



Legislation Details (With Text)

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 Title: Request City Council to Approve a Construction Reimbursement Agreement for Laurel/Walnut/Locust Improvements by and between the City of Rialto and Lewis-Hillwood Rialto LLC and Reallocate Funding from the Demolition and Remediation Category to the Infrastructure Category in the Airport Escrow Budget.
 (ACTION)

Sponsors:

Indexes:

Code sections:

Attachments: [Exhibit A FINAL Laurel, Locust and Walnut Construction Agreement 9.18.pdf](#)
[Exhibit B Budget for Locust.Walnut.Laurel Improvements](#)

Date	Ver.	Action By	Action	Result
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For City Council Meeting [October 13, 2015]

TO: Honorable Mayor and City Council

APPROVAL: Michael Story, City Administrator

FROM: Robb R. Steel, Assistant CA/Development Services Director

Request City Council to Approve a Construction Reimbursement Agreement for Laurel/Walnut/Locust Improvements by and between the City of Rialto and Lewis-Hillwood Rialto LLC and Reallocate Funding from the Demolition and Remediation Category to the Infrastructure Category in the Airport Escrow Budget.
 (ACTION)

BACKGROUND:

On September 25, 2015, the City Council approved the Second Amended and Restated Contract of Sale (the "LHR Agreement") with Lewis Hillwood Rialto LLC (LHR). Section 6.05 (Infrastructure) of the LHR Agreement allocated \$9 million from the \$30 million Airport Escrow Account for public improvements to be constructed in accordance with the Entitlements. The LHR Agreement allowed LHR to notify the City of its preferences regarding the allocation of the infrastructure fund, and the City retained the right to reasonably consider LHR's request. In the event that the costs of relocation, demolition or remediation come in below budgets established for those specific components, then those funds shall also be allocated for infrastructure.

LHR requests that the City appropriate funding for public improvements on Laurel Avenue, Walnut Avenue, and Locust Avenue.

ANALYSIS/DISCUSSION:
Infrastructure Appropriations and Expenditures

The City Council has appropriated funds for infrastructure projects as shown in the table below. In addition, the Airport Escrow has expended funds for various projects not included within the funding appropriations. Through August 31, 2015 the total appropriations and expenditures are \$8,283,000. The total budget for infrastructure established in Section 6.05 of the LHR Agreement is \$9,000,000, thus a residual budget of \$717,000.

Adding the proposed appropriations of \$4,617,000 exceeds the infrastructure appropriation limit by approximately \$3.9 million. Consequently, funding must be reallocated from either relocation (\$12 million initial allocation) or demolition/remediation (\$9 million initial allocation). Through August 31, 2015 the City has expended or encumbered approximately \$2.3 million for demolition and remediation, leaving a balance of \$6.7 million. Of this, perhaps \$1 million should be reserved for future demolition and remediation expenses (PLL Policy, Self-Insured Retention for the PLL, and other potential expenses). The balance of \$5.7 million is potentially available for the proposed infrastructure project.

**Infrastructure Appropriations/Expenditures for LHR Agreement
31-Aug-15**

Project	City Council Approval	Funding
Miro Way Design Reimbursement Agt	May 27, 2014	(\$380,000
Locust/Linden/Laurel Design Reimb Agt	May 27, 2014	(\$462,000
Alder Avenue Improvements (Phase I/II)	May 12, 2015	(\$2,370,000
Miro Way Improvements (net out In-Lieu Fee Reimbursements)	September 8, 2015	(\$5,552,000 \$806,000
Other Infrastructure Expenditures (8/31/15)	Actuals	(\$325,000 =====
Total All Appropriations/Expenditures		(\$8,283,000)
Locust/Laurel/Walnut	Proposed	(\$4,615,000 =====
Total Proposed Appropriations/Expenditures		(\$12,898,000)
Initial Infrastructure Allocation per Section 6.5		\$9,000,000 =====
Funding Allocation Shortfall		(\$3,898,000)

Note: All numbers rounded to nearest thousand.

Proposed Construction Reimbursement Agreement

The proposed Construction Reimbursement Agreement is attached hereto as Exhibit A. Under the terms of the LHR Construction Agreement, LHR will bid, award contract(s), manage and construct in accordance with procedures established in the LHR Construction Agreement. The City will monitor the bidding process to ensure that the Project is competitively bid and the lowest responsible bidder (s) engaged. LHR will review, approve and submit all payment requests and invoices to the City for payment processing.

The City will reimburse LHR for the hard and soft construction costs incurred related to the construction of the Improvements, plus a construction management fee not to exceed 3% of hard construction costs, and a developer fee not to exceed 3% of the hard construction costs. The estimated cost of construction is summarized in the table below. The detailed cost breakdown is

attached hereto as Exhibit B.

Project Benefits

The proposed improvements complete essential infrastructure contemplated to service proposed large industrial development projects within the Renaissance Specific Plan area. Construction of Walnut Avenue and Laurel Avenue is necessary to support the development of Niagara and Medline, as well as the existing and proposed developments that are or will be located on Walnut and Laurel Avenues. The Locust improvements support DCT and Medline, and provide an alternative access to the 210 Freeway and north Rialto.

Economic Development Committee Recommendation

On September 23, 2015, the Economic Development Committee recommended that this report and recommendation be forwarded to the City Council for consideration.

ENVIRONMENTAL IMPACT:

The construction of the proposed improvements have been analyzed as part of the Program environmental Impact Report for the Renaissance Specific Plan and Addendums for the Medline and Niagara projects.

On November 8, 2010, the City certified the Environmental Impact Report for the Renaissance Specific Plan and on November 10, 2010, filed the Notice of Determination for the environmental Impact Report.

Approval of the Construction Reimbursement Agreement is an administrative or fiscal action by the legislative body and will not result in any additional direct or indirect physical change in the environment than what was already analyzed (Section 15378(b) of the California Environmental Quality Act Guidelines).

GENERAL PLAN CONSISTENCY:

The City of Rialto has identified several goals and objectives within the City's General Plan through which the City looks to improve the community.

Goal 3-1: Strengthen and diversify the economic base and employment opportunities and maintain a positive business environment.

Goal 3-6: Require that all developed areas within Rialto are adequately served with essential public services and infrastructure.

Goal 3-7: Upgrade public infrastructure as an inducement to promote private investment.

LEGAL REVIEW:

The City Attorney reviewed and approved the staff report and Construction Reimbursement Agreement.

FINANCIAL IMPACT:

The proposed budget adjustments are illustrated in the table below. The Demolition/Remediation Budget decreases by \$4 million, and the Infrastructure Budget increases by \$4 million.

Airport Escrow Account Budget (\$30M)

Budget Category	Section	Original Budget	Budget Activity thru 8/31/15			Budget Balance	Proposed Budget Adjustments	Revised Budget
			Actual Expenses	Est Encumbrances	Total Obligated			
Relocation	6.02	12,000,000	(9,300,000)	(2,700,000)	(12,000,000)	-	-	12,000,000
Demolition/Remediation	6.03/6.04	9,000,000	(322,000)	(2,000,000)	(2,322,000)	6,678,000	(4,000,000)	5,000,000
Infrastructure	6.05	9,000,000	(876,000)	(7,408,000)	(8,284,000)	716,000	4,000,000	13,000,000
Totals		30,000,000	(10,498,000)	(12,108,000)	(22,606,000)	7,394,000	-	30,000,000

RECOMMENDATION:

Staff recommends that the City Council approve the Construction Reimbursement Agreement for the Laurel/Walnut/Locust Improvements and reallocate \$4,000,000 from the Demolition and Remediation Budget to the Infrastructure Budget within the Airport Escrow Fund.

**CONSTRUCTION REIMBURSEMENT AGREEMENT
(LAUREL, WALNUT, AND LOCUST IMPROVEMENTS)**

This **CONSTRUCTION REIMBURSEMENT AGREEMENT** (“**Agreement**”) is made and entered into as of _____, 2015 (the “**Effective Date**”), by and between the **CITY OF RIALTO**, a municipal corporation (“**City**”), and **LEWIS-HILLWOOD RIALTO COMPANY, LLC**, a Delaware limited liability company (“**Developer**”).

R E C I T A L S

A. Developer and the City are parties to that certain Second Amended and Restated Contract of Sale for Areas B, C, and D, dated September 25, 2012 (the “**BCD Agreement**”), pursuant to which the City granted to Developer an option to purchase all or a portion of certain real property that comprises or formerly comprised the Rialto Municipal Airport (the “**Airport**”) on the terms and conditions set forth therein. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings set forth in the BCD Agreement.

