

JOINT COMMUNITY FACILITIES AGREEMENT - EMWD

THIS JOINT COMMUNITY FACILITIES AGREEMENT - EMWD (the "Agreement") is entered into this _____ day of March, 2024, by and among the TEMECULA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority (the "Authority"), the EASTERN MUNICIPAL WATER DISTRICT, a public agency organized and existing pursuant to Division 20 of the California Water Code (the "EMWD"), and SB ALTAIR, LLC, a Delaware limited liability company (the "Company"), and relates to the proposed formation of the TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 23-01 (ALTAIR) (the "CFD"), for the purpose of financing certain public facilities, including sewer facilities to be ultimately owned and operated by EMWD.

R E C I T A L S

A. The Company is developing and owns the property described in Exhibit A hereto (the "Property") which is located in the City of Temecula, California, and is located within the boundaries of the EMWD and the proposed CFD.

B. Pursuant to the request of Company, the Board of Directors of the Authority has initiated proceedings to form the CFD pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act").

C. The Company has requested and proposed that the CFD be formed for the purpose of providing the means of financing the acquisition of various public facilities, including (i) certain public facilities to be constructed, owned and operated by EMWD, which are described in further detail on Exhibit B (the "EMWD Facilities"), in lieu of the payment of certain sewer financial participation charges and sewer treatment capacity charges of EMWD (collectively, the "EMWD Fees") incident to the development of homes to occur in the CFD; and (ii) certain water and sewer facilities to be constructed by the Company and acquired by EMWD (the "Acquisition Facilities"). The EMWD Fees do not include meters, processing fees, construction water and other EMWD charges.

D. In conjunction with the issuance of permits for the construction of homes on the Property and/or receipt of water meters for such homes, the Company may elect to advance EMWD Facilities costs in lieu of payment of EMWD Fees (the "Advances") before Bond Proceeds (defined herein) are available in sufficient amounts to pay for EMWD Facilities. In such case, the Company shall be entitled to (i) reimbursement of such Advances limited to the Advances not yet used by EMWD to pay costs of the EMWD Facilities (the Advances being considered an interest free loan by the Company with no repayment obligation except to the extent there are Bond Proceeds received by or made available to EMWD as described herein, all as further described in Section 3 below), and (ii) credit against EMWD Fees which would otherwise be due to EMWD equal to the amount of Bond Proceeds disbursed to EMWD or at the direction of EMWD for EMWD Facilities, all as further described herein.

E. The Company has not yet determined that it will finance the EMWD Facilities in lieu of payment of the EMWD Fees, and/or the Acquisition Facilities, and the parties hereto acknowledge that this Agreement is for the purpose of meeting the requirements of the Act.

F. The Act effectively provides that the CFD may finance the EMWD Facilities and the Acquisition Facilities only pursuant to a joint community facilities agreement adopted pursuant to Government Code Section 53316.2.

G. In connection with the proceedings to form the CFD, the Authority will, as permitted by Section 53350 of the Act, designate the property initially included in the CFD as Improvement Area No. 1 of the CFD ("Improvement Area No. 1"), and will provide for a future annexation area for the CFD that identifies property that may in the future be annexed to the CFD; and

H. The Authority and EMWD have determined that entering into this Agreement to enable the CFD to finance some or all of the EMWD Facilities and the Acquisition Facilities will be beneficial to the residents of each entity and, therefore, desire to enter into this joint community facilities agreement pursuant to Government Code Section 53316.2.

I. Nothing contained herein shall be construed as requiring the Company to take any specific action, or for the Authority to form the CFD or to issue any special tax bonds for the CFD.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Recitals. Each of the above recitals is incorporated herein and is true and correct.
2. Proceedings for the Formation of CFD; Costs of Formation. The Board of Directors of Authority shall have the jurisdiction to and shall be solely responsible for undertaking the proceedings pursuant to the Act to consider the formation of the CFD and the authorization for the CFD to levy special taxes within the CFD and to incur bonded indebtedness. Notwithstanding the forgoing, if and when the Board of Directors of the Authority determines to issue special tax bonds for the CFD, the Board of Directors of the Authority shall take such actions in its reasonable discretion to ensure that the total effective property tax rate within the CFD (including the special tax rate for the CFD) does not exceed two and one-tenth percent (2.10%) of the projected value of the property subject to the special taxes when developed, determined at the time of the sale of the Bonds. The Authority shall not include EMWD's name on property tax bills that include the special taxes for property within the CFD.

