amended (33 U.S.C. §1251 et seq.); (B) the Resource Conservation and

16773.00028\7800179.1 1/29/13

Recovery Act, as amended (42 U.S.C. §6901 et seq.); (C) the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §9601 et seq.); (D) the Federal Clean Air Act, as amended (42 U.S.C. §7401 et seq.); (E) the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. §136 et seq.); (F the Toxic Substances Control Act, as amended (15 U.S.C. §2601 et seq.); (G) the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. §11001 et seq.); (H) the Occupational Safety and Health Act, as amended (29 U.S.C. §650 et seq.); (I) Chapter 6 of the California Health and Safety Code; California Health and Safety Code Sections 25100 et seq. and Sections 25280 et seq.; (J) the Safe Drinking Water and Toxic Enforcement Act of 1986, as amended (Proposition 65); (K) Title 22 of the California Code of Regulations (Division 4, Chapter 30); and (L) all regulations or guidelines promulgated pursuant to all of the foregoing, as same may be amended from time to time.

- (ii) "<u>Hazardous Materials</u>" means any petroleum or petroleum products and any hazardous or toxic material, substance, pollutant, allergen, irritant, mold, fungus, bacteria, contaminant, waste, or terms similar to the forgoing, any of which are (A) defined by or regulated as such under any Environmental Laws, or (B) determined by a final court ruling or order to be hazardous or toxic..
- 11. Quiet Enjoyment. Grantor covenants and agrees that Grantee, provided it remains in compliance with its obligations under this Easement, shall lawfully and quietly have, hold, occupy and enjoy the Property in accordance with the terms hereof throughout the entire term of this Easement free from any claim of any entity or person of superior title thereto without hindrance to, interference with or molestation of Grantee's use and enjoyment thereof, whether by Grantee or any of its agents, employees or independent contractors or by any entity, person or persons having or claiming an interest in the Property.
- 12. <u>Prior Uses</u>. Grantee does not assume and shall not be responsible for any liability arising in connection with the presence of any Hazardous Materials on or below the Property or the breach of Environmental Laws, if any, which result from any prior use of the Property or the migration of any contamination or pollution from adjacent properties.
- 13. <u>Assignment</u>. This Easement and all the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Grantee shall have the right to contract with independent contractors for the operation of all or any portion of the Percolation Facilities as approved by the governing board of Grantee from time to time, provided, however, that Grantee shall at all times remain responsible for the activities of such independent contractors pursuant to this Agreement.
- 14. <u>Applicable Law and Legal Fees</u>. This Easement shall be governed by the laws of the State of California. If any legal or equitable action or proceeding is instituted by one party against the other to enforce or interpret any provision of this Easement, the party prevailing in such action shall be entitled to recover from the losing party all of its costs of suit, including, but not limited to, reasonable attorneys' fees awarded by the court.
- 15. <u>Amendments</u>. This Easement may be amended or modified only by a written instrument executed and acknowledged by the parties or their successors in interest and recorded in the Official Records of the County of San Bernardino, California. Any waiver by a party of any breach or failure to enforce any of the terms of this Easement shall not affect or waive such party's right to enforce any other term of this Easement.
- 16. <u>Severability</u>. Any provision of this Easement adjudicated by a court of competent jurisdiction to be invalid or unenforceable for any reason shall be ineffective to the extent of such

16773.00028\7800179.1 1/29/13

prohibition or invalidity and shall not invalidate or otherwise render invalid or unenforceable any remaining provisions of this Grant.