B. Pursuant to the BCD Agreement, Developer purchased approximately 23.9 acres of unimproved real property from the City, and combined it with Developer’s separately owned unimproved property; the entirety of which is bounded by Miro Way to the south, Alder Avenue to the west, the recently vacated Laurel Avenue to the east, and Walnut Avenue to the north, in the City of Rialto, County of San Bernardino, State of California, which is collectively identified on the map attached hereto as **Exhibit D** and referred to herein as the “**Niagara Development Parcel**.”

C. Developer has completed the transfer of the Niagara Development Parcel to Miro Way Properties, LLC, a Delaware limited liability company (“**Niagara**”).

D. Niagara received entitlements and/or permits for the construction of a 596,749 square foot bottling facility and off-site public improvements which are more particularly described within the Conditions of Approval for Precise Plan of Design 2363 (“**PPD 2363**”) (the “**Niagara Project**”).

E. The Conditions of Approval for PPD 2363 require Niagara to construct certain off-site public improvements to Laurel Avenue and Walnut Avenue prior to a Certificate of Occupancy being issued for the Niagara Project. These improvements include the widening and construction of a portion of Laurel Avenue and Walnut Avenue, both public streets within the City (including sidewalks and street lights on the east side of Laurel Avenue and south side of Walnut Avenue, respectively); and, construction of certain dry utility improvements in Laurel Avenue and Walnut Avenue. Collectively these improvements may be referred to herein as the “**Niagara Public Improvements**.”

F. Developer purchased approximately 55.2 acres of unimproved real property from the City, bounded by Miro Way to the south, Locust Avenue to the east, Laurel Avenue to the west, and the DCT project to the north, in the City of Rialto, County of San Bernardino, State of California,

which is collectively identified on the map attached hereto as **Exhibit E** and referred to herein as the “**Medline Development Parcel**.”

G. Developer completed the transfer of the Medline Development Parcel to Medline Industries, Inc., an Illinois corporation (“**Medline**”).

H. Medline received entitlements and/or permits for the construction of improvements on the Medline Development Parcel, including a 1,070,320 square foot distribution warehouse and off-site public improvements which are more particularly described within the Conditions of Approval for Precise Plan of Design 2365 (“PPD 2365”) (the “**Medline Project**”).

I. The Conditions of Approval for PPD 2365 also require Medline to construct certain off-site public improvements within Laurel Avenue and Locust Avenue prior to a Certificate of Occupancy being issued for the Medline Project. These improvements include the widening and construction of a portion of Laurel Avenue and Locust Avenue, both public streets within the City (including sidewalks and street lights on the east side of Laurel Avenue and the west side of Locust Avenue, respectively); construction of a new water line for Fontana Water Company in Locust Avenue; construction of interim detention basins for flood control purposes on the east side of Locust Avenue; and, construction of certain dry utility improvements in Laurel Avenue and Locust Avenue. These improvements may collectively be referred to herein as the “**Medline Public Improvements**.”

J. The City and Developer desire for the Developer to construct, and the City to pay contractors directly or reimburse the Developer for the cost of constructing certain improvements to Laurel Avenue, Walnut Avenue, and Locust Avenue (“**Project Improvements**”), which are required to be constructed for the Niagara Project and the Medline Project, pursuant to the terms, conditions, requirements and procedures set forth herein.

K. The City and Developer intend that this Agreement shall contain all of rights, requirements and obligations of Developer and the City with regards to the Project Improvements.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Developer agree as follows:

1.0 Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Construction Manager” means the construction manager or general contractor, as applicable that is hired by Developer to oversee construction of the Project. Construction Manager shall not perform actual construction work, but shall enter into contracts for construction of the Project. The contracts for the Project Improvements shall only be awarded after competitive bidding in accordance with the City’s requirements, attached hereto as **Exhibit B**. Developer’s contract with the Construction Manager shall be in the manner of a “cost plus” construction contract. The Construction Manager’s fee shall equal three percent (3%) of the actual Hard Costs (as such term is defined below) of constructing the applicable public improvements.

“Developer Fee” as used herein shall mean the fee paid to Developer for construction oversight and administration in connection with the construction of the Project Improvements,

which shall equal three percent (3%) of the actual Hard Costs of constructing the Project Improvements.

“Hard Costs” as used herein shall mean and include the hard or direct costs of construction, but shall exclude any Soft Costs (as such, term is defined below) and further excludes any internal administrative salaries or overhead costs of the Developer or contractor performing the work in question.

“Project” as used herein means the completion by Developer of the construction of the Project Improvements in accordance with this Agreement.

“Project Improvements” as used herein means the public improvements described in **Exhibit A** attached hereto and incorporated herein by this reference.

“Project Improvements Budget” as used herein means the public improvements budget described in **Exhibit C** attached hereto and incorporated herein by this reference.

“Soft Costs” mean and include soft, indirect or design costs of construction, including professional services, general contractor fees, development and construction management fees (i.e. the Construction Manager or Developer Fee). In order for Soft Costs to be reimbursable to Developer pursuant to this Agreement, City must be able to verify that such Soft Costs are specifically attributable to the specified Project Improvement(s) for which reimbursement is being made, by reference to separate subcontract(s) or by another means approved by the City Administrator.

2.0 Design.

The Project Improvements will be designed and plan checked through the City by a licensed third party possessed of sufficient skill, qualifications, experience, expertise and capability to perform its obligations hereunder, who shall maintain adequate personnel, manpower, capital, equipment and facilities to perform its obligations hereunder, and holds any and all licenses, certificates, authorizations and registrations required to permit it to perform its obligations hereunder.

3.0 Bidding and Award.

3.1 Developer or Construction Manager shall competitively bid and award construction contracts with contractors for the Project Improvements in accordance with City’s requirements, attached hereto as **Exhibit B** and incorporated herein by reference. Alternately, subcontractors may be pre-qualified in accordance with Public Contract Code Section 20101.

3.2 Prior to soliciting or awarding the bid for any portion of the Project Improvements, Developer or Construction Manager shall submit the bid packet and a set of construction drawings signed by Developer or Construction Manager or another authorized representative designated by Developer or the Construction Manager for the work being bid to the City Engineer/Public Works Director of City for review and approval which approval shall be granted or denied within fifteen (15) calendar days after submission of such bid packet. If the City Engineer/Public Works Director denies approval of such bid packet and construction drawings, the City Engineer/Public Works Director shall specify the reasons for such disapproval and Developer

or Construction Manager shall resubmit a revised bid packet for review and approval until such approval is obtained.

3.3 Developer shall provide the City Engineer/Public Works Director with copies of all bids received from subcontractors and a bid summary in a form approved by the Public Works Director to assure that Construction Manager adheres to the applicable legal requirements for public works projects. Developer or Construction Manager shall enter into a construction contract with each contractor selected to perform work on the Project Improvements (after competitive bidding as set forth above), (each, a “**Construction Contract**”) for the performance of the work set forth in the selected subcontractor’s bid, and the terms of each Construction Contract entered into by Developer or Construction Manager and each contractor/subcontractor shall be reasonably acceptable to City Administrator. Developer shall submit to City a copy of each executed Construction Contract for the Project Improvements, within fifteen (15) days after execution thereof.

3.4 City finds that given the need to complete construction of the Project Improvements within a specified period, full compliance with the otherwise applicable requirements of the Public Contracts Code for the selection of certain construction related professional services would be unavailing, would not produce an advantage for City, and would thus be undesirable, impractical, and cause undue delay, therefore, as authorized by *Graydon v. Pasadena Redevelopment Agency et al.* (1980) 104 Cal. App. 3rd 631 and the cases cited therein, City hereby approves the following companies to perform professional construction related services because of their existing or prior working knowledge of the Project, their years of experience in the field, and other qualifications:

- | | |
|---|--|
| (a) Thienes
Engineering, Inc. or KEC
Engineers | General Civil Engineering Services
Construction Advisory and Information Services
Preparation of Bid Package(s) and Specifications |
| (b) TJW Engineering | Traffic Signal Design Service/Traffic Control Planning |
| (c) Southern California
Geotechnical Services
Leighton Consulting, Inc. | Soil Testing and Compaction |
| (d) MGTL/Leighton/
LOR/RMA | Concrete Testing Services |
| (e) SB&O, Thienes
Engineering, Inc.,
or TT&G | Construction Staking and Surveying |
| (f) KEC Engineers,
Developer or
Lewis Operating Corp. | Construction Manager |

3.5 City finds that given the need to complete the construction of the Project Improvements within a specified period, the Developer or City must acquire and pre-order certain construction materials for the Project prior to the award of a Construction Contract. The

procurement of certain specialized construction materials is necessary for materials that require significant lead time to manufacture and deliver. Therefore, to insure the timely completion of the Project, City hereby approves the Developer soliciting bids to procure the following construction materials for the Project:

(a) Traffic Signal Poles

The Developer shall provide documentation to the City demonstrating a good faith effort to obtain competitive bids for the construction materials and shall recommend award of a purchase order to the City. The City Public Works Director will review and accept or reject the bid documentation within five (5) business days after submittal. If accepted, the City will authorize purchase of the materials and reimburse the Developer in accordance with the terms of Section 5 of this agreement.