EMWD is not directly or indirectly approving or responsible in any way whatsoever for the levy of special taxes within the CFD, nor is EMWD directly or indirectly approving or responsible in any way whatsoever for the issuance or administration of bonds that may be issued by the Authority for the CFD. EMWD shall not be responsible in any way whatsoever for the costs of formation of the CFD or of the issuance of any special tax bonds for the CFD.

The Authority agrees that any funds advanced by the Developer to EMWD to pay costs of EMWD related to the review and approval by EMWD of this Agreement shall, at the written request of the Company provided to the Authority prior to issuance by the Authority of the special tax bonds for the CFD, be included in the costs of issuance funded from the proceeds of such bonds and reimbursed to the Company promptly following the issuance of such bonds.

3. Use of Bond Proceeds. Prior to the sale of bonds issued by the Authority for the CFD (the "Bonds"), the Company shall notify EMWD of the amount of proceeds of the Bonds ("Bond Proceeds") that are estimated to be reserved or otherwise available to fund EMWD Facilities, and the amount of Bond Proceeds that are expected to be reserved or available to finance Acquisition Facilities.

To the extent Bond proceeds are made available to EMWD to finance EMWD Facilities, but only to such extent, the Company may request payment from the Authority executing and submitting a request for payment, in substantially the form attached hereto as Exhibit C (the "Disbursement Request"), executed by the Company and countersigned by EMWD. Upon receipt of such Disbursement Request, the Authority will cause the fiscal agent for the Bonds to promptly wire transfer (or pay in another mutually acceptable manner) to EMWD such requested funds to the extent that Bond proceeds are available for such purpose.

Upon such notice and EMWD's receipt of such disbursement of funds relating to EMWD Facilities, the Company shall be deemed to have satisfied the applicable EMWD Fees with respect to the number of dwelling units or lots for which the EMWD Fees would otherwise have been required in an amount equal to the amount of such disbursement. EMWD agrees to use Bond proceeds transferred to it within three years of the date of the issuance of the Bonds for the construction or acquisition of EMWD Facilities which shall consist of public infrastructure improvements owned by a governmental entity in which no nongovernmental entity has any special legal entitlements, which improvements have a useful life of five years or more, and are otherwise identified on Exhibit B hereto.

Nothing in this Section 3 shall prohibit the Company from using its own funds to pay all or any portion of the EMWD Fees for any dwelling unit or lot in the CFD or to pay costs of the Acquisition Facilities. If the Bond proceeds available for purposes of this Agreement are less than the amount of EMWD Fees required to be paid by the Company for the development of all of the property within the CFD, the Company, in its discretion, may submit a Disbursement Request to use available Bond proceeds to pay a pro rata portion of the EMWD Fees for any dwelling unit or lot, and use its own funds to pay the balance of the EMWD Fees due, so long as EMWD reasonably expects to expend all of the available Bond Proceeds for EMWD Facilities and Acquisition Facilities prior to the earlier of the date which is 3 years after the date the Bonds are issued or the date of completion of construction of homes in the CFD.

Nothing herein shall relieve the Company from paying EMWD Fees to the extent Bond Proceeds are not made available to EMWD to finance EMWD Facilities.

To the extent Bond Proceeds are made available to pay costs of Acquisition Facilities, the Company may request payment from the Authority as described in Section 4 below.

Notwithstanding the foregoing, EMWD shall maintain written records as to the investment and disposition of any Bond proceeds remitted to it under this Section 3, and will make such records available to the Treasurer of the Authority upon the Treasurer's written request. The Authority shall have no responsibility or obligation whatsoever with respect to the construction or operation of any of the EMWD Facilities or the Acquisition Facilities, or with respect to any investment or use by EMWD of funds remitted to it pursuant to this Agreement.

4. Acquisition Facilities. The requirements of this Section 4 shall apply to any Acquisition Facility for which a Payment Request (defined below) is submitted to EMWD pursuant to this Section 4.

