

## Attachment 1

### WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

#### SEWER SYSTEM AGREEMENT

THIS SEWER SYSTEM AGREEMENT (“**Agreement**”) is made on this \_\_\_\_ day of \_\_\_\_, 2024, by and between Western Municipal Water District, a public agency of the State of California with its headquarters at Riverside, California, hereinafter designated as the "**District**" or "**Western Water**," and Pulte Home Company, LLC, a Michigan formed limited liability company, located at 27401 Los Altos Drive, Suite 400, Mission Viejo, California 92691, Phone No. (951) 258-6001, represented by Bob Paradise, hereinafter designated as the "**Developer**." The District and the Developer may be referred to individually herein as a "**Party**" or jointly as the "**Parties**."

#### RECITALS

WHEREAS, the Developer is planning and constructing a residential community known as Highland Grove I located in a portion of Section 31, Township 2, South, Range 5 West, San Bernardino Base and Meridian, hereinafter designated as the "**Development**," and such Development is referenced within records of the County of Riverside, State of California, as TR 36730; and the Development also includes proposed construction of onsite sewer and offsite gravity sewer pipelines as depicted in the map attached hereto as *Exhibit A* and made part of this Agreement; and

WHEREAS, there are 272 lots in the Development; and it was determined that 203 lots is the point at which the design flow rate of the existing sewer line will be at its maximum before it is exceeded in Western Water's sewer to the south; and

WHEREAS, the 69 lots, beyond the 203 referenced above, will be served by a temporary private sewer force main and temporary private sewer lift station (collectively "**Private Lift Station**"), depicted on *Exhibit B*, via McDowell Valley Drive and will serve lots 1-52 of TR No. 36730 and lots 42-58 of TR No. 36730-3, and which is currently being constructed; and

WHEREAS, rather than reconstruct the Private Lift Station to remediate the flow rate exceedance, which would also require ongoing operation and maintenance costs, the Parties desire for alternative routing for a permanent solution for the sewer services for portions of this Development and potential future developments planned by the Developer; and

WHEREAS, certain property located outside of the Development is designated for the construction of additional residential developments by the Developer or other

third parties, commonly referenced as Willow Creek or Highland Grove IV ("**Northern Development Area**"); and Northern Development Area has been designated by the Parties as the location for a permanent northbound gravity sewer line, hereinafter designated at the "**Gravity Line**," as depicted in *Exhibit A*, which will both (i) replace the

Private Lift Station, and (ii) service the residential lots proposed for the Northern Development Area; and

WHEREAS, the Developer is desirous of having Western Water provide sewer service to the Development and future developments in the Northern Development Area, and is willing to convey to Western Water the operational Gravity Line after the construction thereof, contingent upon Western Water's acceptance of such conveyance on the terms and conditions set forth herein; and

WHEREAS, the Parties intend for this Agreement to formalize the required steps for the Developer to establish a permanent connection with Western Water's system via the Northern Development Area,

NOW, THEREFORE, the Parties hereby agree as follows:

## **AGREEMENT**

### **SECTION I. Private Lift Station**

1. The Developer will construct, pay for, own, operate, and maintain the Private Lift Station, for conveyance to an existing sewer main in Avocado Way and Willow Creek for the purposes of providing sewer services to the 69 lots in the Development identified on *Exhibit B*. The construction, operation, and maintenance of the Private Lift Station are done at no cost or liability to Western Water. Developer shall obtain any and all approvals, permits, or concurrences, as required, for the purposes of constructing and operating said Private Lift Station. Until such time as a Private Lift Station is authorized to be severed and removed from Western Water's system, Developer shall keep the Private Lift Station in good working order at the Developer's sole responsibility and liability.

2. Until such time as the Gravity Line has been completed, accepted by Western Water, and in physical operation for the purposes of replacing the sewer services provided by the Private Lift Station, the Developer must continue all operations and maintenance of the Private Lift Station. Western Water retains the discretion to authorize the severing of the Private Lift Station from its system if the Gravity Line is (i) fully constructed, (ii) accepted and deemed operationally sufficient for the purposes herein stated, and (iii) placed into operation in Western Water's system. Upon receiving authorization for the severing and removal of the Private Lift Station, the Developer shall, at its own cost and liability, immediately sever and remove the Private Lift Station.