3.6 The Project Improvements Budget, including an engineer's cost estimate, is attached hereto as **Exhibit C** and incorporated herein by this reference. The Project Improvements Budget includes the following cost elements:

(a) the Hard Costs of construction, including (1) labor and material with unit costs and quantities as applicable, (2) material inspection and testing fees, (3) construction surveying and staking, (4) temporary services, (5) general conditions and mobilization, and (6) a construction contingency reserve.

(b) the Soft Costs of construction, including (1) City permit and inspection fees, (2) labor, material and performance bonds, (3) design costs, (4) Construction Management Fees, and (5) Developer Fees.

Any changes to the Project Improvements Budget after the Effective Date, which exceed the amount appropriated or the amount the City Administrator may be authorized to approve shall be submitted to the City Council for its review and approval. Nothing in the Agreement is to be considered a guarantee that the City Administrator or City Council, as applicable, shall be required to approve a change in the Project Improvements Budget.

4.0 Construction of the Project Improvements. Developer shall construct the Project Improvements in accordance with the City's requirements, attached hereto as **Exhibit B** and incorporated herein by reference.

4.1 Pre-approval of Plans and Specifications. Developer is prohibited from commencing work on any portion of the Project Improvements until all plans and specifications for the Project Improvements (the "**Plans and Specifications**") have been submitted to and approved by the City Administrator, Public Works Director, City Engineer, or their designee, any of which may act individually on behalf of the City ("**Approved by the City**" or "**City Approval**"). City Approval shall not relieve Developer from ensuring that all Project Improvements conform to all other requirements and standards set forth in this Agreement.

4.2 Permits and Notices. Prior to commencing any work, Developer (through its contractors) shall, at its sole cost and expense, obtain all necessary permits and licenses and give all necessary and incidental notices required for the lawful construction of the Project Improvements and performance of Developer's obligations under this Agreement. Developer (through its contractors) shall conduct the work in full compliance with the regulations, rules, and other

requirements contained in this Agreement, any applicable law, and any permit or license issued to Developer.

4.3 Public Works Requirements. Developer shall ensure that the construction of the Project Improvements is undertaken as if such Project Improvements were constructed under the direction and authority of City. Thus, without limitation, Developer shall comply with the requirements in **Exhibit B** with respect to the construction of the Project Improvements.

(a) Developer will obtain bids for the construction of the Project Improvements in a manner which has been approved by the City. The contract or contracts for the construction of the Project Improvements will be awarded to the responsible bidder(s) submitting the lowest responsive bid(s) for the construction of the Project Improvements.

(b) Developer shall require that its General Contractor for the construction of the Project Improvements pay prevailing wages (in accordance with Articles 1 and 2 of Chapter 1, Part 7, Division 2 of the Labor Code) and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects of cities/counties and as required by the procedures and standards of City with respect to the construction of its public works projects or as otherwise Approved by the City.

(c) All contractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Project Improvements which they will construct in conformance with Section 7.0 of this Agreement.

4.4 Compliance with Plans and Specifications. The Project Improvements shall be completed in accordance with the Plans and Specifications as Approved by City.

4.5 Alterations to Improvements. All work shall be done and the Project Improvements completed as shown on the Plans and Specifications, and any subsequent alterations thereto mutually agreed upon by City and Developer. If Developer desires to make any alterations to the Plans and Specifications, it shall provide written notice to City of such proposed alterations. City shall have ten (10) business days after receipt of such written notice to approve or disapprove such alterations, which approval shall not be unreasonably withheld, conditioned or delayed. If City fails to provide written notice to Developer of its approval or disapproval of the alterations within such ten (10) business day period, City will be deemed to have disapproved such alterations to the Plans and Specifications. Any and all alterations in the Plans and Specifications and the Project Improvements to be completed may be accomplished without first giving prior notice thereof to Developer's surety for this Agreement.

4.6 Standard of Performance. Developer and its contractors shall perform all work required, constructing the Project Improvements in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Developer represents and maintains that it or its contractors shall be skilled in the professional calling necessary to perform the work. Developer warrants that all of its employees and contractors shall have sufficient skill and experience to perform the work assigned to them, and that they shall have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the work, and that such licenses, permits, qualifications and approvals shall be maintained throughout the term of this Agreement.

5.0 Reimbursement for Project Improvements. City shall pay the cost of constructing the Project Improvements in accordance with this Agreement. Disbursements shall be made in accordance with Sections 5.2, 5.3.1, *et seq.*, and 5.3.2, *et seq.*, of this Agreement. Within fifteen (15) days after the later of (1) the Effective Date of this Agreement or (2) the Effective Date of the Escrow Instructions establishing the Escrow Account, City shall deposit into an Escrow Account the amount of **Four Million Six Hundred Sixteen Thousand Five Hundred Thirty Four Dollars (\$4,616,534)**, the amount appropriated by the City and deemed necessary to complete the construction of the Project Improvements in accordance with the budget attached hereto **Exhibit C (“PI Amount”)**. The PI Amount shall include the Developer Fee and Construction Manager’s Fee payable in accordance with this Agreement.

5.1 Escrow Agreement. Disbursements from the Escrow Account shall be governed by the terms of an Agreement between City, Developer, and Escrow Holder reasonably acceptable to City and Developer (the “**PI Escrow Agreement**”), which PI Escrow Agreement shall (1) impose a fiduciary duty on Escrow Holder in favor of Developer and City, (2) provide that the PI Amount deposited into the Escrow Account by City shall be maintained in a separate, interest bearing account and shall be invested for the benefit of City in low risk, secure investments, (3) provide that City shall have discretion to direct the investment of the PI Amount, provided that such investments are sufficiently liquid to allow for timely disbursements as contemplated by this Agreement, (4) provide that all interest on the PI Amount in the Escrow Account shall accrue to the benefit of City, (5) provide that disbursements of the PI Amount from the Escrow Account shall require the prior written authorization of City, signed by both the City Administrator and Director of Public Works or Director of Development Services (counterpart signatures are acceptable), which authorization shall be granted or denied in accordance with the terms of this Agreement (specifically including satisfaction by Developer or written waiver by City of the requirements of Section 5.2 and of all applicable Conditions Precedent set forth in Section 5.3 below), and (6) provide that all moneys in the Escrow Account shall remain the property of City until disbursed in accordance with the terms of this Agreement and the Escrow Agreement, and shall not be accessible by Developer or creditors of Developer prior to such disbursement; provided, however, that City shall not take any actions which would impair the ability of City to authorize disbursements from the Escrow Account (including, without limitation, pledging or assigning its interest in the PI Amount for security purposes). All fees, costs, and other expenses incurred in connection with the Escrow Account shall be paid by City.

5.2 Disbursements for the Project Improvements. Notwithstanding anything to the contrary contained in this Agreement, the Parties acknowledge and agree that it is not their intent that Developer advance funds to pay for the construction of any of the Project Improvements and that the entire Hard Costs and Soft Costs of the Project Improvements be advanced and funded by City through the Escrow Account. Accordingly, prior to the commencement of construction of the Project Improvements, and during such construction, Developer shall prepare and submit to City a request for reimbursement (an “**PI Funding Request**”) not more frequently than monthly (unless approved by the City) with respect to the Project Improvements, which PI Funding Request shall contain a reasonably detailed accounting of the Hard Costs and Soft Costs actually incurred to date and since the last PI Funding Request and a projection of the Hard Costs and Soft Costs anticipated to be incurred by Developer in the next thirty (30) days (the “**Projected Costs**”) for the Project Improvements. Within ten (10) business days following City’s receipt of a complete PI Funding Request, including all appropriate back-up documentation reasonably requested by City, and subject

to satisfaction of all applicable Conditions Precedent set forth in Section 5.3, City shall either inform Developer of objections to the PI Funding Request or direct the Escrow Holder to disburse the Projected Costs shown in the PI Funding Request to Developer. Within three (3) business days of the approval of any PI Funding Request, Escrow Holder shall disburse the amount so requested to Developer. Notwithstanding anything to the contrary contained in this Agreement, Developer's obligations to complete the Project Improvements is expressly contingent upon City's compliance with its funding obligations under this Agreement and Developer shall have the right to suspend such construction to the extent City improperly withholds such funding, which suspension shall be deemed a Force Majeure for Developer and City shall be responsible for any increased costs resulting therefrom.

