TO:

BOARD OF DIRECTORS

FROM:

MARIO IGLESIAS

GENERAL MANAGER

AGENDA ITEM E-1

AUGUST 23, 2023

DATE:

AUGUST 18, 2023

AUTHORIZE GENERAL MANAGER TO ENTER INTO
AN EASEMENT PURCHASE AGREEMENT
WITH MICHAEL J. CAVALETTO RANCHES, LLC
AND NKT DEVELOPMENT, LLC
TO ACCOMMODATE ADDITIONAL STORAGE FACILITIES
AT THE DANA FOOT HILLS TANK SITE

ITEM

Consider authorizing general manager to enter into an easement agreement with Michael J. Cavaletto Ranches, LLC and NKT Development, LLC to expand the existing permanent easement at the Dana Foot Hills tank site and secure a temporary construction easement for the purpose of adding to the water storage capacity at the facility [RECOMMEND AUTHORIZE GENERAL MANAGER TO ENTER INTO EASEMENT PURCHASE AGREEMENT]

BACKGROUND

The Nipomo Community Services District ("District") has its primary water storage tank facility located on a permanent easement at 69 South Dana Foothill Road, Nipomo, California ("Tank Site"). The underlying property is owned by Mr. Michael J. Cavaletto Ranches, LLC and NKT Development, LLC ("Owners"). The District is looking to gain additional property contiguous to the existing water storage tank facility from the Owners to add water storage capacity at the Tank Site. To construct additional water storage tanks at the site, the District is also looking to gain a Temporary Construction Easement ("TCE").

As part of the District's 2007 Water Master Plan ("Master Plan"), it was determined that additional water storage was necessary in order to meet certain fire flows. The Master Plan identified the Tank Site as the location for adding water storage capacity to overcome the storage deficiency. However, the current easement is insufficient in size to accommodate additional water storage tanks. Therefore, the District needs to expand the footprint of the Tank Site.

The District negotiated the attached "AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS BETWEEN NIPOMO COMMUNITY SERVICES DISTRICT, A CALIFORNIA SPECIAL DISTRICT AND [OWNERS] IN CONNECTION WITH A PUBLIC PROJECT (69 SOUTH DANA FOOTHILL ROAD, NIPOMO, CALIFORNIA, SAN LUIS OBISPO COUNTY ASSESSOR'S PARCEL NUMBER APNs 090-031-003 and -0042)" ("Agreement"). Upon Board authorization, the District's General Manager will sign the Agreement. The Agreement will provide the District with the needed area to expand the existing water storage facility through the purchase of an expanded Permanent Easement ("PE") and will secure a TCE for a period of 4 years. Together, the additional PE and TCE will provide the District the necessary space to add to its water storage capacity at the tank site and provide the temporary space needed to construct the new facilities involved in the site improvements.

STRATEGIC PLAN

Goal 1. WATER SUPPLIES. Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

- Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.
 - B.1 NCSD shall maintain long-range infrastructure management, upgrade and replacement planning.

RECOMMENDATION

After Board consideration and public comment, it is recommended that your Honorable Board authorize the General Manager to enter into the attached Agreement with Owners in order to purchase the necessary easements to meet the water storage deficiencies currently experienced in the District water distribution system.

<u>ATTACHMENT</u>

A. Agreement for Purchase and Sale and Escrow Instructions between Nipomo Community Services District, a California Special District and Michael J. Cavaletto Ranches, LLC in Connection with a Public Project

AUGUST 23, 2023

ITEM E-1

ATTACHMENT A

FOR PURCHASE AGREEMENT AND **SALE** AND **ESCROW** INSTRUCTIONS BETWEEN **NIPOMO** COMMUNITY **SERVICES** DISTRICT, A CALIFORNIA SPECIAL DISTRICT AND MICHAEL J. CAVALETTO RANCHES, LLC IN CONNECTION WITH A PUBLIC **PROJECT** (69 SOUTH **DANA FOOTHILL** ROAD. NIPOMO. CALIFORNIA, SAN LUIS OBISPO COUNTY ASSESSOR'S PARCEL NUMBER APNs 090-031-003 and -0042)

This Agreement for Purchase and Sale and Escrow Instructions between **Nipomo Community Services District**, a California special district ("District" or "Buyer") and Michael J. Cavaletto Ranches, LLC, a California limited liability company ("MJC") as to an undivided 70.3542% interest; and **NKT Development**, LLC, a California limited liability company ("NKT") as to an undivided 29.6458% interest, as tenants in common (collectively, "Sellers") in connection with a public project at 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County Assessor's Parcel Number APNs 090-031-003 and -004 ("Agreement") is entered into by and between Sellers and District, and constitutes an agreement to purchase and sell certain real property interests and the joint escrow instructions directed to Fidelity National Title, 2222 S. Broadway #G, Santa Maria, CA 93454, Phone (805) 922-8331, attention Rachel Buchan, Escrow Officer ("Escrow Holder"). Sellers and District are referred to below collectively as the "Parties". The Agreement is effective on the date it is fully executed by the Parties ("Effective Date"). Upon execution of this Agreement by the District, the District shall promptly deliver a copy of this executed Agreement to Sellers and Escrow.

RECITALS

- A. Sellers are the owner of that certain real property located at 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County Assessor's Parcel Number APNs 090-031-003 and -004 ("Property"). The Property is occupied by a ranch located on the east side of Nipomo, fronting the east side of Dana Foothill Road. Dana Foothill Road is a paved, public road maintained by the San Luis Obispo County Public Works Department. This Property is located approximately 1.5 miles northeast of East Tefft Street from the Nipomo town center. The terrain is level to gently-sloping at the west side (front) of the Property and becomes sloping to steep at the east side (rear) along Temettate Ridge, before dropping off sharply into Upper Los Berros Creek Canyon. District's proposed Project will not impact any part of existing improvements or result in displacement of person or personal property.
- B. District requires from the Property the "Subject Property Interests", collectively a Permanent Easement ("PE") of 110' by 400' (44,000 +/- s.f. or approximately 1.009 acres), and a 100' by 400' (40,000 +/- s.f. or approximately 0.917 acre) 48-month Temporary Construction Easement ("TCE"), see Exhibits "A" & "B". The fee simple ownership underlying the Subject Property Interests is not being sought and will remain with the Property owners. The District's proposed public use is the Foothill Water Tank Expansion Project (Project). The Project seeks to improve an existing water tank site, including installation, construction, use and maintenance of various water tank related equipment, water tanks and all related uses necessary and convenient thereto.

- C. Sellers are in the process of subdividing the Property into separate legal parcels in proportion to their tenant-in-common percentage interests in fee title to the Property. Following the recording of a subdivision map pursuant to which the Property will be subdivided, MJC shall own fee title to the portion of the Property on which the Subject Property Interests will be located. The subdivision map will not be recorded until after the conveyance of the Subject Property Interests by Sellers to the District pursuant to this Agreement. Accordingly, while MJC and NKT are both parties this Agreement as the current tenant-in-common owners of the Property and as Sellers, the parties acknowledge and agree that all consideration paid by the District for the Subject Property Interests shall be payable only to MJC.
- D. District extended a written offer to purchase the Subject Property Interests to Sellers, dated March 27, 2023 pursuant to Government Code Section 7267.2.
- E. The Parties negotiated District's purchase of the Subject Property Interests and have reached an agreement regarding the terms of District's purchase of the Subject Property Interests, subject to ratification by District.
- The Parties acknowledge that District is authorized to acquire real property by eminent domain for a public use, including public street access and use purposes, and all uses necessary or convenient thereto, including, but not limited to, street, sewer, drainage, and utilities, pursuant to the authority conferred upon District by California Constitution Article 1, Section 19, California Government Code Sections 37350, 37350.5, 37351, 40401 and 40404 and California Code of Civil Procedure Section 1230.010 et seq. (Eminent Domain Law). The Project is a public use for which District has the authority to exercise the power of eminent domain. District has sole discretion to make the findings required by Code of Civil Procedure Section 1240.030 for the adoption of a resolution of necessity pursuant to the Eminent Domain Law. (Code of Civil Procedure Section 1245.220). If Sellers and District had not reached an agreement for District's purchase of the Subject Property Interests, District staff would have recommended that District consider the adoption of a resolution of necessity authorizing the initiation of eminent domain proceedings to acquire the Subject Property Interests in accordance with the Eminent Domain Law. District's Board, however, has the exclusive and sole discretion to adopt a resolution of necessity. The adoption of any such resolution of necessity would require District's compliance with applicable law, including Government Code Section 7260 et seq. and the Eminent Domain Law. This Agreement is not a commitment or an announcement of intent to acquire any other real property interests that District may need for the Project. Sellers are solely responsible for consulting its tax advisors or seeking a letter ruling from the Internal Revenue Service regarding the applicability of 26 U.S.C. Section 1033 to Sellers' sale of the Subject Property Interests to District in connection with the Project. District makes no express or implied representation regarding the applicability of 26 U.S.C. Section 1033 to this transaction.
- G. Sellers desire to sell the Subject Property Interests to District, and District desires to purchase the Subject Property Interests, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above Recitals, which are incorporated herein by this reference and for other valuable consideration, the sufficiency of which is hereby acknowledged, District and Sellers agree as follows.