3. The Developer retains the discretion to finish building the 69 residential units served by the Private Lift Station as depicted on *Exhibit B*, 52 lots in Phase-00 in TR No. 36730, and 17 lots in Phase-03 TR No. 36730-3, subject to the restrictions listing in this Agreement.

4. The Developer shall develop, agree, and record against all properties served by the Private Lift Station, a "Private Sewer Lift Station and Sewer Line Maintenance and Liability Agreement" ("CC&R Agreement") in the form of a Covenants, Conditions, and Restrictions title encumbrance for the benefit of Western Water which, among other things, includes an operations and

maintenance plan and an emergency response plan to address any potential for sanitary sewer overflows. The Developer shall make all owners of the properties serviced now or in the future by the Private Lift Station an indispensable party to the CC&R Agreement. The CC&R Agreement must be reasonably approved by Western Water prior execution by any parties. Western Water shall not be deemed a party to the CC&R Agreement but shall be deemed a beneficiary. Recordation of the CC&R Agreement against all properties as described herein is a condition precedent to Western Water accepting and approving the Gravity Line Easements as described and required in Section II.

## **SECTION II. Gravity Line**

The development and construction of the Gravity Line shall be divided into two phases. The first phase shall encompass the planning of the Gravity Line and the acquisition of any and all easements and interests in land necessary for the construction and operation of the Gravity Line. The second phase shall encompass the construction component of the Gravity Line.

### ***1. Phase I: Gravity Line Planning***

a. Western Water will produce, either internally or through an outside contractor, a completed sewer study (“**Study**”) to identify pending and future developments and their impact on the existing wastewater collection facilities, location, and sizing for future conveyance, including the proposed Willow Creek and Highland Grove II developments. The Developer shall pay all costs and expenses of Western Water associated with the development and finalization of said Study. The Developer will pay Western Water the amount owed within thirty (30) days of receipt of invoice for the development and finalization of the Study.

b. *Exhibits A* and A-1 depict the proposed offsite gravity sewer conceptual alignment (the “Gravity Line”), which the parties believe can be feasibly constructed without development of the Northern Development Area should that become necessary (the “Approved Alignment”). However, based on the findings of said Study and the engineering and planning necessary for development of the properties along said alignment, Western Water, the Developer and the other necessary parties along the Gravity Line alignment will agree to the optimal alignment for the Gravity Line connecting the Development to the existing sewer transmission line along Sweet Avenue, and if possible, in a manner and location that is consistent with the future development of the affected properties. The Parties will agree to the optimal alignment in consultation with any regulatory agencies with permitting authority over any aspect of the project (“**Consulting Agencies**”) and will commence said planning and consultation process within 15 days after the finalization of the Study. Upon approval of such optimal alignment by all parties, it shall be included as an Approved Alignment.

### ***2. Phase I: Gravity Line Easements***

a. The Developer shall work in good faith with the other property owners to be served by the Gravity Line (“**Third Party Owners**”) to obtain and secure all necessary easements and/or interests in land for Western Water to own and maintain the future pipeline and appurtenances located within the Approved Alignment across the Northern Development Area and cause the same