5.3 Conditions Precedent to Disbursements for Project Improvements.

5.3.1 Periodic Reimbursements. The City's obligation to provide the initial and each and every PI Funding Request for Projected Costs pursuant to Section 5.0 is conditioned upon the prior satisfaction by Developer or written waiver by City of each of the following Conditions Precedent set forth in this Section 5.3.1 within the times designated below:

(a) No Default. Developer shall not be in Default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

(b) Submission of Bills/Invoices. Developer shall have made full and complete payment of all undisputed claims for work performed on the Project Improvements, or in the event of a dispute between Developer and the general contractor or a subcontractor, Developer shall have obtained a commercially reasonable bond reasonably satisfactory to City to release any applicable mechanics' lien or stop notice and Developer shall have submitted and City shall have approved the final PI Funding Request, including copies of all bills and/or invoices evidencing the Hard Costs and Soft Costs of constructing the Project Improvements actually incurred by Developer.

5.3.2 Final Reimbursement. The City's obligation to provide the final funding of Projected Costs pursuant to a PI Funding Request and Section 5.0 is conditioned upon the prior satisfaction by Developer or written waiver by City of each of the following Conditions Precedent set forth in this Section 5.3.2 within the times designated below:

(a) No Default. Developer shall not be in Default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects

(b) Completion of Construction. Developer shall have completed the construction of the Project Improvements, notices of completion shall have been recorded in relation to the Project Improvements in accordance with California Civil Code Sections 3093 and/or 8182 (as applicable), and 35 days shall have elapsed since the recordation of such notices of completion. The purposes of this provision are to ensure that the Project Improvements will be independently functional and to maintain consistency with vesting rights, and nothing herein shall be deemed to make any part of the Project other than the Project Improvements a public work.

(c) Submission of Bills/Invoices. Developer shall have made full and complete payment of all undisputed claims for work performed on the Project Improvements, or in the event of a dispute between Developer and the general contractor or a subcontractor, Developer shall have obtained a commercially reasonable bond reasonably satisfactory to City to release any applicable mechanics' lien or stop notice and Developer shall have submitted and City shall have approved the final PI Funding Request, including copies of all bills and/or invoices evidencing the Hard Costs and Soft Costs of constructing the Project Improvements actually incurred by Developer.

(d) As-Built Drawings. Developer shall have submitted two (2) sets of final as-built drawings for the Project Improvements to the City Public Works Director.

(e) Acceptance of Project Improvements by City. City, through the City Council, shall have accepted title to the Project Improvements and Developer shall have provided the maintenance guarantees and landscaping requirements reasonably required by City. The City agrees it will not unreasonably withhold or condition its acceptance of title to the Project Improvements. City will accept the Project Improvements in phases and release the final reimbursement based on the phase that has been accepted by the City. Phasing of the Project Improvements shall be determined in the reasonable discretion of the City.

6.0 Indemnification. Developer agrees to indemnify, defend and hold the City and their officers, employees, agents, representatives, and assigns (“**Indemnitees**”) harmless from and against any and all losses, claims, demands, actions, or causes of action, of any nature whatsoever, arising out of or in any way connected with the performance under this Agreement with respect to the Project Improvements, including costs of suit and reasonable attorneys’ fees. In the event the Indemnitees are made a party to any action, lawsuit, or other adversarial proceeding in any way involving such losses, claims, demands, actions, or causes of action, Developer shall provide a defense to the Indemnitees, including reasonable attorneys’ fees and expert witness fees, incurred in defense of such claim. In addition, Developer shall promptly pay any final judgment or portion thereof rendered against the City Indemnitees.

7.0 Insurance. Developer shall procure and maintain and shall cause its contractors to take out and maintain, until the completion of construction of the Project Improvements, all of the policies of insurance described herein. Upon request by the City, Developer shall provide certificates of such insurance or such other evidence that Developer maintains such required policies of insurance as may reasonably be requested by City.

7.1 Types; Amounts. Developer shall procure and maintain, and shall require its contractors to procure and maintain, during performance of this Agreement, insurance of the types and in the amounts described below (“**Required Insurance**”). If any of the Required Insurance contains a general aggregate limit, such insurance shall apply separately to this Agreement or be no less than two times the specified occurrence limit.

7.1.1 General Liability. Occurrence version general liability insurance, or equivalent form, with a combined single limit of not less than One-Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage.

7.1.2 Business Automobile Liability. Business automobile liability insurance, or equivalent form, with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for the ownership, operation, maintenance, use, loading, or unloading of any auto owned, leased, hired, or borrowed by the insured or for which the insured is responsible.

7.1.3 Workers' Compensation. Workers' compensation insurance with limits as required by the Labor Code of the State of California and employers' liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, at all times during which insured retains employees.

7.1.4 Professional Liability. For any consultant or other professional who will engineer or design the Project Improvements, liability insurance for errors and omissions with limits not less than One Million Dollars (\$1,000,000) per occurrence shall be procured for a period of not less than one (1) year following completion of the Project Improvements. Such insurance shall be endorsed to include contractual liability.

7.2 Deductibles. Any deductibles or self-insured retentions in excess of \$50,000 must be declared to and approved by City. At the option of City, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its elected officials, officers, employees, agents, and volunteers; or (b) Developer and its contractors shall provide a financial guarantee satisfactory to City guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

7.3 Additional Insured; Separation of Insureds. The Required Insurance, except for the professional liability and workers' compensation insurance, shall name City as an additional insured with respect to work performed by or on behalf of Developer or its contractors, including any materials, parts, or equipment furnished in connection therewith. The Required Insurance shall contain standard separation of insureds provisions, and shall contain no special limitations on the scope of its protection to City, its elected officials, officers, employees, or agents.

7.4 Primary Insurance; Waiver of Subrogation. The Required Insurance shall be primary with respect to any insurance or self-insurance programs covering City, its elected officials, officers, employees, or agents. The policy required for workers' compensation insurance shall provide that the insurance company waives all right of recovery by way of subrogation against City in connection with any damage or harm covered by such policy.

7.5 Certificates; Verification. Developer and its contractors shall furnish City with original certificates of insurance and endorsements effecting coverage for the Required Insurance. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by City before work pursuant to this Agreement can begin. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

7.6 Term; Cancellation Notice. Developer and its contractors shall maintain the Required Insurance for the term of this Agreement and shall replace any certificate, policy, or endorsement which will expire prior to that date. All policies shall be endorsed to provide that the

Required Insurance shall not be suspended, voided, reduced, canceled, or allowed to expire except on thirty (30) days' prior written notice to City.

7.7 Insurer Rating. Unless approved in writing by City, all Required Insurance shall be placed with insurers licensed to do business in the State of California and with a current A.M. Best rating of at least "A-" and FSC-VIII.

8.0 City Officers and Employees. No officer or employee of the City shall be personally liable to Developer or any successors in interest in the event of any default or breach by the City or for any amount that may become due to Developer or any successor(s) in interest or for breach of any obligation of the terms of this Agreement. No officer or employee of Developer shall be personally liable to the City or any successor(s) in interest in the event of any default or breach by Developer or for any amount that may become due to the City or their successors in interest or for breach of any obligation of the terms of this Agreement.

9.0 Notice. Any notice, demand, request, consent, approval, or communication either party desires or is required to give to the other party or any person shall be in writing and either served personally, communicated by fax or electronic mail, or sent by prepaid, first-class mail to the address set forth below. Notice shall be deemed communicated immediately upon personal delivery, fax or email receipt, or forty-eight (48) hours from the time of mailing if mailed as provided in this Section.

To City: City of Rialto
150 S. Palm Avenue
Rialto, CA 92376
Attn: City Administrator
Tel: (909) 820-2689
Fax: (909) 820-2527

Copy to Fred Galante, Esq.
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Tower 17, Suite 1700,
Irvine, CA 92612
Tel: (949) 250-5410
Fax: (949) 223-1180
Email: fgalante@awattorneys.com

To Developer: Lewis-Hillwood Rialto Company, LLC
c/o Lewis Operating Corp.
1156 N. Mountain Ave
Upland, CA 91786
Attn: Bryan Goodman
Phone No.: 909-946-7537
Email: bryan.goodman@lewisop.com

Copy to: Lewis Operating Corp.
1156 N. Mountain Ave

Upland, CA 91786
Attn: W. Bradford Francke
Phone No. 909-946-7538
Fax: 909-949-6725
Email: brad.francke@lewisop.com

10.0 Assignment of Agreement. The parties hereto may not assign their obligations hereunder to any assignee without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld. Assignment may be made only to an assignee willing, financially capable and competent to carry out the assignor's obligations.

11.0 Authority for Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority make this Agreement and bind each respective Party.

12.0 General Provisions.

(a) Except as otherwise provided herein, the terms, conditions, covenants, and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns, and successors of the parties hereto.