(a) Design Plans and Specifications. All plans, specifications and bid documents for the Acquisition Facility ("Plans") constructed or to be constructed by the Company shall be prepared by the Company at the Company's initial expense, subject to approval by EMWD. Costs for preparation of the Plans shall be included in the acquisition price. Reimbursement of costs for plan revisions will be considered on a case by case basis. The Company shall not award bids for construction, or commence or cause commencement of construction, of any Acquisition Facility until the Plans and bidding documents for such Acquisition Facility have been approved by EMWD. The bid opening for the Acquisition Facility shall be coordinated with and take place at EMWD's offices, with EMWD personnel in attendance.

(b) Construction of Acquisition Facilities. A qualified engineering firm (the "Field Engineer") shall be employed by the Company to provide all field engineering surveys determined to be necessary by the EMWD's inspection personnel. Field Engineer shall promptly furnish to EMWD a complete set of grade sheets listing all locations, offsets, etc., in accordance with good engineering practices, and attendant data and reports resulting from Field Engineer's engineering surveys and/or proposed facility design changes. EMWD shall have the right, but not the obligation, to review, evaluate and analyze whether such results comply with applicable specifications.

A full-time soil testing firm, approved by EMWD, shall be employed by the Company to conduct soil compaction testing and certification. The Company shall promptly furnish results of all such compaction testing to EMWD for its review, evaluation and decision as to compliance with applicable specifications. In the event the compaction is not in compliance with applicable specifications, the Company shall be fully liable and responsible for the costs of achieving compliance. A final report certifying all required compaction in accordance with the specifications shall be a condition of final acceptance of the Acquisition Facility.

The costs of all surveying, testing and reports associated with the Acquisition Facility furnished and constructed by the Company's contractor(s) shall be included in the acquisition price.

EMWD shall not be responsible for conducting any environmental, archaeological, biological, or cultural studies or any mitigation requirements that may be requested by appropriate Federal, State, and/or local agencies with respect to the Acquisition Facility. Any

such work shall be paid for and conducted by the Company and included in the acquisition price of the Acquisition Facility.

(c) EMWD Public Works Requirements. In order that the Acquisition Facility may be properly and readily acquired by EMWD, the Company shall comply with all of the following requirements with respect to the Acquisition Facility, and the Company shall provide such proof to the EMWD as EMWD may reasonably require and at such intervals and in such form as EMWD may reasonably require, that the following requirements have been satisfied as to the Acquisition Facility:

i. The Company shall prepare a bid package for review, comment and approval by the General Manager of EMWD or his designee (the "EMWD Representative").

ii. The Company shall, after obtaining at least three sealed bids for the construction of the Acquisition Facility in conformance with the procedures and requirements of EMWD, submit to EMWD written evidence of such competitive bidding procedure, including evidence of the means by which bids were solicited, a listing of all responsive bids and their amounts, and the name or names of the contractor or contractors to whom the Company proposes to award the contracts for such construction, which shall be the lowest responsible bidder.

iii. The EMWD Representative shall attend the bid opening. If unable to attend the bid opening, the EMWD Representative shall approve or disapprove of a contractor or contractors, in writing, within five (5) business days after receipt from the Company of the name or names of such contractor or contractors recommended by the Company. If the EMWD Representative disapproves of any such contractor; the Company shall select the next lowest responsible bidder from the competitive bids received who is acceptable to the EMWD Representative.

iv. The specifications and bid and contract documents shall require all such contractors to pay prevailing wages and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects and as required by the procedures and standards of EMWD with respect to the construction of its public works projects.

v. The Company shall submit faithful performance and payment bonds conforming in all respects to the requirements set forth in EMWD's "Standard Water and/or Sewer Facilities and Service Agreement." The following documents shall be submitted to EMWD along with the performance and payment bonds:

(1) The original, or a certified copy, of the unrevoked appointment, power of attorney, bylaws, or other instrument entitling or authorizing the person who executed the bond to do so;

(2) A certified copy of the certificate of authority of the insurer issued by the State of California's Insurance Commissioner; and

(3) Copies of the insurer's most recent annual and quarterly statements filed with the Department of Insurance.