to be delivered to Western Water (“**Gravity Line Easements**”). The sufficiency of the easements and/or interest in land taken by the Developer shall be determined sufficient at the sole determination by Western Water, and Western Water will not approve any sewer improvement plans or serve the affected properties owned by the Third-Party Owners until the Gravity Line Easements have been delivered to and accepted by Western Water. Notwithstanding the foregoing, by signing this Agreement, Western Water is acknowledging its approval of the sufficiency of the Easement Grant Deed attached hereto as Exhibit C, and upon execution and delivery of same to Western Water, Developer shall have satisfied its obligation to obtain and deliver the Gravity Line Easements. The Developer shall use its commercially reasonable efforts to acquire all necessary interests in land at the Developer’s sole cost and liability. Any proposed easements will be reasonably approved as to form, purpose, and title by Western Water prior to acquisition of title, and may be floating easements (as reasonably deemed appropriate by Western Water) granting Western Water the right to install, maintain, repair and replace the Gravity Line over a thirty-two foot-wide easement area over, under and across the Northern Development Area, with the final location to be subsequently determined as described in Sections II.1.a and b above. Any subsequent changes to the Approved Alignment shall be subject to Western Water’s approval, which shall not be unreasonably withheld, conditioned, or delayed, and Developer shall be solely responsible, at its cost, for obtaining and delivering to Western Water any further easements as may be necessary to own and maintain the Gravity Line within the revised Approved Alignment, prior to construction of the Gravity Line. Upon completion of the Gravity Line and acceptance by Western Water, the parties will record such further documents as may be reasonably requested by either party to document the final location of the Gravity Line Easements. However, the form language and location used in the Gravity Line Easements must be reasonably approved by Western Water prior to the Developer entering into negotiations for purchase of the rights. The Developer shall deliver or make delivery to Western Water all rights and interests in land necessary for the Gravity Line within seven (7) months of the tentative map being issued by the County, subject to any delays outside of Developer’s reasonable control (“**Permitted Delay**”). Notwithstanding the foregoing, if Developer fails or is otherwise unable to secure all necessary easements and/or interests in land or property on or before twelve (12) months after the issuance of the tentative map by the County, Western Water may terminate this Agreement for cause. Said failure shall be considered a material breach of this agreement and the Developer shall be immediately liable for damages as described below in Section II.2.f.

b. Within sixty (60) days following final approval and execution of this Agreement by both Parties, Developer shall either (i) deliver the Gravity Line Easements to Western Water in the form of Exhibit C hereto, or (ii) post a faithful performance bond in the amount of Three Million Dollars (\$3,000,000) or provide an alternative form of security reasonably acceptable to Western Water, to secure Developer’s timely completion of Phase I of this Agreement, along with the recordation of the CC&R Agreement. Nothing set forth herein shall be construed as limiting Developer’s right to enter into a cost-sharing and/or reimbursement agreement with other property owners benefitted by the Gravity Line, but Developer’s obligations under this Agreement are not subject to or conditioned upon any such agreement with other property owners.

c. Until Gravity Line Easements are delivered to Western Water or the \$3,000,000 bond described in Section II.2.b above is secured, Western Water shall not issue, permit, install, or otherwise approve of any water meters for any of the 52 lots in Phase-00 in TR No. 36730, and 17

lots in Phase-03 TR No. 36730-3 depicted in Exhibit B as TR No. 36730. Once the bond or the Gravity Line Easements have been delivered by Developer and secured by Western Water, Western Water will issue meters for the 52 lots in Phase-00 in TR No. 36730, and 17 lots in Phase-03 TR No. 36730-3 contingent on the lot's construction, any relevant construction permitting requirements, and Western Water's own internal compliance requirements and procedures for water meters.

d. The Parties understand, agree, and affirmatively assert that construction of the Gravity Line is in the best interests of the Parties. However, the Parties also understand that construction of the Gravity Line is contingent on the Developer's desire to fully build out its units on the remaining parcels not connected to the Private Lift Station. Therefore, each easement, permit, right-of-way, fee interest, or any other interest in land acquired for the purpose of building the Private Lift Station, must include a condition subsequent that, upon triggering, automatically vests the Private Lift Station in and to Western Water ("**Right of Entry**").

e. The Right of Entry condition placed on title to interest in lands held by the Developer for the purposes of the Private Lift Station will include language similar to the following: If by the later of, three (3) years from the Effective Date of this Agreement or 12 months following issuance of all required permits and approvals, the Developer has not started construction on the Gravity Line, has filed for bankruptcy, or has failed to perform in a way that shows an unwillingness or clear intent to not satisfy the agreed to terms in the Agreement or any subsequent pipeline agreement, including but not limited to abandonment of the development of the remaining parcels, then all right, title, and interest in the Private Lift Station must immediately and automatically vest in and to Western Water without any action necessary by Western Water. Western Water will have the immediate and automatic right to reenter the Private Lift Station property and take full possession of the property and any and all fixtures, improvements, or otherwise.