(b) The parties to this Agreement do not rely upon any warranty or representation not contained in this Agreement. Notwithstanding the foregoing, the City represents and warrants that it is authorized to proceed with this Agreement and has obligated the funding required for the Developer to construct the Project Improvements. The Developer represents and warrants that it is authorized to proceed with the Project Improvements pursuant to the terms of this Agreement.

(c) This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

(d) Any failure or delay by any party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any rights or remedies provided for herein.

(e) This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing signed by the parties.

13.0 Force Majeure. Developer agrees that the time within which it shall be required to perform any act under this Agreement shall not be extended except as follows: (i) the Developer is delayed by the City (including, without limitation, restrictions on priority, initiative or referendum, or moratoria), in which case Developer shall provide written notice to the City specifically describing the nature and extent of the delay caused by the City and Developer's detailed efforts to avoid such delay, which references this Section and deliver such notice within twenty (20) days of discovering such delay, and Developer's obligations shall be extended for such time as the City deems reasonable as a result of the delay if and only if Developer provides such written notice to the City within such time; or (ii) the Developer is delayed due to war, insurrection, strikes, lock-

outs, riots, floods, earthquakes, fires, casualties, natural disasters, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, processing with any governmental agencies, unusually severe weather, or any other similar causes beyond the control of Developer or without the fault of Developer. An extension of time for any such cause shall be for the period of the enforced delay equal to the number of days during which Developer's performance was delayed and shall commence to run from the time of the commencement of the cause, if written notice by Developer claiming such extension is sent to the City within twenty (20) days of knowledge of the commencement of the cause.

14.0 Severability. In the event that any provision or provisions of this Agreement are held unenforceable, all provisions not so held shall remain in full force and effect.

15.0 Authority of Signatories. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by so executing this Agreement the parties are formally bound to the provisions of this Agreement.

[Signatures appear on following page.]

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

CITY:

CITY OF RIALTO,
a California municipal corporation

Deborah Robertson, Mayor

ATTEST:

Barbara McGee, City Clerk

APPROVED AS TO FORM:

Fred Galante, Esq., City Attorney

DEVELOPER:

LEWIS-HILLWOOD RIALTO COMPANY, LLC,
a Delaware limited liability company

By: LEWIS-RIALTO COMPANY, LLC,
a Delaware limited liability company
Its Managing Member

By: LEWIS OPERATING CORP.,
a California corporation
Its Sole Manager

By: _____
Printed Name: _____
Title: _____

Date: _____

By: HGI CA INVESTORS, L.P.,
a California limited partnership
A Member

By: HGI GP, LLC,
a Texas limited liability company
its General Partner

By: _____
Printed Name: _____
Title: _____

Date: _____

EXHIBIT A

PROJECT IMPROVEMENTS

1. Construction of public roadway improvements within the right-of-way of Laurel Avenue, Walnut Avenue, and Locust Avenue. The improvements shall be consistent with the plans and specifications prepared by Thienes Engineering, Inc. and approved by the City. In the case of Locust Avenue, the street improvements shall only consist of those certain improvements which are not eligible for the Regional Traffic Fee (i.e. street lights and sidewalks).
2. Construction of a new water main in Locust Avenue from Miro Way to Renaissance Parkway in accordance with the plans and specifications prepared by Fontana Water Company.
3. Construction of any dry utility improvements in Laurel Avenue, Walnut Avenue, and Locust Avenue, required by the utility company or deemed necessary by the City and Developer.
4. Construction of any interim storm drain basins required on the east side of Locust Avenue as part of the construction of Locust Avenue as approved by the City of Rialto.

EXHIBIT B

BIDDING AND CONTRACT REQUIREMENTS FOR PUBLIC IMPROVEMENTS

Bidding Phase

- A. Bidding Documents. Unless otherwise noted, the bidding documents shall conform to the following minimum requirements and shall be submitted to City for its prior written approval before release for bid. City shall review and approve, conditionally approve, or disapprove the bidding documents within five (5) days after receipt:
1. Unless impractical due to the nature of the Public Improvements, the bid proposal shall be unit priced rather than lump sum or time and materials.
 2. It is recommended that the bidding documents require the bidder/contractor to provide the following bonds:
 - a. Bid Bond - 10% of the amount of the bid.
 3. The bidding documents shall require the successful bidder to provide evidence of comprehensive public liability insurance in the amount of at least \$2,000,000 prior to the award of the contract.
 4. The bidding documents shall provide for monthly progress payments to the contractor (with respect to the Project Improvements).
 5. The contractor shall be required to pay prevailing wages pursuant to Section 2.7 of this Agreement.
 6. The bidding documents must clearly state the time, date, and place where bids are to be submitted and opened.
 7. The bidding documents shall clearly state the amount of time to complete the work. The time allowed must be reasonable for the amount of work. Accelerated construction time allowances must be supplementally bid, and are not eligible for public finance unless previously approved by the City's Public Works Director.
 8. The bid documents must require the contractor to provide 100% faithful performance and 100% labor/materials bonds.
 9. Developer shall keep a bidders list with e-mail addresses, and addenda should be sent via email to ensure quick receipt
 10. Conditioned bids shall not be accepted.

- B. Developer may pre-qualify bidders in accordance with California Public Contract Code Section 20101, by requiring all persons interested in bidding on any portion of the Public Improvements to submit current financial statements and a pre-qualification questionnaire in a form approved by City, and by scoring each submission based on reasonable, objective criteria reasonably acceptable to City. Developer must implement an appeals procedure for responding to disputes in compliance with California Public Contract Code Section 20101(d). If Developer elects to pre-qualify bidders, only those bidders who have submitted complete pre-qualification packets and obtained the minimum required score based on the objective rating system adopted by Developer (and approved by City) shall be permitted to bid on any portion of the construction work for the Public Improvements.
- C. Developer shall keep a log of all persons obtaining pre-qualification questionnaires and/or bidding documents and all persons who submit pre-qualification questionnaires and/or bids and their mailing addresses.
- D. Addenda shall be mailed by first class mail (or submitted by confirmed electronic transmission) to all bidding document holders and the City's Public Works Director at the same time. The last addendum shall be issued no later than three (3) Business Days prior to the date of opening bids.
- E. Submitted bids shall be in sealed envelopes.
- F. Bids shall not be accepted after the stated time for submission.
- G. Bid opening shall be conducted by Developer at Developer's place of business or other site mutually acceptable to Developer and City's Public Works Director.
- H. Sealed bids shall be opened and read aloud immediately following the submission time. The City's Public Works Director shall be invited to attend the bid opening.
- I. Conditioned bids, unless the bid proposal lists them for all to bid on, shall not be accepted.
- J. The arithmetic of the lowest bid proposals received shall immediately be checked for errors.
- K. All bids received shall be provided to the City's Public Works Director. The City's Public Works Director may, in his or her reasonable discretion, reject any and all bids that he or she determines to be nonresponsive.
- L. Award shall be made to the lowest responsible qualified bidder within five (5) Business Days after the bid opening. No fewer than three (3) bids must be received for each Construction Contract to be awarded.
- M. A preconstruction meeting shall be held with the contractor prior to beginning the work. A City representative shall be invited to attend the meeting.
- N. The Notice to Proceed shall be issued within a reasonable period of time following the contract execution.

Construction Phase

- A. The City's Public Works Director shall be provided a copy of the construction schedule.
- B. Developer shall require the contractor to conduct weekly construction status meetings to which the City's Public Works Director shall be invited.
- C. Any additional costs incurred for the benefit of Developer, such as accelerating the construction schedule, shall not be eligible for reimbursement unless previously approved by the City's Public Works Director.
- D. Any additional construction costs incurred due solely to unexcused delays caused by Developer shall not be eligible for reimbursement under this Agreement.
- E. All contracts and construction related records shall be available to City as and when required for the final determination of eligible costs for reimbursement.
- F. Developer must file a Notice of Completion within thirty (30) days of City's approval of the Public Improvements (determining substantial completion).
- G. Developer must comply with all applicable requirements of the Public Contract Code with regard to stop notices and liens filed.
- H. Developer shall make prompt payment to all contractors and subcontractors.
- I. Amounts reflected in any stop notice filed against Developer or City shall be withheld from progress payments to contractors/subcontractors.
- J. All public improvements constructed by Developer are subject to inspection by or on behalf of the City Engineer. Construction shall be scheduled to allow for periodic inspection by the City Engineer or his designee. The Developer's contractor will be required to provide adequate quality assurance and quality control measures to ensure all public improvements are constructed in accordance with the Standard Specifications for Public Works Construction or Caltrans Standard Specifications, as appropriate for the work to be constructed.

General

Any deviation from these rules must be approved by either the City Administrator, Public Works Director, or City Engineer or their designee.