vi. The Company and its contractor and subcontractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Acquisition Facility, which they will construct in conformance with EMWD's standard procedures and requirements. EMWD's insurance requirements are set out in Section 7(n) herein.

vii. The Company and all such contractors shall comply with such other requirements relating to the construction of the Acquisition Facility which EMWD may impose by written notification delivered to the Company and each such contractor at the time either prior to the receipt of bids by the Company for the construction of such Acquisition Facility or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof. In accordance with Section 4(f), the Company shall be deemed the awarding body and shall be solely responsible for compliance and enforcement of the provisions of the Labor Code, Government Code, and Public Contract Code.

viii. A "Change Order" is an order from the Company to a contractor authorizing a change in the work to be performed. The Company shall receive comments from the EMWD Representative prior to the Company's approval of any Change Order. The EMWD Representative shall comment on or deny the Change Order request within five (5) business days of receipt of all necessary information. EMWD's comments to a Change Order shall not be unreasonably delayed, conditioned or withheld. The Company shall not be entitled to include in the acquisition price costs associated with a Change Order that have not been approved by the EMWD Representative.

(d) Inspection; Completion of Construction. EMWD shall have primary responsibility for inspecting the Acquisition Facility to assure that the work is being accomplished in accordance with the Plans. Such inspection does not include inspection for compliance with safety requirements by the Company's contractor(s). EMWD's personnel shall be granted access to each construction site at all reasonable times for the purpose of accomplishing such inspection. Upon satisfaction of EMWD's inspectors, the Company shall notify EMWD in writing that an Acquisition Facility has been completed in accordance with the Plans.

Within five (5) business days of receipt of written notification from EMWD inspectors that an Acquisition Facility has been completed in accordance with the Plans, the EMWD Representative shall notify the Company in writing that such Acquisition Facility has been satisfactorily completed. Upon receiving such notification, the Company shall file a Notice of Completion with the County of Riverside Recorder's Office, pursuant to the provisions of Section 3093 of the Civil Code. The Company shall furnish to EMWD a duplicate copy of each such Notice of Completion showing thereon the date of filing with the County of Riverside (the "County"). EMWD will in turn file a notice with the County for acceptance.

(e) Liens. With respect to the Acquisition Facility, upon the earlier of (i) receipt of all applicable lien releases, or (ii) expiration of the time for the recording of claim of liens as

prescribed by Sections 3115 and 3116 of the Civil Code, the Company shall provide to EMWD such evidence or proof as EMWD shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment for the construction of the Acquisition Facility have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation.

(f) Acquisition; Acquisition Price; Source of Funds. The costs eligible to be included in the acquisition price of the Acquisition Facility (the "Actual Costs") shall include:

- i. The actual hard costs for the construction of such Acquisition Facility as established by EMWD-approved construction contracts and approved Change Orders, including costs of payment, performance and maintenance bonds and insurance costs, pursuant to this Agreement;
- ii. The design and engineering costs of such Acquisition Facility including, without limitation, the costs incurred in preparing the Plans. Costs for plan revisions will be considered on a case by case basis;
- iii. The costs of environmental evaluations and public agency permits and approvals attributable to the Acquisition Facility;
- iv. Costs incurred by the Company for construction management and supervision of such Acquisition Facility, not to exceed five percent (5%) of the actual construction cost, subject to prior approval by EMWD of any construction management or supervision contract with respect to the Acquisition Facility;
- v. Professional costs associated with the Acquisition Facility such as engineering, inspection, construction staking, materials, testing and similar professional services; and
- vi. Costs approved by EMWD of acquiring from an unrelated third party any real property or interests therein required for the Acquisition Facility including, without limitation, temporary construction easements, temporary by-pass road and maintenance easements.

Provided the Company has complied with the requirements of this Agreement, EMWD agrees to execute and submit to the Authority a Payment Request for payment of the acquisition price of the completed Acquisition Facility to the Company or its designee within thirty (30) days after the Company's satisfaction of the preconditions to such payment stated herein.