f. In addition to the Right of Entry describe above and any other rights specified herein, if at any point prior to the delivery of all required Gravity Line Easements by the Developer to Western Water, (i) the Developer materially breaches this Agreement or (ii) Western Water terminates this Agreement for cause, Western Water shall be immediately entitled to and the Developer shall be immediately financially liable for, the full cost of Western Water acquiring the Gravity Line Easements, which the parties do not anticipate will exceed \$3,000,000. Once Western Water acquires the Gravity Line Easements, Western Water shall issue a notice to pay to Developer setting forth the complete costs incurred to acquire the Gravity Line Easements, including attorneys' fees and costs (the "**Gravity Line Easement Costs**"), and Developer shall promptly pay the Gravity Line Easement Costs to Western Water. Once the Gravity Line Easement Costs are paid to Western Water, or the Gravity Line Easements are delivered to Western Water for recordation, the bond mentioned in Section II.2.b. shall be released. Notwithstanding the foregoing, this provision does not apply to a breach concerning Phase II (Gravity Line Construction) or a breach under Section III below.

### ***3. Phase II: Gravity Line Construction***

a. Developer must obtain all necessary approvals and permits from Western Water on the engineering plans for the Gravity Line prior to construction. The Developer shall adhere to any

and all construction standards associated with the development and construction of the Gravity Line. Because Western Water is the intended owner and operator of the line, Developer must cooperatively work with Western Water on any and all engineering and construction plans associated with the Gravity Line such that Western Water can accept the completed line into its system without any problems, trouble, further modification, or operational issues.

b. Prior to construction of the Gravity Line, the Parties shall execute a construction agreement which outlines the duties, responsibilities, and liabilities of the Parties, including appropriate faithful performance bond requirements. In this construction agreement the Developer shall indemnify, hold harmless, and defend Western Water, and accept and hold full liability for the construction efforts until Western Water accepts delivery of the Gravity Line into its system. The Developer will be required to hold and maintain all required insurance, materials and performance bonds, and otherwise as required by Western Water.

c. Developer shall construct the Gravity Line to Western's infrastructure to existing sewer conveyance piping in Sweet Avenue within eighteen (18) months following (i) approval of a tentative tract map for the adjacent property known as Willow Creek where a substantial portion of the Gravity Line will be constructed and (ii) issuance of all necessary permits and approvals for construction of the Gravity Line. This includes the completion of the construction and all offsite gravity sewer improvements, including the connection to the existing transmission sewer infrastructure located within Sweet Avenue right-of-way. The Gravity Line will be constructed at no cost or liability to Western Water and shall be subject to any Permitted Delays. Developer shall be solely and fully responsible for the costs and liability for any and all change orders, changed circumstances, alterations to the Gravity Line plans, misalignments, construction delays, or other expected or unexpected changes from the Gravity Line plans approved prior to construction.

### **SECTION III. Developer Breach of Obligation**

Notwithstanding the obligations as herein required, the Developer shall complete construction of the Gravity Line and any and all other obligations as required in this Agreement and any other agreements made between the Parties concerning the Gravity Line or related matters within five (5) years of the date of this Agreement first written above. Subject to any Permitted Delays, including but not limited to delays in obtaining any regulatory permits, if the Developer fails to complete the construction of the Gravity Line in such a manner that would allow Western Water to deem it operational within the allowable 5-year period, then the Developer shall be immediately in material breach of this Agreement. Any breach, pursuant to this Section, is immediate and effective without any action necessary on the part of Western Water. The 5-year deadline shall only be extended as a modification to this Agreement agreed to and signed in writing by both Parties to this Agreement. This Section shall be included into any other agreements related to the Gravity Line and the 5-year expiration will necessarily relate back to the date of this Agreement and not to other agreements.

### **SECTION IV. General Provisions**

1. The Recitals above are true and correct and constitute material and operative provisions in this Agreement; the Recitals above are hereby incorporated herein by reference.

2. Notices required or permitted under this Agreement will be sufficiently given if in writing and if either served personally upon the party to whom it is directed or by deposit in the United States mail, postage prepaid, certified, return receipt requested, addressed to the Parties at the following addresses:

Western Municipal Water District  
Attn: Development Services  
14205 Meridian Pkwy.  
Riverside, CA 92518

Pulte Group  
Attn: Bob Paradise  
27401 Los Altos Drive, Suite 400  
Mission Viejo, CA 92691

3. To the fullest extent permitted by law, the Developer hereby agrees to indemnify, defend, save, and hold harmless Western Water and its officers, agents, and employees from any liabilities, claims, demands, suits, actions and causes of action to which they may be subjected or put, by reason of, or resulting from any act or omission of the Developer, its contractor(s), and its agents and assigns performed in connection with its duties and obligations hereunder to this Agreement or other related agreement including any agreement for the construction of the Gravity Line. The Developer, on behalf of itself and its heirs, agents, representatives, successors, and assigns, hereby waive any and all rights that it may have pursuant to California Civil Code Section 1542, which reads as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

The Developer waives any rights that it might have to invoke Section 1542 now or in the future with respect to the rights and responsibilities set out in this Agreement. This term of this Agreement will survive the termination or expiration of this Agreement.