1. SALE AND PURCHASE PRICE.

- 1.1 <u>Sale and Purchase</u>. Sellers agree to sell to District the "Subject Property Interests" that consist of (i) a Permanent Easement ("PE") of 110' by 400' (44,000 +/- s.f. or approximately 1.009 acres), and (ii) a 100' by 400' (40,000 +/- s.f. or approximately 0.917 acre) 48-month Temporary Construction Easement ("TCE"), see <u>Exhibits "A" & "B</u>", and District agrees to purchase the Subject Property Interests, subject to the terms and conditions hereafter set forth.
- a. Subject Property Interests. On the Close of Escrow (as defined in Section 3.2 below), Sellers agree to sell to District the Subject Property Interests described in Exhibit "A" and depicted on Exhibit "B" hereto, and District agrees to purchase the Subject Property Interests pursuant to Grant Deeds, in the form of which is attached as Exhibit "C" hereto, and incorporated herein by this reference.
- 1.2 <u>Purchase Price</u>. The total purchase price ("Purchase Price") for the Subject Property Interests is \$72,000 (Seventy-Two Thousand Dollars) which shall be payable to MJC as provided in this Agreement.
- 1.3 Special Provisions. The District shall at its sole cost and expense remove the top soil from the Permanent Easement ("PE") to a depth no greater than 24-inches and set it aside, placing it on the property owned by the Sellers that is contiguous to the PE and Temporary Construction Easement ("TCE") no further than 500 feet from the PE and TCE boundaries. Soil removed from the PE other than the top soil shall be hauled off-site and is the responsibility of the District to dispose of at its sole cost and expense. Upon completion of construction activities and the conclusion of the necessary use of the TCE as expressed in the agreement between the parties, the District will match the condition of the soil compaction so that it is reasonably similar to the soil conditions in the undisturbed area next to the TCE. Excess top soil from the PE shall be spread over an area no more than 2 acres that are contiguous to the PE and TCE and both areas, the 2 acres receiving the PE top soil and the TCE, will be tilled and cross-ripped to a depth no greater than 24-inches. The existing grade of the area will be matched as close as is possible with the additional top soil from the PE included in the area. Alternatively, the Sellers may elect to manage all or part of the top soil from the PE upon written request to the District. Such written request by the Sellers must be received by to the District within 30 days after the District issues a Notice to Proceed ("NOP"); a copy of which will be mailed to the Sellers when the NOP is issued to the contractor.

The District shall at its sole cost and expense paint all existing water tanks and the newly constructed water tank(s) with a Tnemec brand paint color of Green House #122GN, or if this color is not acceptable under the conditions stated in the environmental documents governing the tank site improvements, an alternative color, Rockslide 65BR will be applied to all tanks. If the stated manufacturer no longer offers the selected color, a color that most closely resembles the originally selected color based on color pallets from Tnemec, under the conditions stated in the environmental documents governing the tank site improvements, will be substituted and used by the District. In the event a change in the paint color is necessary as provided herein, the District shall consult with Sellers before making a final color selection.

2. TITLE AND TITLE INSURANCE.

- 2.1 <u>General</u>. Sellers will grant the Subject Property Interests to District pursuant to Grant Deeds in the form attached hereto as <u>Exhibit "C"</u>.
- 2.2 <u>Title Insurance</u>. Upon the Opening of Escrow, Escrow Holder's title division will issue a title commitment for the Subject Property Interests. Escrow Holder will also request two copies each of all instruments identified as exceptions on said title commitment. Upon receipt of the foregoing, Escrow Holder will deliver these instruments and the title commitment to District and Sellers. Escrow Holder will insure District's interest in the Subject Property Interests at the Close of Escrow by a CLTA Owner's Standard Coverage Policy of Title Insurance in the amount of the Purchase Price ("Title Policy"), with liability in the full amount of the Purchase Price, insuring District's easement interest in the Subject Property Interests, free and clear of all liens and encumbrances and other matters affecting title to the Subject Property Interests, except title exceptions which District has approved in writing (which shall constitute "Permitted Title Exceptions"). District, in its sole discretion, may request that Escrow Holder insure District's easement interest in the Subject Property Interests by an ALTA Extended Coverage Form of Title Policy. In such case, District will pay for the costs of the ALTA Extended Coverage Policy and survey and any policy endorsements requested by the District.
- 2.3 Acts After Date of Agreement. During the period from the date of this Agreement through the Close of Escrow, Sellers will not record or permit to be recorded any document or instrument relating to the Subject Property Interests or physically alter the area of the Property which to be encumbered by the Subject Property Interests or permit or cause to be altered without the prior written consent of District, which consent may be withheld in District's sole and absolute discretion.

3. ESCROW.

- 3.1 <u>Escrow Holder</u>. Within five (5) business days after the execution of this Agreement, District and the Sellers will open Escrow with Escrow Holder and the District shall deposit with Escrow Holder a copy of the fully-executed Agreement or executed counterparts of the Agreement. The Agreement will be considered the joint escrow instructions between the Parties, with such further instructions as Escrow Holder requires in order to clarify the duties and responsibilities of Escrow Holder. For the purposes of this Agreement, "Opening of Escrow" means the date on which Escrow Holder receives a copy of the fully-executed Agreement or copy of executed counterparts of this Agreement.
- 3.2 <u>Close of Escrow</u>. For the purposes of this Agreement, "Close of Escrow" shall be the date on which the Grant Deeds for the Subject Property Interests in favor of District are recorded in the Official Records of the San Luis Obispo County Recorder's Office. Provided all of Sellers' and District's obligations to be performed on or before Close of Escrow have been performed and all the conditions to the Close of Escrow set forth in this Agreement have been satisfied, Escrow will close within 45 calendar days after the Opening of Escrow ("Closing Date"). Possession of the Subject Property Interests shall be delivered to District upon the Close of Escrow.

- 3.3 <u>Sellers Required to Deliver</u>. Before the Close of Escrow, Sellers will deposit into Escrow the following:
- a. Grant Deeds granting the Subject Property Interests to District, in the form attached hereto as Exhibit "C", duly executed by Sellers and acknowledged.
- b. A California 593 certificate <u>and</u> federal non-foreign affidavit (with respect to Sellers).
- c. Any other documents reasonably required by Escrow Holder to be deposited by Sellers to carry out this Escrow.
- 3.4 <u>Buyer Required to Deliver</u>. On or before the Close of Escrow, Buyer will deposit into Escrow the following (properly executed and acknowledged, if applicable):
- d. An executed and acknowledged "Certificate of Acceptance" in the form attached to the Grant Deeds (attached hereto as Exhibit C").
- e. District covenants and agrees to deposit with Escrow Holder the Purchase Price and such escrow funds and closing costs payable by the District as are required within ten business days of receiving written notice from Escrow Holder regarding the confirmation of the completion of the conditions required herein for the Close of Escrow.
- f. Any other documents reasonably required by Escrow Holder to be deposited by Buyer to carry out this Escrow.
- 3.5 <u>Conditions to the Close of Escrow</u>. Escrow will not close unless and until both Parties have deposited with Escrow Holder all sums and documents required to be deposited as provided in this Agreement. Additionally, District's obligation to proceed with the transaction contemplated by this Agreement is subject to the satisfaction of all of the following conditions precedent, which are for District's benefit and may be waived only by District:
- g. Sellers shall have performed all agreements to be performed by Sellers hereunder.
- h. Escrow Holder will have issued or will have committed to issue the Title Policy to District, for the amount of the Purchase Price, showing District's easement interest in the Subject Property Interests, subject only to the Permitted Title Exceptions. Escrow Holder will use the proceeds of the Purchase Price to obtain a full reconveyance of any monetary liens encumbering the Subject Property Interests, so that said Subject Property Interests are free and clear of monetary liens and encumbrances at the Close of Escrow. Escrow Holder will obtain final approval from Sellers regarding the disbursement of the proceeds prior to disbursing any such proceeds to the holder(s) of the monetary liens encumbering the Subject Property Interests.
- i. If any of the conditions to Close of Escrow are not timely satisfied for a reason other than a default of District or Sellers under this Agreement, and this Agreement is terminated, then upon termination of this Agreement, Escrow Holder shall promptly return to District all funds (and all interest accrued thereon, less any Escrow cancellation charges) and

documents deposited by District in Escrow, and to return to Sellers all funds and documents deposited by Sellers in Escrow and which are held by Escrow Holder on the date of the termination.