As a condition to EMWD's execution of the Payment Request for the acquisition price, the property ownership of the completed Acquisition Facility shall be transferred to EMWD by grant deed, bill of sale or such other documentation as EMWD may require free and clear of all taxes, liens, encumbrances, and assessments, but subject to any exceptions determined by EMWD to not interfere with the actual or intended use of the land or interest therein (including the lien of a community facilities district so long as the subject property is exempt from taxation or is otherwise not taxable by such community facilities district). Upon the transfer of property ownership of the Acquisition Facility or any portion thereof to EMWD, EMWD shall be

responsible for the maintenance of such Acquisition Facility or the portion transferred. Notwithstanding the foregoing, the acquisition price of an Acquisition Facility may be paid prior to transfer of property ownership and acceptance of the Acquisition Facility if it is substantially completed at the time of payment. The Acquisition Facility shall be considered "substantially complete" when it has been reasonably determined by EMWD to be usable, subject to final completion of such items as the final lift or any other items not essential to the primary use or operation of the Acquisition Facility.

For purposes of determining the acquisition price to be paid by the CFD for the acquisition of each Acquisition Facility by EMWD, the value of such Acquisition Facility shall include the construction costs specified in EMWD-approved contracts and EMWD-approved change orders conforming to this Section 4, as hereinbefore specified. EMWD approval is a condition prior to initiation of contract work. However, if EMWD reasonably determines that the additional Actual Costs are excessive and that the value of the Acquisition Facility is less than the total amount of such Actual Costs and such construction costs, the price to be paid for the acquisition of the Acquisition Facility shall be the value thereof as determined by the EMWD Engineer Representative, subject, however, to the Company's right to appeal to EMWD's Board of Directors.

Upon completion of the construction of an Acquisition Facility, the Company shall deliver or cause to be delivered to EMWD a Payment Request in substantially the form of Exhibit "D," attached hereto, copies of the contract(s) with the contractor(s) who have constructed the Acquisition Facility and other relevant documentation with regard to the payments made to such contractor(s) and each of them for the construction of the Acquisition Facility, documentation evidencing payment of prevailing wages, and shall also provide to EMWD invoices and purchase orders with respect to all equipment, materials and labor purchased for the construction of the Acquisition Facility. EMWD shall require the EMWD Engineer Representative to complete its determination of the acquisition price of the Acquisition Facility as promptly as is reasonably possible.

Notwithstanding the preceding provisions of this Section, the source of funds for the acquisition of the Acquisition Facility or any portion thereof shall be funds on deposit in an account within the Improvement Fund for the Bonds established for purposes of paying for the costs of Acquisition Facilities. If no such funds are available, EMWD shall not be required to acquire the Acquisition Facility from the Company. In such event, the Company shall complete the design and construction and offer to EMWD Property Ownership of such portions of the Acquisition Facility as are required to be constructed by the Company as a condition to recordation of subdivision maps for the Property, but need not construct any portion of the Acquisition Facility which it is not so required to construct. Reimbursement for these facilities would be made pursuant to the "Standard Water and/or Sewer Facilities and Service Agreement(s)" by and between EMWD and the Company.

(g) Easements and/or Fee Title Property Ownership Deeds. The Company shall, at the time EMWD acquires the Acquisition Facility as provided in Section 4(f) hereof, grant or cause to be granted to EMWD, by appropriate instruments prescribed by EMWD, all easements across private property and/or fee title property ownership deeds which may be reasonably necessary for the proper operation and maintenance of such Acquisition Facility, or any part thereof.

(h) Permits. The Company shall be responsible for obtaining all necessary construction permits from the City of Temecula (the "City") covering construction and installation of the Acquisition Facility. EMWD will request the City to issue an "operate and maintain permit" to EMWD, which will become effective upon the completion of the Acquisition Facility and acceptance of property ownership therewith by EMWD.

(i) Maintenance. Prior to the transfer of property ownership of an Acquisition Facility by the Company to EMWD, as provided in Section 4(f) hereof, the Company shall be responsible for the maintenance thereof and shall require its contractor(s) to repair all facilities damaged by any party, prior to acceptance by EMWD and/or make corrections determined to be necessary by EMWD's inspection personnel.