4. This Agreement will inure to the benefit of and be binding on each of the Parties and their successors and assigns.

5. This Agreement will become effective at the date listed above upon full execution by both Parties.

6. This Agreement will expire upon completion of performance of this Agreement by both Parties. In the event either Party defaults in the performance of any of its obligations under this Agreement, the other Party will have all rights and remedies available to them under the law, including without limitation, the right to terminate this Agreement upon written notice to the defaulting Party.

7. This Agreement contains the entire agreement of the Parties hereto with respect to the matters contained herein, and supersedes all negotiations, prior discussions and preliminary agreements or understandings, written or oral. No waiver or modification of this Agreement will be binding unless consented to by both Parties in writing.

8. No waiver of any default will constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party will give the other Party any contractual rights by custom, estoppel, or otherwise.

9. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions will continue in full force and effect.

10. This Agreement will be governed by the laws of the State of California. Venue will be in Riverside County.

11. The Parties warrant that they have all requisite power and authority to execute and perform this Agreement. Each person executing this Agreement on behalf of their party warrants that he or she has the legal power, right, and authority to make this Agreement and bind his or her respective Party.

12. This Agreement may be signed in counterparts, each of which will constitute an original.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the last date indicated below.

WESTERN MUNICIPAL WATER DISTRICT  
OF RIVERSIDE COUNTY

PULTE HOME COMPANY, LLC.  
("DEVELOPER")