EXHIBIT C
PROJECT IMPROVEMENTS BUDGET

LAUREL/WALNUT AVENUE & LOCUST AVENUE SUMMARY OF COSTS*		
ITEM NO.	ITEM DESCRIPTION	TOTAL
1	LAUREL AVENUE STREET IMPROVEMENTS	\$290,039.08
2	WALNUT AVENUE STREET IMPROVEMENTS	\$680,640.51
3	LOCUST AVENUE SIDEWALK/STREET LIGHTS	\$187,410.34
4	LOCUST AVENUE STORM DRAIN IMPROVEMENTS	\$249,114.83
5	LOCUST AVENUE WATER IMPROVEMENTS	\$879,120.00
6	LAUREL/WALNUT AVENUE DRY UTILITY IMPROVEMENTS	\$842,133.04
7	LOCUST AVENUE DRY UTILITY IMPROVEMENTS	\$1,488,076.53
GRAND TOTAL		\$4,616,534

* Amounts subject to change based on reconciliation of final costs.

LAUREL AVENUE - STREET IMPROVEMENTS					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
GENERAL					
1	MOBILIZATION / DEMOBILIZATION	1	LS	\$10,617.77	\$10,618
2	TRAFFIC CONTROL	1	LS	\$10,000.00	\$10,000
3	CONSTRUCTION/TECHNICAL SUPPORT	1	LS	\$25,000.00	\$25,000
4	EROSION CONTROL	1	LS	\$1,706.49	\$1,706
5	PROTECTION AND RESTORATION OF EXISTING IMPROVEMENTS	1	LS	\$5,000.00	\$5,000
EARTHWORK/DEMOLITION					
6	DEMOLITION - EXISTING A.C. PAVEMENT	50	SF	\$1.00	\$50
7	DEMOLITION - GRUB EXISTING TREES/VEGETATION	1	LS	\$500.00	\$500
8	DEMOLITION - EXISTING FENCE	700	LS	\$5.00	\$3,500
9	ROADWAY GRADING	32,640	SF	\$0.60	\$19,584
ROADWAY					
10	SAWCUT PAVEMENT	80	LF	\$5.00	\$400
11	GRIND, OVERLAY AND JOIN EXISTING A.C. PAVEMENT	200	SF	\$2.00	\$400
12	CONSTRUCT 5.5" A.C. PAVEMENT	20,400	SF	\$2.20	\$44,880
13	CONSTRUCT 7" AGG. BASE	20,400	SF	\$1.75	\$35,700
14	CONSTRUCT 8" CURB & GUTTER	550	LF	\$18.50	\$10,175
15	CONSTRUCT 6' WIDE CONCRETE SIDEWALK	3,480	SF	\$4.50	\$15,660
16	CONSTRUCT CONCRETE COMMERCIAL DRIVEWAY	1	EA	\$5,500.00	\$5,500
17	INSTALL LOCAL DEPRESSION	1	EA	\$1,500.00	\$1,500
18	ADJUST EXISTING MANHOLE TO GRADE	2	EA	\$1,200.00	\$2,400
SIGNING AND STRIPING					
19	INSTALL STREET STRIPING / CURB PAINTING	1,400	LF	\$4.00	\$5,600
20	SIGNING	2	EA	\$300.00	\$600
STREET LIGHTS					
21	INSTALL STREET LIGHT	2	EA	\$4,000.00	\$8,000
22	INSTALL STREET LIGHT CONDUIT	680	LF	\$15.00	\$10,200
23	INSTALL STREET LIGHT PULL BOX	2	EA	\$500.00	\$1,000
24	INSTALL STREET LIGHT PEDESTAL - ELECT. CONNECTION	1	EA	\$5,000.00	\$5,000
25	SOILS & MATERIALS TESTING		1.50%		\$3,345
26	CONSTRUCTION STAKING		3.00%		\$5,963
SUB TOTAL					\$232,281
CONTINGENCY (10%)					\$23,228
27	OFFSITE IMPROVEMENT PERMIT / INSPECTION - \$5208 + 3% OF VAL. > 100K				\$9,873
28	CONSTRUCTION ADMINISTRATION		3.00%		\$7,857
29	DEVELOPER FEE		3.00%		\$7,857
30	BONDS		1.00%		\$2,555
31	CONSTRUCTION WATER, POWER, REPROGRAPHICS, ETC.		2.50%		\$6,388
TOTAL STREET IMPROVEMENTS					\$290,039

WALNUT AVENUE - STREET IMPROVEMENTS					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
GENERAL					
1	MOBILIZATION / DEMOBILIZATION	1	LS	\$18,172.17	\$18,172
2	TRAFFIC CONTROL	1	LS	\$0.00	\$0
3	CONSTRUCTION/TECHNICAL SUPPORT	1	LS	\$25,000.00	\$25,000
4	EROSION CONTROL	1	LS	\$3,301.42	\$3,301
5	PROTECTION AND RESTORATION OF EXISTING IMPROVEMENTS	1	LS	\$5,000.00	\$5,000
EARTHWORK/DEMOLITION					
6	DEMOLITION - EXISTING STREET SIGN	1	EA	\$150.00	\$150
7	DEMOLITION - GRUB EXISTING TREES/VEGETATION	1	LS	\$500.00	\$500
8	ROADWAY GRADING	54,600	SF	\$0.60	\$38,760
ROADWAY					
9	SAWCUT PAVEMENT	125	LF	\$5.00	\$625
10	GRIND, OVERLAY AND JOIN EXISTING A.C. PAVEMENT	625	SF	\$2.00	\$1,250
11	CONSTRUCT 5.5" A.C. PAVEMENT	40,380	SF	\$2.20	\$88,836
12	CONSTRUCT 7" AGG. BASE	40,380	SF	\$1.75	\$70,665
13	CONSTRUCT 8" CURB & GUTTER	1,256	LF	\$18.50	\$23,236
14	CONSTRUCT 6' WIDE CONCRETE SIDEWALK	7,200	SF	\$4.50	\$32,400
15	CONSTRUCT CONCRETE COMMERCIAL DRIVEWAY	1	EA	\$5,500.00	\$5,500
16	INSTALL HANDICAMP RAMP	2	EA	\$1,750.00	\$3,500
17	INSTALL LOCAL DEPRESSION	1	EA	\$1,500.00	\$1,500
18	ADJUST OR RELOCATE EXISTING WATER METER	1	EA	\$1,500.00	\$1,500
19	ADJUST EXISTING VALVE TO GRADE	4	EA	\$350.00	\$1,400
20	ADJUST EXISTING MANHOLE TO GRADE	1	EA	\$1,200.00	\$1,200
SIGNING AND STRIPING					
21	INSTALL STREET STRIPING / CURB PAINTING	3,880	LF	\$4.00	\$15,520
22	SIGNING	2	EA	\$300.00	\$600
STREET LIGHTS					
23	INSTALL STREET LIGHT	4	EA	\$4,000.00	\$16,000
24	INSTALL STREET LIGHT CONDUIT	1,300	LF	\$15.00	\$19,500
25	INSTALL STREET LIGHT PULL BOX	5	EA	\$500.00	\$2,500
26	INSTALL STREET LIGHT PEDESTAL - ELECT. CONNECTION	1	EA	\$5,000.00	\$5,000
TRAFFIC SIGNAL					
27	RELOCATE EXISTING TRAFFIC SIGNAL STANDARD	2	EA	\$75,000.00	\$150,000
28	SOILS & MATERIALS TESTING		1.50%		\$5,724
29	CONSTRUCTION STAKING		3.00%		\$10,158
SUB TOTAL					\$547,498
CONTINGENCY (10%)					\$54,750
30	OFFSITE IMPROVEMENT PERMIT / INSPECTION - \$5208 + 3% OF VAL. > 100K				\$20,275
31	CONSTRUCTION ADMINISTRATION		3.00%		\$18,519
32	DEVELOPER FEE		3.00%		\$18,519
33	BONDS		1.00%		\$6,022
34	CONSTRUCTION WATER, POWER, REPROGRAPHICS, ETC.		2.50%		\$15,055
TOTAL STREET IMPROVEMENTS					\$689,641