(j) Inspection of Records. EMWD shall have the right to review all books and records of the Company pertaining to the costs and expenses incurred by the Company for the design and construction of the Acquisition Facility during normal business hours by making arrangements with the Company. The Company shall have the right to review all books and records of EMWD pertaining to costs and expenses incurred by EMWD for services of the EMWD Engineer Representative by making arrangements with EMWD.

(k) Property Ownership of Improvements. Notwithstanding the fact that some or all of the Acquisition Facility may be constructed in dedicated street rights-of-way or on property which has been or will be dedicated to EMWD, each Acquisition Facility shall be and remain the property of the Company until acquired by EMWD as provided in this Agreement.

(l) Materials and Workmanship Warranty. Upon the completion of the acquisition of an Acquisition Facility by EMWD, the performance bond related to such individual Acquisition Facility provided by the Company pursuant to Section 4(c)(v) hereof, shall be reduced by 90%, and the remaining 10% shall serve as a maintenance bond to guarantee that such Acquisition Facility will be free from defects due to faulty workmanship or materials for a period of one year. Release of performance and payment bonds is addressed in the Standard Water and/or Sewer Facilities and Service Agreement, by and between EMWD and the Company.

(m) Independent Contractor. In performing this Agreement with respect to the Acquisition Facilities, the Company is an independent contractor and not the agent of EMWD, the CFD or the Authority. EMWD shall not have any responsibility for payment to any contractor, subcontractor or supplier of the Company. It is not intended by the Parties that this Agreement create a partnership or joint venture among them and this Agreement shall not otherwise be construed.

(n) Insurance Requirements. Neither the Company nor its contractor shall commence work on an Acquisition Facility under this Agreement prior to obtaining all insurance required hereunder with a company or companies acceptable to EMWD, nor shall the Company's contractor allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained.

The Company shall, during the life of this Agreement, notify EMWD in writing of any incident giving rise to any potential bodily injury or property damage claim and any resultant settlements, whether in conjunction with this or any other project which may affect the limits of the required coverage, as soon as is reasonable and practical.

Both the Company and its contractor shall conform in every respect to the requirements set forth in the Standard Water and/or Sewer Facilities and Service Agreement, by and between EMWD and the Company.

5. Ownership of EMWD Facilities and Acquisition Facilities. The EMWD Facilities and Acquisition Facilities shall be and remain the property of EMWD.

6. Other Public Utility Facilities. EMWD shall not acquire from the Company or construct the water, electric, natural gas and telephone underground public utility improvements to be installed in the street rights-of-way within the tracts into which the Property will be subdivided. The Company shall construct all such improvements and make such arrangements with respect to refunding of the cost of the installation of such improvements with the utility companies that will own and operate same as is permitted by the rules of such companies.

7. Indemnification. The Company shall assume the defense of, indemnify and save harmless, EMWD, its directors, officers, employees and agents, and the Authority, its members, directors, officers, employees and agents, and each and every one of them from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subject or put, by reason of, or resulting from this Agreement or the issuance of the Bonds; provided, however that the Company shall not be required to indemnify any person or entity as to damages resulting from willful misconduct of such person or entity or their agents or employees.

8. Termination. The provisions of this Agreement related to the funding of the EMWD Facilities shall terminate and be of no further force or effect if Bonds are not sold by December 31, 2035. If for any reason the Bonds are not issued by such date, this Agreement shall terminate and be of no further force and effect. If not earlier terminated in accordance with the foregoing, this Agreement shall terminate on the date which is five years after the later of (i) the date on which EMWD has fully expended any Bond funds remitted to it (and any investment earning thereon) to pay costs of EMWD Facilities, or (ii) five years after the last Acquisition Facilities has been paid for with Bond Proceeds.

9. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered or seventy-two (72) hours following deposit of the same in any United States Post Office in California, registered or certified, postage prepaid, addressed as follows:

Authority/CFD: Temecula Public Financing Authority
c/o City of Temecula
41000 Main Street
Temecula, CA 92589
Attention: Director of Finance

EMWD: Eastern Municipal Water District
2270 Trumble Road
Post Office Box 8300
Perris, CA 92572-8300
Attention: Special Funds Division

Company: SB Altair, LLC
c/o Brookfield Properties
3200 Park Center Drive, Suite 1000
Costa Mesa, CA 92626
Attention: Colin Koch

with a copy to: O'Neil LLP
19900 MacArthur Boulevard, Suite 1050
Irvine, CA 92612
Attention: John P. Yeager, Esq.