- 3.6 Recordation of Grant Deeds; Delivery of Funds and Possession. Upon receipt of the funds and instruments described in Sections 3.3 and 3.4, Escrow Holder will cause the Grant Deeds to be recorded in the Office of the County Recorder of San Luis Obispo County, California. Thereafter, Escrow Holder will deliver the proceeds of this Escrow (less appropriate charges as shown on a preliminary Settlement Statement executed by District and Sellers) to Sellers, and Sellers will deliver possession of the Subject Property Interests to District free and clear of all users and occupants.
- 3.7 <u>Prorations</u>. Real property taxes for the Subject Property Interests will not be prorated, but must be paid by Sellers for the current tax period. Sellers may apply for a refund of property taxes in the event any property taxes assessments paid are allocable to the period after the Close of Escrow and District will reasonably cooperate therewith. District, as a State public entity acquiring property within its jurisdiction, is exempt from property taxes. All property assessments will be prorated between District and Sellers as of the Close of Escrow based on the latest available tax information. All prorations for such assessments shall be determined on the basis of a 365-day year. Escrow Holder is authorized to pay from the Purchase Price any unpaid delinquent taxes and/or penalties and interest thereon, and for any delinquent or non-delinquent assessments or bonds recorded against the Subject Property Interests.
- 3.8 <u>Costs of Escrow.</u> District will pay for the cost of the Title Policy (or ALTA Extended Coverage if District elects to obtain such extended coverage). District will also pay for escrow fees and Escrow Holder's customary out-of-pocket expenses for messenger services, long distance telephone calls, etc. District will pay for recording the Grant Deeds, and any documentary or other local transfer taxes, if any, and any recording costs (if any).
- 3.9 <u>Brokers.</u> District and Sellers represent to one another that they have not engaged any broker or finder in connection with the transaction contemplated by this Agreement. The District and the Sellers agree and covenant that any broker fee or commission, which may be due or payable in connection with the closing of the transaction contemplated by this Agreement through the District's or the Sellers' dealings with any broker will be the sole responsibility of District or the Sellers, respectively. Each Party agrees to defend, indemnify and hold harmless the other Party and its respective members, managers, employees, agents, representatives, councilmembers, attorneys, successors and assigns, from and against all claims of any agent, broker, or other similar party arising from or in connection with the indemnifying Party's dealings with any agent, broker, or similar party relating to the sale of the Subject Property Interests to the District.
- 3.10 <u>Escrow Cancellation Charges</u>. If Escrow fails to close through no fault of either party, District will pay all Escrow and title cancellation charges. In the event that this Escrow fails to close by reason of the default of either party hereunder, the defaulting party shall be liable for all Escrow and title cancellation charges.
- 4. <u>PERMISSION TO ENTER/DUE DILIGENCE TESTING</u>. Sellers hereby grant to District and District's authorized agents, contractors, consultants, assigns, attorneys, accountants,

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and other representatives an irrevocable license/permission to enter upon the Subject Property Interests for the purpose of making any due diligence testing and other examinations of the Subject Property Interests, including, but not limited to, the right to perform soil and geological tests of the Subject Property Interests and environmental site assessments thereof, that District considers necessary. District will give Sellers 48-hours written notice before going on the Subject Property Interests to conduct such due diligence testing. District does hereby agree to indemnify, defend and forever save Sellers, Sellers' members, managers, agents, employees, heirs, successors and assigns free and harmless from and against any and all liability, loss, damages, costs, expenses, demands, causes of action, claims or judgments, of any kind whether or not arising from or occurring out of any damage to the Subject Property Interests arising from any accident or other occurrence at the Subject Property Interests in connection with District's due diligence testing and environmental site assessments involving entrance onto the Subject Property Interests pursuant to this Section. If District fails to acquire the Subject Property Interests due to District's default, this license/permission to enter will terminate upon the termination of this Agreement and the District's right to purchase said Subject Property Interests. In such event, District will remove or cause to be removed all of its personal property, facilities, tools, and equipment from the Subject Property Interests left in the area comprising the Subject Property Interests in connection with the due diligence testing and restore said area as close to possible to the condition of said area prior to District's due diligence testing. The obligation of District to indemnify, defend and hold harmless the Sellers for any such loss, cost or liability arising from the due diligence testing and/or environmental site assessment and related testing under this Section 4 will survive Close of Escrow or termination of Escrow.

- 5. <u>REPRESENTATION AND WARRANTIES OF SELLERS</u>. Sellers hereby represent and warrant to District the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct as of the Close of Escrow and will survive the Close of Escrow:
- 5.1 That to the best of Sellers' knowledge on the Close of Escrow (i) the Subject Property Interests will be free and clear of Hazardous Materials (defined in Section 10.1. below) or toxic substances and waste, including, but not limited to, asbestos; (ii) businesses, if any, on the Subject Property Interests have disposed of their waste in accordance with all applicable statutes, ordinances, and regulations; and (iii) Sellers have no notice of any pending or threatened action or proceeding arising out of the environmental condition of the Subject Property Interests or alleged violation of Environmental Laws (defined in Section 10.2. below), health or safety statutes, ordinance, or regulations.
- 5.2 That Sellers are the sole owners of the Subject Property Interests free and clear of all liens, claims, encumbrances, easements, encroachments from adjacent properties, encroachments by improvements or vegetation on the Subject Property Interests onto adjacent property, or rights of way of any nature, other than those that may appear on the title commitment. Sellers will not further encumber the Subject Property Interests or allow the Subject Property Interests to be further encumbered prior to the Close of Escrow.
- 5.3 Neither this Agreement nor anything provided to be done hereunder by Sellers, including the transfer of the Subject Property Interests to District, violates or will violate any contract, agreement, or instrument to which Sellers are a party, or which affects the Subject

Property Interests, and their grant to District of the Subject Property Interests pursuant to this Agreement does not require the consent of any party not a signatory hereto.

- 5.4 To Sellers' knowledge, except as disclosed in the title commitment referred to in Section 2.2, there are no claims or liens presently claimed or that will be claimed against the Subject Property Interests by contractors, subcontractors, or suppliers, engineers, architects, surveyors or others that may have lien rights for work performed or commenced prior to the Effective Date. Sellers agree to hold District harmless from all costs, expenses, liabilities, losses, charges, fees, including reasonable attorneys' fees, arising from or relating to any such lien or any similar lien claimed against the Subject Property Interests, caused or incurred by Sellers and arising from work performed or commenced prior to the Close of Escrow.
- 5.5 There are no written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights, or interest of any nature in and to the Subject Property Interests, or any part thereof, and no persons have any right of possession to the Subject Property Interests, or any part thereof. Sellers agree to hold District harmless from all costs, expenses, liabilities, losses, charges, fees, including attorneys' fees, arising from or relating to any claims by any person or entity claiming rights to possession of any portion of the Subject Property Interests.
- 5.6 Sellers have no knowledge of any pending, threatened, or potential litigation, action or proceeding against Sellers or any other party before any court or administrative tribunal that involves the Subject Property Interests.
- 5.7 Sellers' warranties and representations shall survive the Closing and delivery of the Grant Deeds for a period of six (6) months, and any lawsuit or action based upon them must be commenced within such time period. Sellers' "knowledge," as such term is used throughout the Agreement, shall refer only to matters within the current actual knowledge of Michael J. Cavaletto, who is the representative of Sellers having the most knowledge relative to the Property and the representations and warranties in Paragraph 5 of the Agreement ("Sellers' Representative") as of the date of this Agreement, without duty of investigation or inquiry, and in no event shall Sellers' Representative have any personal liability therefor. No claim for a breach of any representation or warranty of Sellers shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter that was contained in any materials provided to District by Sellers or any third party (including, without limitation, any report provided to the District by any contractor or consultant engaged by District in connection with District's investigation of the Property), whether or not actually known to District prior to Closing.. As a specifically bargained for allocation of risk and liability, District hereby expressly waives and releases any and all rights and remedies District may have on account of any breach or default of any of Sellers' representations or warranties except to the extent expressly set forth herein.
- 6. <u>REPRESENTATIONS AND WARRANTIES OF DISTRICT</u>. District hereby represents and warrants to Sellers the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct as of the Close of Escrow and will survive the Close of Escrow:

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- 6.1 District has taken all required action to permit it to execute, deliver, and perform its obligations under this Agreement.
- 6.2 District has the power and authority to execute and deliver this Agreement and carry out its obligations hereunder and consummate the transaction contemplated herein.
- AS-IS. Subject to and conditioned upon the District's purchase of the Subject Property Interests, as provided in this Agreement, District represents, warrants to Sellers and acknowledges that it has entered into this Agreement on the basis of its own full investigation of all facts and conditions underlying or relating to the Property, including without limitation, environmental conditions, and that is has relied solely upon its own investigation. District further acknowledges and agrees that, except as otherwise expressly provided in the Agreement, Sellers have not made, does not make and specifically negate and disclaim any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of or as to, concerning, or with respect to (a) the value of the Property; (b) the income to be derived from the Property; (c) the suitability of the Property for any and all activities and uses which District may conduct thereon; (d) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; (e) the manner, quality, state of repair or lack of repair of the Property; (f) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology; (g) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (h) the manner or quality of the construction or materials, if any, incorporated into the Property; (i) compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements, including but not limited to Title III of the Americans With Disabilities Act of 1990, the California Health & Safety Code, the Federal Water Pollution Control Act, the Federal Resource Conservation and Recovery Act, the U.S. Environmental Protection Agency Regulations at 40 C.F.R., Part 261, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the resource Conservation and Recovery Act of 1976, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, and regulations promulgated under any of the foregoing; and (i) the presence or absence of hazardous materials at, on, under or adjacent to the Property.
- Release. District shall rely solely upon District's own knowledge of the Property based on its investigation of the Property, and its own inspection of the Property in determining the Property's physical condition. Except for a claim by District against Sellers for a breach of this Agreement by Seller in accordance with Paragraph 5.7 above, District and anyone claiming by, through or under District hereby waives its right to recover from and fully and irrevocably releases Sellers, and Sellers' members, managers, employees, officers, directors, representatives, agents, servants, attorneys, affiliates, parent, subsidiaries, successors and assigns ("Released Parties") from any and all claims that it may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the Property, including, but not limited to, construction defects, errors, omissions or other conditions, latent or otherwise, including environmental matters, affecting the Property, or any portion thereof. This release includes claims of which District is presently unaware or which District does not presently suspect to exist which, if known by District,

would materially affect District's release of Seller and the Released Parties. District specifically waives the provision of California Civil Code Section 1542, which provides 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."

District agrees that it knowingly and voluntarily waives the provisions of California Civil Code section 1542 as an essential and material term of this Agreement, and acknowledge that without such a waiver, Sellers would not have entered into this Agreement. In this connection and to the extent permitted by law, District hereby agrees, represents and warrants that District realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and District further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that District nevertheless hereby intends to release, discharge and acquit Sellers and the Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to Sellers by District in exchange for Sellers' performance hereunder. This Paragraph shall survive the close of Escrow and the termination of this Agreement.

District's Initials Sellers' Initials

7. TOTAL CONSIDERATION.

- Purchase Price set forth in this Agreement is an all-inclusive settlement and is the full and complete consideration and payment of just compensation for the fair market value of the Subject Property Interests and any improvements located in the area of the Subject Property Interests. District's payment to Sellers of the Purchase Price also includes compensation for severance damages, inverse condemnation, pre-condemnation damages, attorneys' fees, interest, appraisal costs, cost-to-cure damages, loss of rents, lost profits, loss of business goodwill, any other damages of every kind and nature suffered by Sellers by reason of District's acquisition of the Subject Property Interests or the Project for which District is acquiring the Subject Property Interests, and all costs and expenses whatever in connection therewith.
- 7.2 <u>No Displacement</u>. District's acquisition of the Subject Property Interests will not result in the displacement of any person or business, accordingly, Sellers agree therefrom that they waive any and all claims to relocation assistance and benefits pursuant to applicable federal or state relocation laws or regulations, including without limitation, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Section 4601 *et seq.*), if applicable, or under Title 1, Division 7, Chapter 1 of the Government Code of the State

would materially affect District's release of Seller and the Released Parties. District specifically waives the provision of California Civil Code Section 1542, which provides 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."

District agrees that it knowingly and voluntarily waives the provisions of California Civil Code section 1542 as an essential and material term of this Agreement, and acknowledge that without such a waiver, Sellers would not have entered into this Agreement. In this connection and to the extent permitted by law, District hereby agrees, represents and warrants that District realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and District further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that District nevertheless hereby intends to release, discharge and acquit Sellers and the Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to Sellers by District in exchange for Sellers' performance hereunder. This Paragraph shall survive the close of Escrow and the termination of this Agreement.



7. TOTAL CONSIDERATION.

- 7.1 <u>District's Payment of Purchase Price</u>. District's payment to Sellers of the Purchase Price set forth in this Agreement is an all-inclusive settlement and is the full and complete consideration and payment of just compensation for the fair market value of the Subject Property Interests and any improvements located in the area of the Subject Property Interests. District's payment to Sellers of the Purchase Price also includes compensation for severance damages, inverse condemnation, pre-condemnation damages, attorneys' fees, interest, appraisal costs, cost-to-cure damages, loss of rents, lost profits, loss of business goodwill, any other damages of every kind and nature suffered by Sellers by reason of District's acquisition of the Subject Property Interests or the Project for which District is acquiring the Subject Property Interests, and all costs and expenses whatever in connection therewith.
- 7.2 No Displacement. District's acquisition of the Subject Property Interests will not result in the displacement of any person or business, accordingly, Sellers agree therefrom that they waive any and all claims to relocation assistance and benefits pursuant to applicable federal or state relocation laws or regulations, including without limitation, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Section 4601 et seq.), if applicable, or under Title 1, Division 7, Chapter 1 of the Government Code of the State

of California (Section 7260 et seq.), or the Relocation Assistance and Real Property Acquisition Guidelines (Chapter 6 of Title 25 of the California Code of Regulations) are triggered as a result of District's acquisition of the Subject Property Interests in connection with the public purpose and Project.

8. RELEASES.

- 8.1 This Agreement is a voluntary agreement and Sellers on the Close of Escrow, on behalf of Sellers, Sellers' successors and assigns, fully releases District, its board members, officers, counsel, employees, attorneys, representatives and agents, from all claims and causes of action by reason of any damage that has been sustained, or may be sustained, as a result of District's efforts to acquire the Subject Property Interests, or any preliminary steps thereto. Sellers further release and agree to hold District harmless from any and all claims and causes of action asserted by any party claiming to have rights to possession of any portion of the Subject Property Interests.
- 8.2 By signing and executing this Agreement, Sellers' expressly waive any rights, existing now or arising in the future as well as any current or future obligations, District may have to Sellers under California Code of Civil Procedure Section 1245.245.
- Sellers acknowledge that it may have sustained damage, loss, costs or expenses that are presently unknown and unsuspected, and such damage, loss, costs or expenses that may have been sustained, may give rise to additional damages, loss, costs or expenses in the future. Nevertheless, Sellers hereby acknowledge that this Agreement has been negotiated and agreed upon in light of that situation, and hereby expressly waives any and all rights that Sellers may have under California Civil Code Section 1542 as it relates to the releases set forth in this Section 8, or under any statute or common law or equitable principle of similar effect. California Civil Code Section 1542 provides 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."