LOCUST AVENUE - SIDEWALK/STREET LIGHT IMPROVEMENTS					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
GENERAL					
1	MOBILIZATION / DEMOBILIZATION	1	LS	\$6,901.48	\$6,901
2	TRAFFIC CONTROL	0	LS	\$0.00	\$0
3	CONSTRUCTION/TECHNICAL SUPPORT	1	LS	\$25,000.00	\$25,000
4	EROSION CONTROL	1	LS	\$1,069.60	\$1,070
5	PROTECTION AND RESTORATION OF EXISTING IMPROVEMENTS	1	LS	\$5,000.00	\$5,000
ROADWAY					
6	CONSTRUCT 5' WIDE CONCRETE SIDEWALK	9,000	SF	\$4.50	\$40,500
STREET LIGHTS					
7	INSTALL STREET LIGHT	7	EA	\$4,000.00	\$28,000
8	INSTALL STREET LIGHT CONDUIT	1,964	LF	\$15.00	\$29,460
9	INSTALL STREET LIGHT PULL BOX	8	EA	\$500.00	\$4,000
10	INSTALL STREET LIGHT PEDESTAL - ELECT. CONNECTION	1	EA	\$5,000.00	\$5,000
11	SOILS & MATERIALS TESTING		1.50%		\$2,174
12	CONSTRUCTION STAKING		3.00%		\$2,354
SUB TOTAL					\$149,459
CONTINGENCY (10%)					\$14,946
13	OFFSITE IMPROVEMENT PERMIT / INSPECTION - \$5208 + 3% OF VAL. > 100K				\$7,140
14	CONSTRUCTION ADMINISTRATION		3.00%		\$5,055
15	DEVELOPER FEE		3.00%		\$5,055
16	BONDS		1.00%		\$1,644
17	CONSTRUCTION WATER, POWER, REPROGRAPHICS, ETC.		2.50%		\$4,110
TOTAL STREET IMPROVEMENTS					\$187,410

LOCUST AVENUE - STORM DRAIN IMPROVEMENTS (BETWEEN MIRO WAY & RENAISSANCE PARKWAY)					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
GENERAL					
1	MOBILIZATION / DEMOBILIZATION	1	LS	\$14,000.00	\$14,000.00
2	EROSION CONTROL	1	LS	\$1,750.00	\$1,750.00
STORM DRAIN					
3	TEMPORARY STORM DRAIN BASINS	1	LS	\$175,000.00	\$175,000.00
4	SOILS & MATERIALS TESTING		1.50%		\$2,835.00
5	CONSTRUCTION STAKING		3.00%		\$5,670.00
SUB TOTAL					\$199,255
CONTINGENCY (10%)					\$19,926
6	OFFSITE IMPROVEMENT PERMIT / INSPECTION - \$5208 + 3% OF VAL. > 100K				\$8,783
7	CONSTRUCTION ADMINISTRATION		3.00%		\$6,740
8	DEVELOPER FEE		3.00%		\$6,740
9	BONDS		1.00%		\$2,192
10	CONSTRUCTION WATER, POWER, REPROGRAPHICS, ETC.		2.50%		\$5,480
TOTAL STORM DRAIN IMPROVEMENTS					\$248,115

LOCUST AVENUE - WATER IMPROVEMENTS (BETWEEN MIRO WAY & RENAISSANCE PARKWAY)					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
WATER					
1	16" WATER MAIN	3,500	LF	\$180.00	\$630,000.00
2	6" PUBLIC FIRE HYDRANTS	16	EA	\$8,300.00	\$132,800.00
3	10" PRIVATE FIRE SERVICE CONNECTION	1	EA	\$32,400.00	\$32,400.00
4	2" LANDSCAPE SERVICE W/1.5" METER	1	EA	\$4,000.00	\$4,000.00
SUB TOTAL					\$799,200
CONTINGENCY (10%)					\$79,920
TOTAL WATER IMPROVEMENTS					\$879,120

LAUREL/WALNUT AVENUE - DRY UTILITY IMPROVEMENTS					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
GENERAL					
1	MOBILIZATION / DEMOBILIZATION	1	LS	\$31,030.00	\$31,030.00
2	EROSION CONTROL	1	LS	\$6,206.00	\$6,206.00
EDISON 12KV					
3	FURNISH AND INSTALL ELEC. CONDUIT 5" DB100	12,900	LF	\$6.00	\$77,400.00
4	FURNISH AND INSTALL ELEC CONDUIT, 3" DB60	1,400	LF	\$4.00	\$5,600.00
5	FURNISH AND INSTALL ELEC HANDHOLE 17"x30" CONCRETE	8	EA	\$450.00	\$3,600.00
6	FURNISH AND INSTALL ELEC GAS SWITCH 7"x14"x11" w/MODULAR TOP	3	EA	\$21,500.00	\$64,500.00
7	FURNISH AND INSTALL ELEC VAULT 7"x14"x8"	0	EA	\$14,500.00	\$0.00
8	FURNISH AND INSTALL ELEC 48"x54" PAD w/ 17"x30" INV HH	2	EA	\$1,500.00	\$3,000.00
9	FURNISH AND INSTALL ELEC 66"x72" CAP PAD	1	EA	\$2,500.00	\$2,500.00
TELEPHONE					
10	FURNISH AND INSTALL CATV 3" CONDUIT, TYPE C	4,800	LF	\$4.00	\$19,200.00
11	FURNISH AND INSTALL CATV 3'X6'X4' PLASTIC VAULT	4	EA	\$3,800.00	\$15,200.00
CATV					
12	FURNISH AND INSTALL CATV 3" CONDUIT, TYPE C	8,100	LF	\$4.00	\$32,400.00
13	FURNISH AND INSTALL CATV 3'X6'X4' PLASTIC VAULT	7	EA	\$3,800.00	\$26,600.00
TRENCH					
14	TRENCH FOR MAINLINE JOINT (INCLUDING FULL ENCASMENT)	2,600	LF	\$30.00	\$78,000.00
15	TRENCH FOR ELEC ONLY	300	LF	\$10.00	\$3,000.00
16	TRENCH FOR TELEPHONE ONLY	200	LF	\$10.00	\$2,000.00
17	TRENCH FOR CATV ONLY	200	LF	\$10.00	\$2,000.00
18	TRENCH FOR GAS ONLY	400	LF	\$10.00	\$4,000.00
UTILITY FEES					
19	SCE ADVANCE (DISCOUNT OPTION INCLUDES 35% CIAC TAX)	1	LS	\$208,400.00	\$208,400.00
20	TELEPHONE OVERHEAD RELOCATION (INCLUDES 28% TAX)	1	LS	\$54,000.00	\$54,000.00
21	GAS ADVANCE (INCLUDES 36% TAX NON-REF DISCOUNT OPTION)	1	LS	\$36,000.00	\$36,000.00
UTILITY REFUNDS					
22	TELEPHONE (TRENCH & STRUCTURE REIMBURSEMENT)	1	LS	(\$16,800.00)	(\$16,800.00)
23	SOILS & MATERIALS TESTING		1.50%		\$9,309.00
24	CONSTRUCTION STAKING		3.00%		\$18,618.00
SUB TOTAL					\$685,763
CONTINGENCY (10%)					\$68,576
25	CONSTRUCTION ADMINISTRATION		3.00%		\$23,196
26	DEVELOPER FEE		3.00%		\$23,196
27	BONDS		1.00%		\$7,543
28	CONSTRUCTION WATER, POWER; REPROGRAPHICS, ETC.		2.50%		\$18,858
29	DESIGN	1	LS	\$15,000.00	\$15,000.00
TOTAL DRY UTILITY IMPROVEMENTS					\$842,133