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other party hereto.

10. No Obligation. The parties agree that the Company has no obligations hereunder until or unless the Authority issues the Bonds and allocates a portion of the proceeds of the Bonds specifically to fund the EMWD Facilities and/or Acquisition Facilities.

11. Application of the Agreement to Improvement Area No. 1 and to Property annexed to the CFD. This Agreement shall apply to the CFD, to Improvement Area No. 1 and to any property annexed to the CFD.

12. Amendment. This Agreement may be amended at any time but only in writing signed by each party hereto.

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters provided for herein and supersedes all prior agreements and negotiations between the parties with respect to the subject matter of this Agreement.

14. Exhibits. All exhibits attached hereto are incorporated into this Agreement by reference.

15. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

16. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other parties hereto, or the failure by a party to exercise its rights upon the default of another party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other parties with the terms of this Agreement thereafter.

17. No Third Party Beneficiaries. No person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this Agreement (either express or implied) is intended to confer upon any person or entity, other than EMWD, the Authority, the CFD and the Company (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement.

18. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

TEMECULA PUBLIC FINANCING AUTHORITY

By: _____
Aaron Adams,
Executive Director

20009.23:j19365

[signature page to CFD 23-01 – Joint Community Facilities Agreement – EMWD]

EASTERN MUNICIPAL WATER DISTRICT

By: _____

General Manager

SB ALTAIR, LLC,
a Delaware limited liability company

By: Brookfield Temecula, LLC, a
Delaware limited liability company,
its Operations Manager

By: _____

Name: _____

Its: _____

EXHIBIT A

PROPERTY DESCRIPTION

Riverside County Assessor's Parcel Numbers:

940-310-015
940-310-016
940-310-044
940-310-045
940-310-046
940-310-047
940-310-048
940-310-013
940-320-001
940-320-002
940-320-003
940-320-004
940-320-005
940-320-006
940-320-007
922-210-049

EXHIBIT B

DESCRIPTION OF EMWD FACILITIES

“EMWD Facilities” means sewer facilities included in EMWD’s sewer capacity and connection fee programs used to finance expansion projects except for those in-tract facilities that are contributed by the Company. EMWD Facilities include, but are not limited to: sewer transmission pipelines, sewer treatment plants, disposal ponds, pumping plants, lift stations, water reservoirs, including all costs of site acquisition, planning, design, engineering, legal services, materials testing, coordination, surveying, construction staking, construction, inspection and any and all appurtenant facilities relating to the foregoing.

EXHIBIT C

**DISBURSEMENT REQUEST FORM FOR FUNDING OF
EMWD FACILITIES IN LIEU OF PAYMENT OF EMWD FEES**

Sequence No. _____

EMWD SA# _____

1. The Temecula Public Financing Authority (the "Authority") is hereby requested to pay from the Bond proceeds to Eastern Municipal Water District ("EMWD"), as Payee, the sum set forth in 3 below.

2. The undersigned certifies that the amount requested for funding of EMWD Facilities in lieu of payment of EMWD Fees, has not formed the basis of prior request or payment, and is being made with respect to the connection of the property described in Exhibit A to the Agreement described below, to the EMWD system.

3. Amount requested: \$_____ For Lot Nos. _____

Wire transfer instructions for remission of funds to EMWD:

4. The amount set forth in 3 above is authorized and payable pursuant to the terms of the Joint Community Facilities Agreement among the Authority, EMWD and SB Altair, LLC, dated as of January __, 2024 (the "Agreement").

By entering into Agreement and requisitioning funds that may include proceeds of bonds issued by the Authority for the CFD (the "Bonds") as described above, EMWD is not passing upon, determining or assuming the tax-exempt status of the Bonds for federal or State income tax purposes.

Capitalized terms used but not defined herein have the respective meanings given to them in the Agreement.

SB ALTAIR, LLC,
a Delaware limited liability company

By: _____

Its: _____

EASTERN MUNICIPAL WATER DISTRICT

By: _____

Its: _____