By: \_\_\_\_\_

Name: CRAIG D. MILLER

Title: General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Patric Lynam

Title: Director of Planning and Entitlements

Date: \_\_\_\_\_

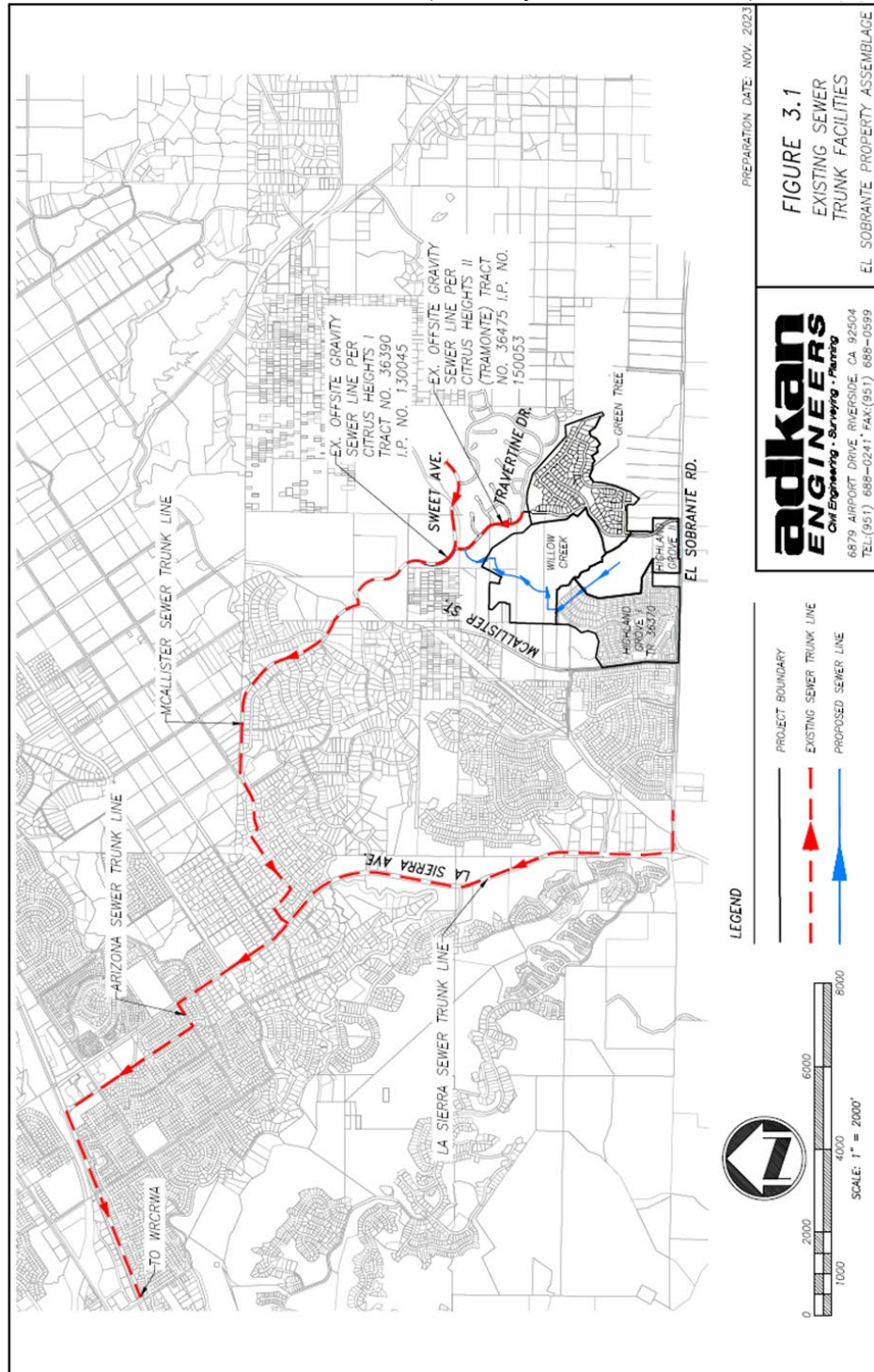


Reviewed By:\_\_\_\_\_

Name: DEREK KAWAI

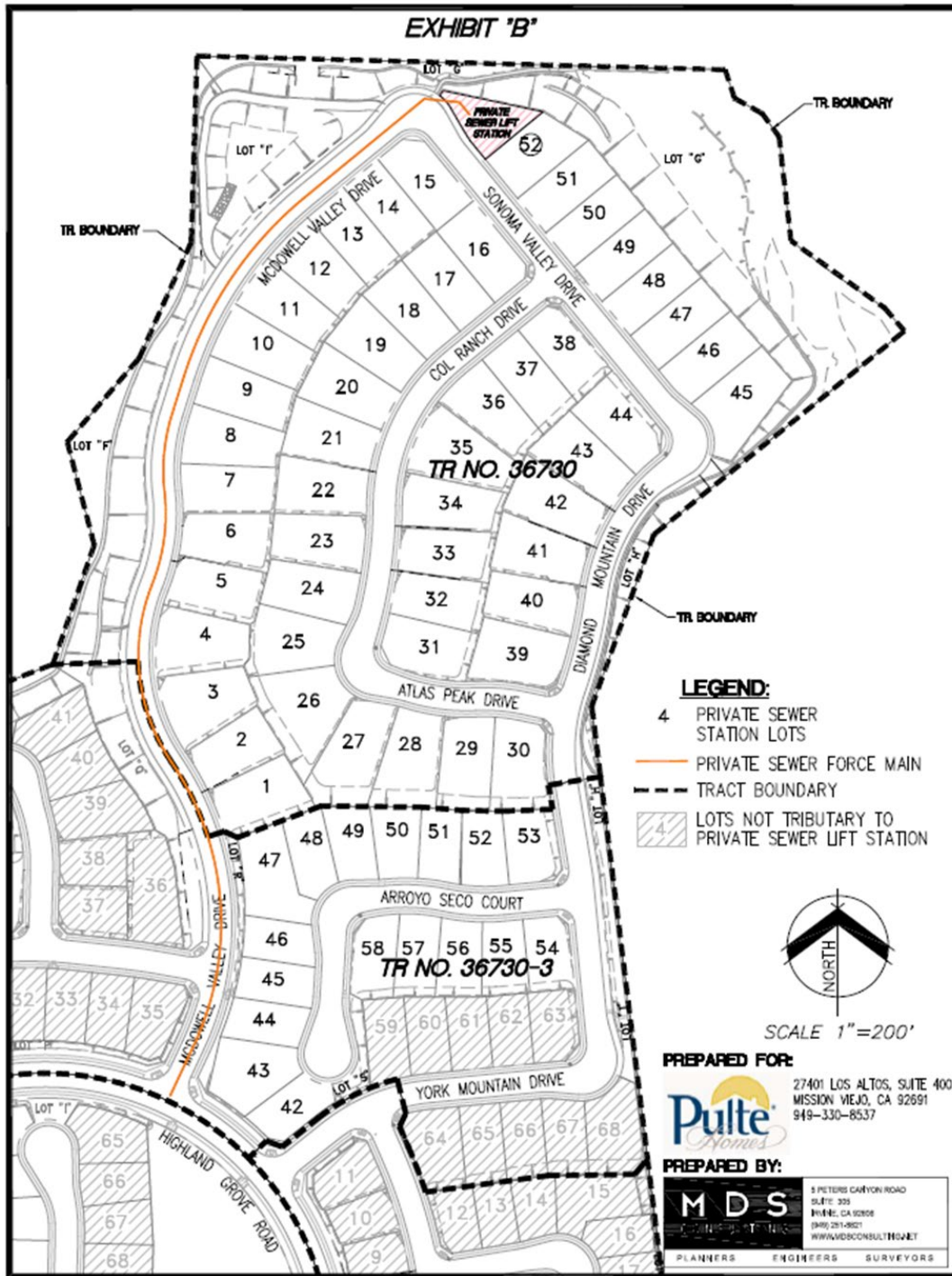
Title: Director of Engineering

Date:\_\_\_\_\_



## EXHIBIT "B"

Temporary Private Lift Station and Temporary Sewer Force Main  
Exhibit for: Highland Grove I Tract 36730



## EXHIBIT "C"

### Grant of Easement Form

Recording requested by:

When recorded mail to:

Western Municipal Water District  
14265 Meridian Pkwy.  
Riverside, CA 92518

(Gov't Code 6103)

No tax due (Grantee is a public agency)

I.D. [REDACTED]

Western Record No. [REDACTED]

Assessor Parcel No.: [REDACTED]

#### GRANT OF EASEMENT

For valuable consideration, [REDACTED], Grantor, hereby grants to WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY, Grantee, its successors and assigns, an easement and right-of-way in, over, upon, under and across the lands hereinafter described to construct, reconstruct, install, replace, remove, repair, alter, operate, maintain, inspect and utilize a pipeline or pipelines, facilities and structures for all purposes, together with any easement roads and appurtenances within the right-of-way including, but not limited to, cables for communication purposes, and for the ingress and egress throughout the entire easement and right-of-way in connection with the exercise of any of the foregoing rights. The property subject to this easement is located in the County of Riverside, State of California, described as follows:

See attached Legal Description, Exhibit "A" and Plat Exhibit "B".

Grantor, and his successors and assigns, shall not increase or decrease, or permit to be increased or decreased, the now existing ground elevations of said easement and right-of-way without the prior written consent of Grantee.

Grantor, and his successors and assigns, further agree that no trees, buildings, fences, walls, or structures of any kind, shall be installed, constructed, erected, placed, planted on any portion of the easement and right-of-way. Grantor, and his successors and assigns, further agree that no changes in the alignment or grading of any road constructed within the easement and

right-of-way will be made without the prior written consent of the Grantee. Grantee shall have the right to access said easement and the right to construct and utilize an access road within said easement, and to use gates in all fences which cross said easement; and to trim, cut down or clear away any trees and brush whenever in Grantee's judgment it is necessary for the convenient and safe exercise of the rights hereby granted. No additional fences or gates can be constructed across said easement unless approved in writing by Grantee. Grantee shall also have the right to mark the location of said easement in a manner which will not interfere with Grantor's reasonable and lawful use of said easement.

This instrument shall be binding upon and inure to the benefit of the successor and assigns of Grantor.

IN WITNESS WHEREOF, Grantor has executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

GRANTOR:

\_\_\_\_\_

\_\_\_\_\_

Title:

Enc: Exhibit "A" and Exhibit "B"