LOCUST AVENUE - DRY UTILITY IMPROVEMENTS					
ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	TOTAL
GENERAL					
1	MOBILIZATION / DEMOBILIZATION	1	LS	\$54,887.50	\$54,887.50
2	EROSION CONTROL	1	LS	\$10,977.50	\$10,977.50
EDISON 12KV					
3	FURNISH AND INSTALL ELEC. CONDUIT 5" DB100	22,600	LF	\$6.00	\$135,600.00
4	FURNISH AND INSTALL ELEC CONDUIT, 3" DB60	2,500	LF	\$4.00	\$10,000.00
5	FURNISH AND INSTALL ELEC CONDUIT, 1.5" DB60	0	LF	\$2.00	\$0.00
6	FURNISH AND INSTALL ELEC HANDHOLE 17"x30" CONCRETE	13	EA	\$450.00	\$5,850.00
7	FURNISH AND INSTALL ELEC GAS SWITCH 7"x14"x11" w/MOOLULAR TOP	5	EA	\$21,500.00	\$107,500.00
8	FURNISH AND INSTALL ELEC VAULT 7"x14"x8"	0	EA	\$14,500.00	\$0.00
9	FURNISH AND INSTALL ELEC 48"x54" PAD w/ 17"x30" INV HH	3	EA	\$1,500.00	\$4,500.00
10	FURNISH AND INSTALL ELEC 66"x72" CAP PAD	1	EA	\$2,500.00	\$2,500.00
TELEPHONE					
11	FURNISH AND INSTALL TEL 4" CONDUIT: TYPE C	15,400	LF	\$5.00	\$77,000.00
12	FURNISH AND INSTALL TEL MANHOLE 12"x6"x7"	7	EA	\$12,500.00	\$87,500.00
CATV					
13	FURNISH AND INSTALL CATV 3" CONDUIT: TYPE C	8,400	LF	\$4.00	\$33,600.00
14	FURNISH AND INSTALL CATV 3'X5'X4' PLASTIC VAULT	7	EA	\$3,800.00	\$26,600.00
TRENCH					
15	TRENCH FOR MAINLINE JOINT (INCLUDING FULL ENCASEMENT)	4,500	LF	\$30.00	\$138,000.00
16	TRENCH FOR ELEC ONLY	450	LF	\$10.00	\$4,500.00
17	TRENCH FOR TELEPHONE ONLY	350	LF	\$10.00	\$3,500.00
18	TRENCH FOR CATV ONLY	350	LF	\$10.00	\$3,500.00
19	TRENCH FOR GAS ONLY	700	LF	\$10.00	\$7,000.00
UTILITY FEES					
20	SCE ADVANCE (DISCOUNT OPTION INCLUDES 35% CIAC TAX)	1	LS	\$363,000.00	\$363,000.00
21	TELEPHONE OVERHEAD RELOCATION (INCLUDES 28% TAX)	1	LS	\$54,000.00	\$54,000.00
22	GAS ADVANCE (INCLUDES 35% TAX NON-REF DISCOUNT OPTION)	1	LS	\$63,000.00	\$63,000.00
UTILITY REFUNDS					
23	TELEPHONE (TRENCH & STRUCTURE REIMBURSEMENT)	1	LS	(\$29,400.00)	(\$29,400.00)
24	SOILS & MATERIALS TESTING		1.50%		\$16,466.25
25	CONSTRUCTION STAKING		3.00%		\$32,932.50
SUB TOTAL					\$1,213,014
CONTINGENCY (10%)					\$121,301
26	CONSTRUCTION ADMINISTRATION		3.00%		\$41,030
27	DEVELOPER FEE		3.00%		\$41,030
28	BONDS		1.00%		\$13,343
29	CONSTRUCTION WATER, POWER; REPROGRAPHICS, ETC.		2.50%		\$33,358
30	DESIGN	1	LS	\$25,000.00	\$25,000
TOTAL DRY UTILITY IMPROVEMENTS					\$1,488,077

**EXHIBIT E
MEDLINE DEVELOPMENT PARCEL**

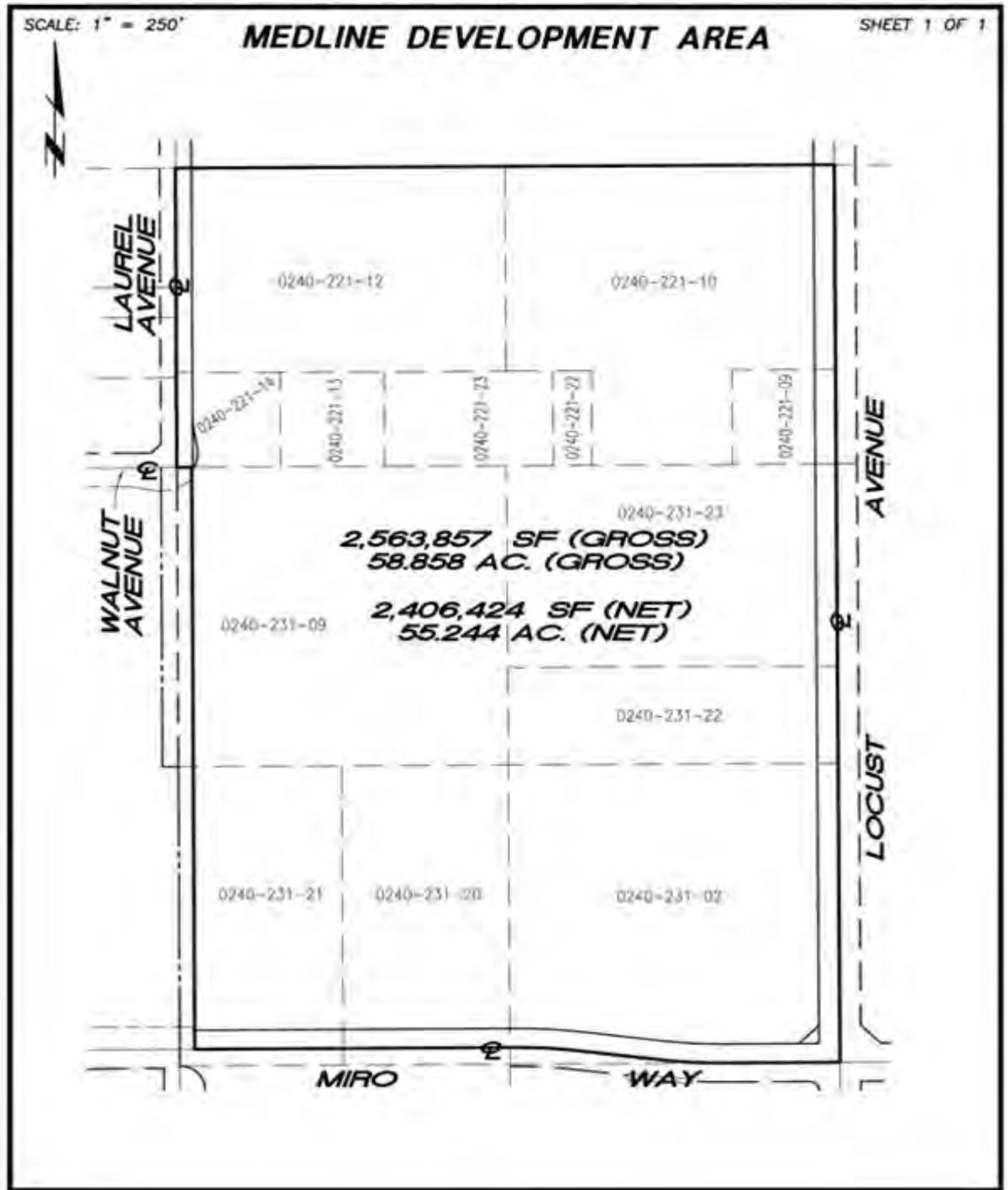


Exhibit B

**Project Budget Summary
Locust/Laurel/Walnut Improvement Project**

	Laurel	Walnut	Dry Laurel/ Walnut	Street Locust	Water Locust	Dry Utilities Locust	Total Project
Hard Construction Costs							
Demolition	24,000	39,000	0	0	0	0	63,000
Dry Utilities	0	0	621,000	0	0	1,098,000	1,719,000
Protection and Restoration of Existing Improvements	5,000	5,000	0	5,000	0	0	15,000
Storm Drain	0	0	0	175,000	0	0	175,000
Street Improvements	123,000	248,000	0	41,000	0	0	412,000
Street Lights	24,000	43,000	0	66,000	0	0	133,000
Traffic Signal	0	150,000	0	0	0	0	150,000
Traffic Control	10,000	0	0	0	0	0	10,000
Water Lines	0	0	0	0	799,000	0	799,000
	=====	=====	=====	=====	=====	=====	=====
Sub-Total Construction Costs	186,000	485,000	621,000	287,000	799,000	1,098,000	3,476,000
Construction Engineering	25,000	25,000	0	25,000	0	0	75,000
Erosion Control and SWPPP	2,000	3,000	6,000	3,000	0	11,000	25,000
Mobilization	11,000	18,000	31,000	21,000	0	55,000	136,000
Soil Test/Compaction	3,000	6,000	9,000	5,000	0	16,000	39,000
Survey/Staking	6,000	10,000	19,000	8,000	0	33,000	76,000
Hard Cost Contingency	23,000	55,000	69,000	35,000	80,000	121,000	383,000
	=====	=====	=====	=====	=====	=====	=====
Sub-Total Other Hard Construction Costs	70,000	117,000	134,000	97,000	80,000	236,000	734,000
Total Estimated Hard Costs (HCC)	256,000	602,000	755,000	384,000	879,000	1,334,000	4,210,000
Soft Construction Costs							
Bonds	3,000	6,000	8,000	4,000	0	13,000	34,000
Construction Power/Reprographics	6,000	15,000	19,000	10,000	0	33,000	83,000
Dry Utility Design	25,000	0	15,000	0	0	25,000	40,000
Plancheck/Permits/Inspections	10,000	20,000	0	16,000	0	0	46,000
	=====	=====	=====	=====	=====	=====	=====
Sub-Total Soft Construction Costs	19,000	41,000	42,000	30,000	0	71,000	203,000
Developer Fees							
CM Fee	8,000	18,000	23,000	12,000	0	40,000	101,000
Developer Fee	8,000	18,000	23,000	12,000	0	40,000	101,000
	=====	=====	=====	=====	=====	=====	=====
	16,000	36,000	46,000	24,000	0	80,000	202,000
Total Project Budget		679,000	843,000	438,000	879,000	1,485,000	4,615,000

Note: All numbers rounded to nearest thousands.