Sellers' Initials:	District's Initials:
Sellers waiver of rights and release of cla	aims set forth above in Sections 8.1, 8.2, and
t overand to and is not intended to several	to alaims related to an alloged to arise out of

8.3 will not extend to and is not intended to extend to claims related to or alleged to arise out of any breach of this Agreement by District or the negligence or willful misconduct on the part of District, its agents or contractors, in connection any physical construction of the Project.

Indemnity. District understands and agrees that on the Closing Date, and subject only to District's remedies for Sellers' breach of its express written representations, warranties, and covenants as set forth in this Agreement, District shall be solely responsible for of California (Section 7260 *et seq.*), or the Relocation Assistance and Real Property Acquisition Guidelines (Chapter 6 of Title 25 of the California Code of Regulations) are triggered as a result of District's acquisition of the Subject Property Interests in connection with the public purpose and Project.

8. RELEASES.

- 8.1 This Agreement is a voluntary agreement and Sellers on the Close of Escrow, on behalf of Sellers, Sellers' successors and assigns, fully releases District, its board members, officers, counsel, employees, attorneys, representatives and agents, from all claims and causes of action by reason of any damage that has been sustained, or may be sustained, as a result of District's efforts to acquire the Subject Property Interests, or any preliminary steps thereto. Sellers further release and agree to hold District harmless from any and all claims and causes of action asserted by any party claiming to have rights to possession of any portion of the Subject Property Interests.
- 8.2 By signing and executing this Agreement, Sellers' expressly waive any rights, existing now or arising in the future as well as any current or future obligations, District may have to Sellers under California Code of Civil Procedure Section 1245.245.
- 8.3 Sellers acknowledge that it may have sustained damage, loss, costs or expenses that are presently unknown and unsuspected, and such damage, loss, costs or expenses that may have been sustained, may give rise to additional damages, loss, costs or expenses in the future. Nevertheless, Sellers hereby acknowledge that this Agreement has been negotiated and agreed upon in light of that situation, and hereby expressly waives any and all rights that Sellers may have under California Civil Code Section 1542 as it relates to the releases set forth in this Section 8, or under any statute or common law or equitable principle of similar effect. California Civil Code Section 1542 provides 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."

	2		
Sellers' Initials:		District's Initials:	

Sellers waiver of rights and release of claims set forth above in Sections 8.1, 8.2, and 8.3 will not extend to and is not intended to extend to claims related to or alleged to arise out of any breach of this Agreement by District or the negligence or willful misconduct on the part of District, its agents or contractors, in connection any physical construction of the Project.

8.4 <u>Indemnity</u>. District understands and agrees that on the Closing Date, and subject only to District's remedies for Sellers' breach of its express written representations, warranties, and covenants as set forth in this Agreement, District shall be solely responsible for

and shall assume the absolute and unconditional responsibility for the Subject Property Interests in the "AS-IS" condition described above in Section 6.3, and District, on behalf of itself, its successors, assigns and successors-in-interest, shall indemnify, protect, defend (with counsel acceptable to Sellers) and hold Sellers and the Sellers' Released Parties (as defined in Section 6.4) harmless from and against, any and all any claims, damages, liens, stop notices, liabilities, losses, costs and expenses, including, without limitation, reasonable attorneys' fees and court costs (collectively, "Claims") and losses arising from District's improvements to and activities on the portions of the Property which are encumbered by the Subject Property Interests, reasonable attorneys' fees, court costs and the costs of investigation and settlement of Claims, all of any kind or of any nature whatsoever, known and unknown, foreseen and unforeseen, which may at any time be imposed upon, incurred by or asserted or awarded against the Sellers arising from or by reason of or in relation to any activities of District on the portions of the Property which are encumbered by the Subject Property Interests, the environmental condition of the portions of the Property which are encumbered by the Subject Property Interests, including without limitation, the existence or condition of any underground storage tanks, the presence or existence of, or contamination of Hazardous Substances on, in, under or about the portions of the Property which are encumbered by the Subject Property Interests, the migration of any Hazardous Substances onto or from the portions of the Property which are encumbered by the Subject Property Interests, or any presence of asbestos or asbestos-containing material located in or on the portions of the Property which are encumbered by the Subject Property Interests.

This Section 8 will survive the Close of Escrow.

- 9. <u>DISTRICT'S CONTINGENCIES</u>. For the benefit of District, the Close of Escrow and District's obligation to consummate the purchase of the Subject Property Interests will be contingent upon and subject to the occurrence of all of the following (or District's written waiver thereof, it being agreed that District can waive any or all such contingencies) on or before the Close of Escrow:
- 9.1 That as of the Close of Escrow the representations and warranties of Sellers contained in this Agreement are all true and correct;
- 9.2 The delivery to Escrow Holder of all documents pursuant to Sections 3.3 and 3.4 of this Agreement;
- 9.3 Escrow Holder's commitment to issue, in favor of District, the Policy with liability equal to the Purchase Price showing District's easement interests in the Subject Property Interests, subject only to the Permitted Title Exceptions; and
- 9.4 District's approval prior to the Close of Escrow of any due diligence testing, environmental site assessment, soils or geological reports, or other physical inspections of the Subject Property Interests that District might perform prior to the Close of Escrow.

10. CERTAIN DEFINITIONS.

10.1 The term "Hazardous Materials" will mean and include the following, including mixtures thereof: any hazardous substance, pollutant, contaminant, waste, by-product

or constituent regulated under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 *et seq.*; oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas and synthetic gas usable for fuel; pesticides regulated under the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 *et seq.*; asbestos and asbestos-containing materials, PCBs and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. Section 2601 *et seq.*; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act of 1982; chemicals subject to the OSHA Hazard Communication Standard, 29 C.F.R. Section 1910.1200 *et seq.*; industrial process and pollution control wastes, whether or not hazardous within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.*; any substance defined as a "hazardous substance" in California Civil Code Section 2929.5(e)(2) or California Code of Civil Procedure Section 736(f)(3); and any other substance or material regulated by any Environmental Laws.

- The term "Environmental Laws" will mean and include all federal, state and 10.2 local statutes, ordinances, regulations and rules in effect on or prior to the Effective Date relating to environmental quality, health, safety, contamination and clean-up, including, without limitation, the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq.; and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act 7 U.S.C. Section 136 et seg.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. Section 1401 et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq.; the Noise Control Act, 42 U.S.C. Section 4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Resource Conservation and Recovery Act 42 U.S.C. Section 6901 et seq.; as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; the Comprehensive Environmental Response, Compensation and Liability Act 42 U.S.C. Section 9601 et seq. as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act and the Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act 15 U.S.C. Section 2601 et seq.; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq.; and the Nuclear Waste Policy Act of 1982, 42 U.S.C. Section 10101 et seq.; and state and local environmental statutes and ordinances, with implementing regulations and rules in effect on or prior to the Effective Date.
- 11. <u>EVIDENCE IN COURT PROCEEDING</u>. The Parties agree that the total Purchase Price of \$72,000 or any inference of per square foot value of the Subject Property Interests based on said Purchase Price will not be admissible as evidence of the fair market value of the Subject Property Interests in any eminent domain or other proceeding or litigation concerning the Subject Property Interests, or any portion thereof.
- 12. <u>DEFAULT</u>. In the event of a breach or default under this Agreement by either District or Sellers, the non-defaulting party will have, in addition to all rights available at law or equity, the right to terminate this Agreement and the Escrow for the purchase and sale of the Subject Property Interests, by delivering written notice thereof to the defaulting party and to Escrow Holder, and if District is the non-defaulting party, District will thereupon promptly receive a refund of all of the deposits it deposited with Escrow Holder, if any, less District's share of any

Escrow cancellation charges. Such termination of the Escrow by a non-defaulting party will be without prejudice to the non-defaulting party's rights and remedies at law or equity.