- 17. <u>No Third Party Beneficiaries</u>. Except as set expressly set forth herein, no third party shall have the right to enforce any term of this Agreement.
- 18. <u>Entire Agreement</u>. Except for any additional easements granted by Grantor to Grantee in connection with pipelines, ponds and other facilities located outside the Property, this Easement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes the terms of any previous agreements or understandings, oral or written.
- 19. <u>Further Assurances</u>. Either party shall execute and deliver such further instruments as may be reasonably requested by the other party in order to carry out the terms of this Easement.
- 20. <u>Notice</u>. In the event that written notice must or may be given hereunder, such notice shall be sent via a commercial overnight courier to the other party at the following address or such other address as a party may notify the other in writing:

If to Grantee:

Victor Valley Wastewater Reclamation Authority

Attn: General Manager

15776 Main St. Hesperia, CA 92345

If to Grantor:

Town of Apple Valley Attn: Town Manager 14955 Dale Evans Parkway, Apple Valley, California 92307

[signature page follows]

16773.00028\7800179.1 1/29/13

IN WITNESS WHEREOF, Grantor and Grantee have executed this Grant as of the date first set forth above.

GRAN	TOR:
Town o	of Apple Valley
By:	
Name:	Frank Robinson
Title:	Town Manager
GRAN	TEE:
Victor `	Valley Wastewater Reclamation Authority
Ву:	
Name:	Logan Olds
Title:	General Manager

NOTARY ACKNOWLEDGEMENTS ATTACHED

16773.00028\7800179.1 1/29/13

EXHIBIT "B" LEGAL DESCRIPTION APN 3112-111-41

PARCEL No. 1

A 14.00 foot wide strip of land within that portion of Lot 179, Tract No. 4394, per Map Book 54, pages 80 through 85, inclusive, as recorded in the County Recorder of San Bernardino County, State of California more particularly described as follows:

COMMENCING at the northeast corner of Lot 10 of said Tract No 4394; thence on an assumed bearing of North 00°28'24" West 161.87 feet along the westerly line of Tiger Tail Road (50 feet wide) as shown on said map to the TRUE POINT OF BEGINNING; thence

- (1) South 44°31'36" West, 44.09 feet; thence
- (2) South 56°19'39" West, 264.48 feet; thence
- (3) South 45°04'39" West, 100.81 feet; thence
- (4) South 31°49'23" West, 160.62 feet; thence
- (5) South 53°03'23" West, 262.52; thence
- (6) South 75°33'23" West, 119.10 feet; thence
- (7) South 53°03'23" West, 109.78 feet hereinafter referred to as "POINT A"; thence

(courses (1) thru (7) hereinafter referred to as reference line "A")

- (8) North 36°56'37" West, 14.00 feet to a point on a line parallel with and distant 14.00 feet (as measured at right angles) northwesterly from said reference line "A"; thence along said parallel line the following 7 courses:
- (9) North 53°03'23" East, 112.57 feet; thence
- (10) North 75°33'23" East, 119.10 feet; thence
- (11) North 53°03'23" East, 257.11 feet; thence
- (12) North 31°49'23" East, 159.62 feet; thence
- (13) North 45°04'39" East, 103.81 feet; thence
- (14) North 56°19'39" East, 264.41 feet; thence
- (15) North 44°31'36" East, 56.64 feet to said westerly line of Tiger Tail Road; thence leaving said parallel line
- (16) South 00°28'24" East, 19.80 feet along said westerly line to the TRUE POINT OF BEGINNING.

Parcel No. 1 contains 14,943 sq. ft. or 0.343 ac. of land, (more or less)

V:\110135\Mapping\Legals-Plats\APPLE VALLEY GOLF COURSE\ES110135 LOT 179.doc

PARCEL No. 2

That portion of Lot 179, Tract No. 4394, per Map Book 54, pages 80 through 85, inclusive, as recorded in the County Recorder of San Bernardino County, State of California more particularly described as follows:

BEGINNING at the aforesaid "POINT A"; thence

- (1) South 36°56'37" East, 14.00 feet to the beginning of a 68.00 foot non-tangent curve concave southwesterly, a radial line to said beginning bears North 06°43'31" West; thence
- (2) Southeasterly 114.48 feet along said curve through a central angle of 96°27'29"; thence
- (3) South 00°16'02" East, 101.86 feet to the beginning of a 130.00 foot radius curve concave easterly; thence
- (4) Southerly 25.36 feet along said curve through a central angle of 11°10'43"; thence
- (5) South 11°26'45" East, 63.86 feet to the westerly line of Lot 16 of said map; thence
- (6) South 00°28'24" East, 26.75 feet along said westerly line; thence
- (7) South 45°28'24" East, 7.18 feet, to the beginning of a 100.00 foot radius non-tangent curve concave northwesterly, a radial line to said beginning bears North 86°58'07" East; thence leaving said westerly line; thence
- (8) Southwesterly 59.07 feet along said curve through a central angle of 33°50'33"; thence
- (9) South 37°31'13" East, 63.73 feet to the beginning of a 120.00 foot radius curve concave southwesterly; thence
- (10) Southeasterly 28.55 feet along said curve through a central angle of 13°37'55"; thence
- (11) South 23°53'18" East, 37.68 feet to the beginning of a 130.00 foot radius curve concave northeasterly; thence
- (12) Southeasterly 65.52 feet along said curve through a central angle of 28°52'36"; thence
- (13) South 52°45'54" East, 432.17 feet to the beginning of a 180.00 foot radius curve concave northeasterly; thence
- (14) Southeasterly 93.15 feet along said curve through a central angle of 29°39'02"; thence
- (15) South 82°36'36" East, 210.35 feet to the beginning of a 480.00 foot radius curve concave northeasterly; thence
- (16) Easterly 91.62 feet along said curve through a central angle of 10°56'09"; thence
- (17) North 86°27'15" East, 111.47 feet; thence
- (18) North 81°38'43 East, 89.27 feet to the beginning of a 420.00 foot radius curve concave southerly;
- (19) thence easterly 56.93 feet along said curve through a central angle of 07°45'59"; thence
- (20) North 89°24'42" East, 185.74 feet to the beginning of a 420.00 foot radius curve concave southerly; thence
- (21) Easterly 57.89 feet along said curve through a central angle of 07°53'48"; thence
- (22) South 82°41'30" East, 67.04 feet; thence
- (23) North 67°03'54" East, 23.34 feet; thence

V:\110135\Mapping\Legals-Plats\APPLE VALLEY GOLF COURSE\ES110135 LOT 179.doc

- (24) North 27°58'42" West, 59.19 feet to the beginning of a 60.00 foot radius curve concave southeasterly; thence
- (25) Northwesterly and northeasterly 94.82 feet along said curve through a central angle of 90°32'45"; thence
- (26) North 62°34'03 East, 59.10 feet to the beginning of a 58.00 foot radius curve concave southwesterly; thence
- (27) Easterly 88.87 feet along said curve through a central angle of 87°47'24"; thence
- (28) South 29°38'33" East 59.17 feet; thence
- (29) South 27°47'36" East, 59.25 feet to the beginning of a 100.00 foot radius curve concave westerly; thence
- (30) Southerly 48.30 feet along said curve through a central angle of 27°40'24"; thence
- (31) South 00°07'12" East, 21.06 feet to the beginning of a 58.00 foot radius curve concave northwesterly; thence
- (32) Southwesterly 26.67 feet along said curve through a central angle of 26°20'47" to a point hereinafter referred to as "POINT B"; thence
- (33) Continuing southwesterly 75.37 feet along said curve through a central angle of 74°27'08"; thence
- (34) North 79°19'17" West, 60.78 feet to the beginning of a 60.00 foot radius curve concave northeasterly; thence
- (35) Northwesterly 35.56 feet along said curve through a central angle of 33°57'23" to which a radial line bears South 44°38'06" West; thence
- (36) South 61°49'44" West, 11.29 feet to the beginning of a 120.00 foot radius curve concave northerly; thence
- (37) Southwesterly 71.33 feet along said curve through a central angle of 34°03'31"; thence
- (38) North 84°06'45" West, 24.09 feet; thence
- (39) North 88°43'50" West, 61.34 feet; thence
- (40) South 89°02'30" West, 77.71 feet; thence
- (41) South 85°35'53" West, 229.64 feet; thence
- (42) South 89°16'47" West, 249.19 feet to the beginning of a 620.00 foot radius curve concave northerly; thence
- (43) Northwesterly 77.12 feet along said curve through a central angle of 07°07'37"; thence
- (44) North 83°35'36" West, 139.80 feet to the beginning of a 220.00 foot radius curve concave northeasterly; thence
- (45) Northwesterly 121.70 feet along said curve through a central angle of 31°41'44"; thence
- (46) North 51°53'52" West, 442.10 feet to the beginning of a 220.00 foot radius curve concave northeasterly; thence
- (47) Northwesterly 115.52 feet along said curve through a central angle of 30°05'05"; thence
- (48) North 21°48'47" West, 53.09 feet to the beginning of a 8.00 foot radius curve concave southwesterly; thence

