

WHEN RECORDED MAIL TO:

CITY CLERK

City of Riverside

City Hall, 3900 Main Street

Riverside, California 92522



Project: APN 239-040-018 - (6.30 Acres)

Water Service Connection

Agricultural Uses Only

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COVENANT AND AGREEMENT

FOR TEMPORARY WATER SERVICE CONNECTION FOR AGRICULTURAL USES

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THIS COVENANT AND AGREEMENT is made and entered into this 16th day of February, 2000, by REEL ENERGY AVIATION, LLC., AN ARIZONA LIMITED LIABILITY COMPANY, (collectively, "Declarants"), with reference to the following facts:

A. Declarants are the fee owners of that certain undeveloped real property (the "Property") situated in the City of Riverside, County of Riverside, State of California and described in Exhibit "A".

The Property is located at the Southwesterly corner of John Street and Dufferin Avenue the water service area of the Public Utilities Department of the City of Riverside ("Department"). The property is identified as Riverside County Assessor Parcel Number 239-040-018.

B. Declarants desire to use the Property for agricultural purposes only and have filed an application with Department for connection of water service.

C. Water Rule No. 11 of the Water Rules of the City of Riverside provides in Paragraph H thereof that temporary service connections as determined by the Public Utilities Director of the City of Riverside ("Director") may be available for parcels of land that are to be under agricultural uses. Paragraph H further provides that, with the approval of the Director, the Distribution System Fee may be deferred until such time as the parcels are developed with permanent structures or facilities, and that the Backup Facility Capacity Charge and Elevation Fee may be deferred for a maximum period of two (2) years, after which said Backup Facility

Capacity Charge and Elevation Fee must be paid provided that such may be paid in four (4) equal annual installments. In the event the Fees and Charges are deferred with the approval of the Director, the applicant must execute a recordable agreement to that effect approved by the Legal Department of the City of Riverside.

D. Department is willing to accept Declarants' application for a temporary water service connection for agricultural uses and to provide water to the Property and defer the payment of the Distribution System Fee, the Backup Facility Capacity Charge and Elevation Fee subject to certain conditions including the execution and recordation of an agreement meeting the requirements of Paragraph H of Water Rule No. 11.

NOW, THEREFORE, in consideration of the provision of the temporary water service connection for agricultural uses for the Property and the deferment of the Distribution System Fee, the Backup Facility Capacity Charge and the Elevation Fee, Declarants hereby covenant and agree with Department as follows:

1. Declarants shall pay to Department the temporary water service connection charge for the Property upon the following:

(a) Upon acceptance of the application for the temporary water service connection for agricultural uses on the Property by Department, fees and charges for the required service and meter in accordance with the Water Rules and Rate Schedules of the City of Riverside now in force except as hereafter specifically deferred.

(b) For the water used on the Property, the charges at rates as then set forth in Water Rate Schedule WA-3 - Irrigation Metered Service.

2. Declarants shall pay to Department the Distribution System Fee which is usually imposed upon application for service for water at such time as the Property is subdivided or developed with permanent structures or facilities. Declarants shall then pay to Department, prior to the recordation of subdivision map or the issuance by the City of Riverside of a building permit for a permanent structure or facility on the Property, the Distribution System Fee for the Property at the rate in effect at that time. In the event the Distribution System Fee is not paid to Department, Declarants acknowledge and agree that the water service to the Property may be terminated by Department in accordance with Department's procedures for such termination then in effect and that the City of Riverside may withhold the issuance of a building permit for the Property until such time as the fee has been paid.

3. Declarants shall pay to Department the Backup Facility Capacity Charge and the Elevation Fee which are usually imposed upon application for water service no later than two (2) years from the installation date of the temporary water service connection to the Property is completed and these fees and charges shall be based on the rates in effect when water meter was installed; provided, however, that such amount may be paid to Department by Declarants in four (4) equal annual installments. Department shall give written notice to Declarants of the total amount due and owing for the Backup Facility



Capacity Charge and the Elevation Fee, and Declarants shall pay the total of such amount or one-fourth of such amount no later than thirty (30) days after issuance of such notice to Declarants by Department. If Declarants determine to pay the amount in no more than four (4) equal annual installments, such remaining amounts shall be promptly paid by Declarants to Department by no later than the anniversary date of the original notice from Department to Declarants as to the amount to be paid. Notwithstanding anything in this paragraph contrary hereto, if the Property is sooner developed or subdivided, Declarants shall pay such total remaining amount then owed together with the Distribution System Fee as above provided. If such fees and charges are not paid to Department, Declarants acknowledge and agree that the water service to the Property may be terminated by Department, in accordance with Department's procedures for such termination then in effect, until such time as the fees are paid.

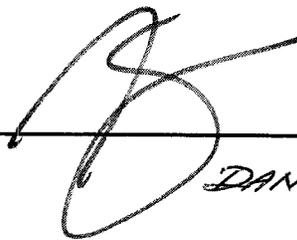
4. The Terms of this Covenant and Agreement may be enforced by Department, its successors and assigns. Should Department bring an action to enforce any of the terms of this Covenant and Agreement, the prevailing party shall be entitled to court costs, including reasonable attorneys' fees.

5. This Covenant and Agreement shall run with the land and each and all of its terms shall be binding upon Declarants and the heirs, successors and assigns of Declarants and shall continue in effect until payment of the Distribution System Fee, the Backup Facility Capacity Charge and the Elevation Fee. When the Department has received payment in full of the required Distribution System Fee, the Backup Facility Capacity Charge and the Elevation Fee for the Property, the Director, at the request of Declarants, shall execute in recordable form a release terminating this Covenant and Agreement.

IN WITNESS WHEREOF, Declarants have caused this Covenant and Agreement to be executed the day and year first above written.

REEL ENERGY AVIATION, LLC
an Arizona Limited Liability Company

By: _____



DANA J. HUNTER

By: _____



2000-100488
03/24/2000 08:00A
3 of 5

CIA 669-3

EXHIBIT "A"

LEGAL DESCRIPTION

That certain real property situated in the City of Riverside, County of Riverside, State of California described as follows:

Parcel 4 of Parcel Map No. 8425 recorded in Book 41 Pages 1 and 2 of Parcel Maps, Records of Riverside County, California.

DESCRIPTION APPROVAL 3/20/00

for Walton R. Ayres by —
SURVEYOR, CITY OF RIVERSIDE

a:\cov3.cc



APPROVED AS TO CONTENT:

[Signature]
Public Utilities Director

APPROVED AS TO FORM:

[Signature] 2-8-03
Assistant City Attorney
Deputy

State of California)
)ss
County of Orange)

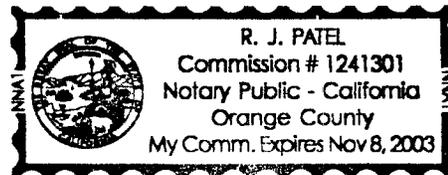
On 17th January, 2000, before me, the undersigned, a notary public in and for said State, personally appeared

Dana Jay Hunter

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

R J Patel
(Signature)



State of California)
)ss
County of _____)

On _____, before me, the undersigned, a notary public in and for said State, personally appeared

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.

(Signature)