13. <u>NOTICES</u>. All notices and demands will be given in writing by certified mail, postage prepaid, and return receipt requested, by personal delivery, or by Federal Express or other overnight carrier. Notices will be considered given upon the earlier of (a) personal delivery, (b) two business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, or (c) one business day following deposit with Federal Express or other overnight carrier. A copy of all notices will be sent to Escrow Holder. The Parties will address such notices as provided below or as may be amended by written notice:

BUYER: Nipomo Community Services District

P.O. Box 326

Nipomo, CA 93444-0326

Attention: Mario E. Iglesias, General Manager

COPY TO: Richards, Watson & Gershon, APC

350 South Grand Avenue

37th Floor

Los Angeles, California 90071

Attention: Craig A, Steele, General Counsel

SELLERS: Michael J. Cavaletto Ranches, LLC

Attn: Michael J. Cavaletto 195 N Thompson Ave Ste. 1 Nipomo, CA, 93444-9029

And

NKT Development, LLC Attention: Nicholas Tompkins, Manager 684 Higuera St., Suite B San Luis Obispo, CA 93401

With a copy to:

Mullen & Henzell LLP Attn: Gregory F. Faulkner 112 East Victoria Street Santa Barbara, CA 93101 ESCROW Fidelity National Title

HOLDER: Attn.: Rachel Buchan, Escrow Officer

2222 S. Broadway #G Santa Maria, CA 93454 Phone (805) 922-8331 Fax (805) 928-6064

14. MISCELLANEOUS.

- 14.1 <u>Attorneys' Fees</u>. In any action between District (Buyer) and Sellers seeking enforcement of any of the terms and provisions of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, reasonable attorneys' fees and reasonable fees of expert witnesses.
- Parties hereto with respect to the matters contained herein, and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose. No provision of this Agreement may be amended, supplemented, or in any way modified except by an agreement in writing signed by the Parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Agreement.
- 14.3 <u>Counterparts, Facsimile, and Electronic Signatures</u>. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. Facsimile or electronic signatures/counterparts to this Agreement will be effective as if the original signed counterpart were delivered.
 - 14.4 Time of the Essence. Time is of the essence of this Agreement.
- 14.5 Governing Law. This Agreement is deemed to have been prepared by each of the Parties hereto, and any uncertainty or ambiguity herein will not be interpreted against the drafter, but rather, if such uncertainty or ambiguity exists, will be interpreted according to the applicable rules of interpretation of contracts under the laws of the State of California, and not the substantive law of another state or the United States or federal common law. This Agreement will be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Parties will be governed by, and construed and enforced in accordance with, the laws of the State of California.
- 14.6 <u>Third Parties</u>. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the Parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.
- 14.7 <u>Severability</u>. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or

unenforceable provision had never been contained herein, unless such invalidity, illegality, or unenforceability materially affects the economic terms of the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement and the Escrow upon written notice to the other party given no later than ten business days after the party giving such notice becomes aware of such invalidity, illegality, or unenforceability. In the event of such termination, all funds deposited with Escrow Holder by District and any interest accrued thereon shall be returned to District.

- 14.8 <u>Additional Documents</u>. Each party hereto agrees to perform any further acts and to execute, acknowledge and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.
- 14.9 <u>Authority of District's General Manager</u>. District represents and warrants to Sellers as follows: (i) District's General Manager may give any and all notices, consents, and terminations hereunder on behalf of District provided they are in writing; and (ii) District's General Manager may execute the Agreement, Certificate of Acceptance in connection with the Grant Deed, escrow documents, and any such documents or instruments that are necessary to effect the transfer of property interests contemplated herein.
- 14.10 <u>Legal Representation</u>. Each of the Parties acknowledge that in connection with the negotiation and execution of this Agreement, they have each been represented by independent counsel of their own choosing and the Parties executed this Agreement after review by such independent counsel, or, if they were not so represented, said non-representation is and was the voluntary, intelligent, and informed decision and election of any of the Parties not so represented; and, prior to executing this Agreement, each of the Parties has had an adequate opportunity to conduct an independent investigation of all the facts and circumstances with respect to the matters that are the subject of this Agreement.
- 14.11 <u>Remedies Not Exclusive and Waivers</u>. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy and each and every remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies will not constitute a waiver of the right to pursue other available remedies.

[SIGNATURES ON NEXT PAGE]

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

Dated: 3 1/-23	SELLERS MICHAEL J. CAVALETTO RANCHES, LLC, a California limited liability company By: Michael J. Cavaletto, Manager NKT Development, LLC, a California limited liability company
	By: Nicholas Tompkins, Manager
	DISTRICT (BUYER) NIPOMO COMMUNITY SERVICES DISTRICT, a California special district
Dated:	By: Mario E. Iglesias, General Manager
	ATTEST:
	By:

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

	SELLERS MICHAEL J. CAVALETTO RANCHES, LLC, a California limited liability company
Dated: 9/11/2023	By: Michael J. Cavaletto, Manager
	NKT Development, LLC, a California limited liability company
	By: Nicholas Tompkins, Manager
	DISTRICT (BUYER) NIPOMO COMMUNITY SERVICES DISTRICT, a California special district
Dated:	By: Mario E. Iglesias, General Manager
	ATTEST:
	By: Craig A. Steele, General Counsel

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California County of San Luis Obispo	
On August 11,2023 before me,	Lisa Sovza Bognuda (insert name and title of the officer)
personally appeared Michael J who proved to me on the basis of satisfactory evide subscribed to the within instrument and acknowled his/her/their authorized capacity(ies), and that by h person(s), or the entity upon behalf of which the per	ence to be the person(s) whose name(s) is/are ged to me that he/she/they executed the same in is/her/their signature(s) on the instrument the

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

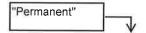
Signature <u>Lisa Jouzulug Muda (Seal</u>

LISA SOUZA BOGNUDA
Notary Public - California
San Luis Obispo County
Commission # 2366335
My Comm. Expires Jul 19, 2025

A notary public or other officer completing this certificate verifies which this certificate is attached, and not the truthfulness, accuracy	only the identity of the individual who signed the document to y, or validity of that document.
State of California)) ss. County of San Luis Obispo)	
County of Sail Eurs Obispo	
On August 11, 2023 before me, Notary Public personally appeared Nicholas Tompkins	Michele A. Tompkins
personally appeared Nicholas Tompkins	
who proved to me on the basis of satisfactory evidence to be the pe	erson(s) whose name(s) is are subscribed to the within instrument and their authorized capacity, and that by his her/their signature(s) on the
	certify under PENALTY OF PERJURY under the laws of the State f California that the foregoing paragraph is true and correct.
Notary Public - California San Luis Obispo County Commission # 2453177 Av Comm. Expires Jul 14, 2027	ignature: Signature of Notary Public
Place Notary Seal Above OPTION	NAL
	t may prove valuable to persons relying on the document eattachment of this form to another document.
Description of Attached Document	
Title or Type of Document:	Document Date:
Number of Pages: Signer(s) Other Than Named A	
Capacity(is) claimed by Signer(s)	
Signer's Name:	Signer's Name:
☐ Corporate Officer – Title(s):	☐ Corporate Officer – Title(s):
☐ Partner — ☐ Limited ☐ General	□ Partner - □ Limited □ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
Other:	☐ Other:
Signer Is Representing:	Signer Is Representing:

Exhibit "A" (Legal Description) and Exhibit "B" (Map)

EXHIBIT A



PERMANTENT TANK SITE EASEMENT LEGAL DESCRIPTION

THAT PORTION OF LOT 69, TRACT GG, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THAT MAP FILED IN BOOK "A", AT PAGE 13 OF MAPS IN THE OFFICE OF THE RECORDER FOR SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST WESTERLY CORNER OF LOT 69 OF SAID TRACT;

THENCE ALONG THE NORTHEASTERLY LINE OF DANA FOOTHILL ROAD (COUNTY ROAD NO 149), SOUTH 59° 05' 00" EAST, 200.00 FEET, TO THE SOUTHERLY CORNER OF THE EASEMENT TO NIPOMO COMMUNITY SERVICES DISTRICT RECORDED SEPTEMBER 27, 2001, FILED AS DOCUMENT NO. 2001-051390 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER FOR SAID COUNTY. BEING THE **POINT OF BEGINNING**;

THENCE LEAVING SAID NORTHEASTERLY LINE, NORTH 33° 18' 00" EAST, 400.00 FEET, ALONG THE SOUTHEASTERLY LINE OF SAID EASEMENT TO THE MOST EASTERLY CORNER OF SAID EASEMENT.

THENCE LEAVING SAID EASTERLY CORNER, PARALLEL WITH SAID NORTHEASTERLY LINE OF SAID ROAD, SOUTH 59° 05' 00" EAST, 110.00 FEET

THENCE PARALLEL WITH SOUTHEASTERLY LINE OF SAID EASEMENT, SOUTH 33° 18' 00" WEST, 400.00 FEET, MORE OR LESS TO THE NORTHEASTERLY LINE OF SAID ROAD;

THENCE ALONG SAID NORTHEASTERLY LINE, NORTH 59° 05' 00" WEST, 110.00 FEET TO THE POINT OF BEGINNING.