V:\110135\Mapping\Legals-Plats\APPLE VALLEY GOLF COURSE\ES110135 LOT 179.doc

- (49) Northwesterly 2.19 feet along said curve through a central angle of 15°42'26"; thence
- (50) North 37°31'13" West, 61.00 feet to the beginning of a 80.00 foot non-tangent curve concave northeasterly, a radial line to said beginning bears South 01°20'52" West; thence
- (51) Northwesterly 58.50 feet along said curve through a central angle of 41°53'53"; thence
- (52) North 46°45'15" West, 87.52 feet; thence
- (53) North 51°09'34" West, 50.28 feet; thence
- (54) North 25°41'37" West, 98.44 feet; thence
- (55) North 19°18'23" East, 43.09 feet; thence
- (56) North 41°48'23" East, 25.84 feet to the beginning of a 100.00 foot non-tangent curve concave southeasterly, a radial line to said beginning bears North 55°15'22" West; thence
- (57) Northwesterly 7.60 feet along said curve through a central angle of 04°21'15"; thence
- (58) North 39°05'53" East, 49.27 feet to the beginning of a 120.00 foot radius curve concave southeasterly; thence
- (59) Northeasterly 29.61 feet along said curve through a central angle of 14°08'20"; thence
- (60) North 53°14'13" East, 3.68 feet; thence
- (61) North 41°48'23" East, 23.38 feet to the southeasterly prolongation of a line that is parallel and distant 14.00 feet distant northwesterly as measured at right with as said reference line "A"; thence
- (62) North 53°03'23" East, 74.50 feet; to the POINT OF BEGINNING.

Parcel No. 2 contains 248,118 sq. ft. or 5.696 ac. of land, (more or less)

PARCEL No. 3

A 14.00 foot wide strip of land within that portion of Lot 179, Tract No. 4394, per Map Book 54, pages 80 through 85, inclusive, as recorded in the County Recorder of San Bernardino County, State of California more particularly described as follows:

BEGINNING at the aforesaid "POINT B"; thence

- (1) South 42°44'15" East, 401.61 feet to the southerly line of said Lot 179; thence
- (2) South 88°57'51" West, 18.75 feet along said southerly line to a line parallel with and distant 14.00 feet (as measured at right angles) southwesterly from the last described line; thence leaving said southerly line
- (3) North 42°44'15" West, 385.67 feet along said parallel line to the beginning of a 58.00 foot non-tangent curve concave northwesterly, a radial line to said beginning bears South 49°29'23" East; thence
- (4) Northeasterly 14.46 feet along said curve through a central angle of 14°17'02" to the POINT OF BEGINNING.

Parcel No. 3 contains 5,507 sq. ft. or 0.126 ac. of land, (more or less)

Exhibit "B1" attached, and by this reference, made a part thereof.

V:\110135\Mapping\Legals-Plats\APPLE VALLEY GOLF COURSE\ES110135 LOT 179.doc