400.00 x 110.00 = 44,000 SF; 44,000 SF / 43,560 SF = 1.010 Acres

BURL V.

STEUDE

No. 9103

E OF CAL

SAID EASEMENT CONTAINS 1.009 ACRES, MORE OR LESS.

SEE THE ATTACHED EXHIBIT "B" PLAT, HEREIN REFERENCED AND MADE PART OF.

END DESCRIPTION

PREPARED BY

BURL STEUDE, LS9103

DATE: <u>3/08/2023</u>

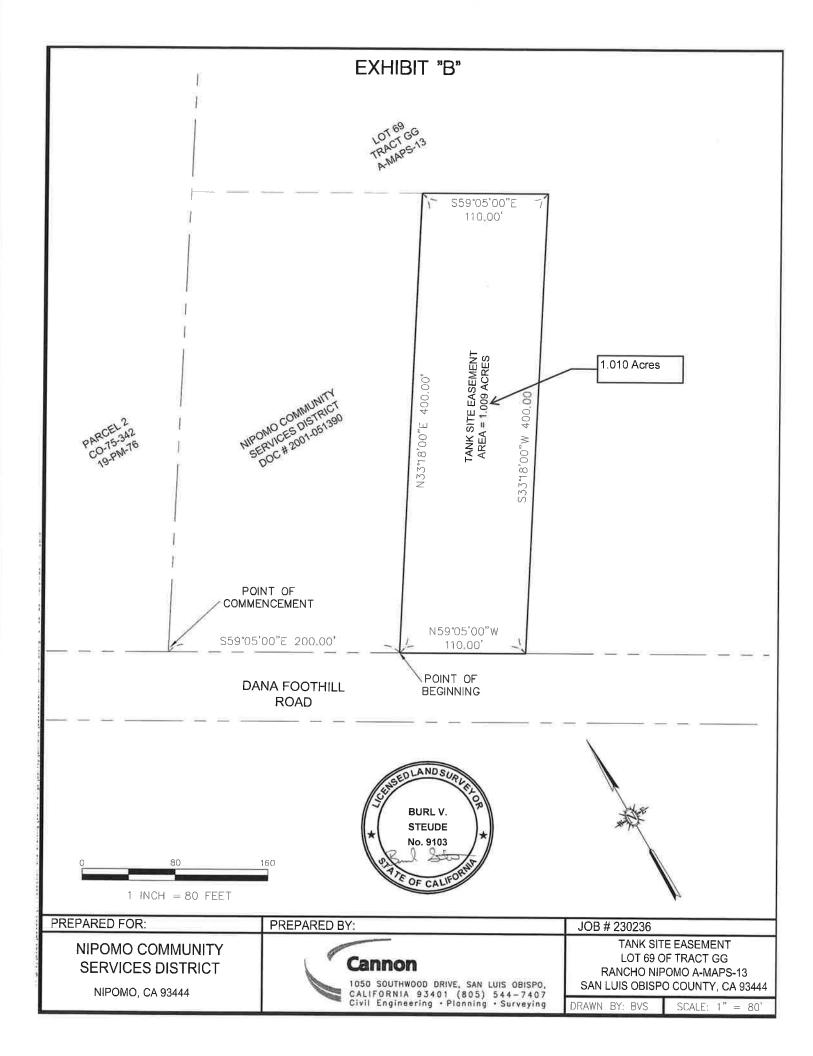


Exhibit "C" Grant of Easement Deed

Recording Requested by and when recorded return to:

Nipomo Community Services District P.O. Box 326 Nipomo, CA 93444-0326 Attention: District Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Assessor's Parcel Nos. 090-031-003 and -004

[X] Portion

Documentary Transfer Tax \$0.00

This Instrument is for the benefit of the Nipomo Community Services District and is exempt from Recording Fees (Govt. Code § 27383), Filing Fees (Govt. Code § 6103), and Documentary Transfer Tax (Rev & Tax Code § 11922).

GRANT OF EASEMENT DEED

MICHAEL J. CAVALETTO RANCHES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY AND NKT DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("Grantors") are the record fee owners of that certain real property located at 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County Assessor's Parcel Number APNs 090-031-003 and -004 ("Property").

Grantors seek to grant to the NIPOMO COMMUNITY SERVICES DISTRICT, A CALIFORNIA SPECIAL DISTRICT, a Permanent Easement ("PE") of 110' by 400' (44,000 +/-s.f. or approximately 1.009 acres) described more particularly below, for uses including installation, construction, use and maintenance of various water tank related equipment, water tanks and all related uses necessary and convenient thereto public purposes and public use in connection with a public project.

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, Grantors hereby grant to the NIPOMO COMMUNITY SERVICES DISTRICT, a California special district ("Grantee") a Permanent Easement of 110' by 400' (44,000 +/- s.f. or approximately 1.009 acres) described more particularly on Exhibit "1" and depicted on Exhibit "2", which are attached hereto and incorporated herein by this reference, for a public project.

IN WITNESS	WHEREOF,	Grantors have	e executed	this Grant l	Deed as o	f the o	date set
forth below.							

GRANTORS

MICHAEL J. CAVALETTO RANCHES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

D	
By:	MICHAEL J. CAVALETTO, MANAGER
NKT	DEVELOPMENT, LLC,
	ALIFORNIA LIMITED LIABILITY COMPANY
J .	NICHOLAS TOMPKINS, MANAGER

A notary public or other officer completing this certificate very which this certificate is attached, and not the truthfulness, according to the certificate of the c	erifies only the identity of the individual who signed the document to curacy, or validity of that document.
State of California)) ss.	
County of San Luis Obispo)	
On before me,, Notary Pub	olic ,
personally appeared	·
who proved to me on the basis of satisfactory evidence to be acknowledged to me that he/she/they executed the same in his instrument the person(s), or the entity(is) upon behalf of which	the person(s) whose name(s) is/are subscribed to the within instrument and s/her/their authorized capacity, and that by his/her/their signature(s) on the ch the person(s) acted, executed the instrument.
	I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
	WITNESS my hand and official seal.
	Signature:
	Signature of Notary Public
Place Notary Seal Above OPT	IONAL ————
Though the information below is not required by l	law, it may prove valuable to persons relying on the document and reattachment of this form to another document.
Description of Attached Document	
Title or Type of Document:	Document Date:
Number of Pages: Signer(s) Other Than Nar	ned Above:
Capacity(is) claimed by Signer(s)	
Signer's Name:	Signer's Name:
☐ Corporate Officer – Title(s):	
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other:	☐ Other:
Signer Is Representing:	Signer Is Representing:

Nipomo Community Services District 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County and further identified as San Luis Obispo County Assessor's Parcel Numbers 090-031-003 and -004

CERTIFICATE OF ACCEPTANCE OF GRANT OF EASEMENT DEED

(Gov't Code § 27281) (Permanent Easement over a portion of APNs 090-031-003 and -004)

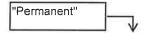
This is to certify that the grant to the Nipomo Community Services District, a California special district a Permanent Easement of 110' by 400' (44,000 +/- s.f. or approximately 1.009 acres) over that certain real property, located at 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County Assessor's Parcel Number APNs 090-031-003 and -004, which is described more particularly in Exhibit "1" and depicted on Exhibit "2" to the attached Grant Deed is hereby accepted under the authority of the Nipomo Community Services District, and the Nipomo Community Services District hereby consents to the recordation thereof by its duly authorized officer.

Nipomo Community Services District, a California special district
By: Mario E. Iglesias, General Manager
Attest:
By:
, District Clerl
Approved as to form:
By:

Craig A. Steele, General Counsel

Exhibits "1" (Legal Description) and Exhibit "2" (Map)

EXHIBIT A



PERMANTENT TANK SITE EASEMENT LEGAL DESCRIPTION

THAT PORTION OF LOT 69, TRACT GG, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THAT MAP FILED IN BOOK "A", AT PAGE 13 OF MAPS IN THE OFFICE OF THE RECORDER FOR SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST WESTERLY CORNER OF LOT 69 OF SAID TRACT;

THENCE ALONG THE NORTHEASTERLY LINE OF DANA FOOTHILL ROAD (COUNTY ROAD NO 149), SOUTH 59° 05' 00" EAST, 200.00 FEET, TO THE SOUTHERLY CORNER OF THE EASEMENT TO NIPOMO COMMUNITY SERVICES DISTRICT RECORDED SEPTEMBER 27, 2001, FILED AS DOCUMENT NO. 2001-051390 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER FOR SAID COUNTY. BEING THE **POINT OF BEGINNING**;

THENCE LEAVING SAID NORTHEASTERLY LINE, NORTH 33° 18' 00" EAST, 400.00 FEET, ALONG THE SOUTHEASTERLY LINE OF SAID EASEMENT TO THE MOST EASTERLY CORNER OF SAID EASEMENT.

THENCE LEAVING SAID EASTERLY CORNER, PARALLEL WITH SAID NORTHEASTERLY LINE OF SAID ROAD, SOUTH 59° 05' 00" EAST, 110.00 FEET

THENCE PARALLEL WITH SOUTHEASTERLY LINE OF SAID EASEMENT, SOUTH 33° 18' 00" WEST, 400.00 FEET, MORE OR LESS TO THE NORTHEASTERLY LINE OF SAID ROAD;

THENCE ALONG SAID NORTHEASTERLY LINE, NORTH 59° 05' 00" WEST, 110.00 FEET TO THE POINT OF BEGINNING.

400.00 x 110.00 = 44,000 SF; 44,000 SF / 43,560 SF = 1.010 Acres

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SAID EASEMENT CONTAINS 1.009 ACRES, MORE OR LESS.

SEE THE ATTACHED EXHIBIT "B" PLAT, HEREIN REFERENCED AND MADE PART OF.

END DESCRIPTION

PREPARED BY

BURL STEUDE, LS9103

DATE: <u>3/08/2023</u>

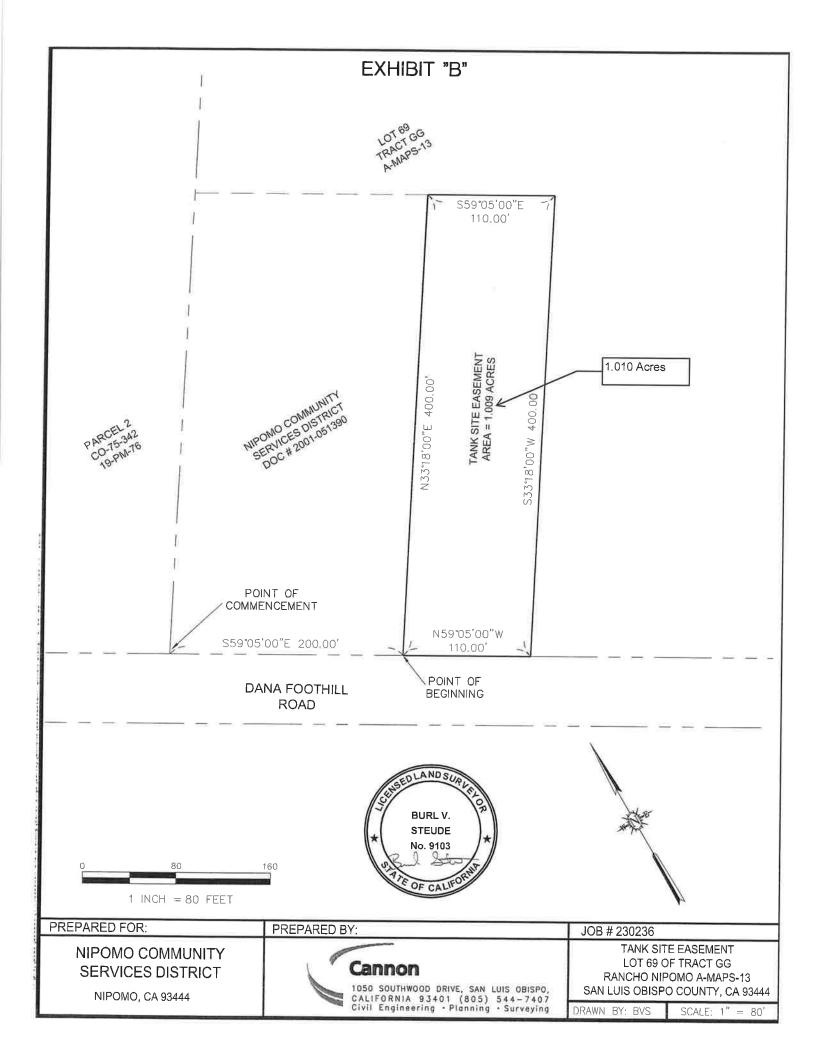


Exhibit "C" Temporary Construction Easement Deed

Recording Requested by and when recorded return to:

Nipomo Community Services District P.O. Box 326 Nipomo, CA 93444-0326 Attention: District Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Assessor's Parcel Nos. 090-031-003 and -004

[X] Portion

Documentary Transfer Tax \$0.00

This Instrument is for the benefit of the Nipomo Community Services District and is exempt from Recording Fees (Govt. Code § 27383), Filing Fees (Govt. Code § 6103), and Documentary Transfer Tax (Rev & Tax Code § 11922).

TEMPORARY CONSTRUCTION EASEMENT DEED

MICHAEL J. CAVALETTO RANCHES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY AND NKT DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("Grantors") are the record fee owner of that certain real property located at 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County Assessor's Parcel Number APNs 090-031-003 and -004 ("Property").

Grantors seek to grant a Temporary Construction Easement to the NIPOMO COMMUNITY SERVICES DISTRICT, A CALIFORNIA SPECIAL DISTRICT ("District") to improve an existing water tank site, including installation, construction, use and maintenance of various water tank related equipment, water tanks and all related uses necessary and convenient thereto described more particularly below, for public purposes and public use in connection with a public project ("Project").

Such use shall include the right to temporarily place equipment, materials and vehicles, and to excavate, move and pile earth thereon during periods of active construction, and the right to conduct grading and site restoration work and other related activities in conjunction with the construction of the Project. Grantors acknowledge herein that there will be some access delays and obstructions within the Temporary Construction Easement Area from time to time as Project construction work is underway.

Said Temporary Construction Easement shall commence thirty (30) days after issuance by District of a Notice of Commencement of Construction, which shall be issued to the Grantors as the property owner of record by U.S. Mail, and shall automatically terminate upon completion of construction of the Project and restoration of the Easement Area, or 48 months after this easement commences, whichever occurs first.

Grantors hereby warrant and represent that they are the sole owner of the Property upon which this Temporary Construction Easement is located, and that Grantors hold sufficient title in said Property to fully grant to District the Temporary Construction Easement described herein without conflict with any other interests.

This Grant of Temporary Construction Easement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns to the parties hereto. District's rights and obligations herein are assignable and transferable by District, in whole or in part, to District's contractor(s), successors and assignees.

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, Grantors hereby grant a 48 month Temporary Construction Easement to the NIPOMO COMMUNITY SERVICES DISTRICT, a California special district, over a 100' by 400' (40,000 +/- s.f. or approximately 0.917 acre) area described more particularly on Exhibit "1" and depicted on Exhibit "2", which are attached hereto and incorporated herein by this reference, for a public project.

IN WITNESS WHEREOF, Grantors have executed this Temporary Construction Easement Deed as of the date set forth below.

GRANTORS

	EL J. CAVALETTO RANCHES, LLC, FORNIA LIMITED LIABILITY COMPANY
Ву:	MICHAEL J. CAVALETTO, MANAGER
	и •
	E VELOPMENT, LLC, FORNIA LIMITED LIABILITY COMPANY
By:	VICHOLAS TOMPKINS, MANAGER

	apleting this certificate verifies only the identity of the individual who signed the document to d not the truthfulness, accuracy, or validity of that document.
State of California)
) ss.
County of San Luis Obispo)
On	before me,, Notary Public,
personally appeared	,
acknowledged to me that he/she/the	tisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument any executed the same in his/her/their authorized capacity, and that by his/her/their signature(s) on the ty(is) upon behalf of which the person(s) acted, executed the instrument.
	I certify under PENALTY OF PERJURY under the laws of the Sta of California that the foregoing paragraph is true and correct.
	WITNESS my hand and official seal.
	Signatura
<u>u</u>	Signature:Signature of Notary Public
	below is not required by law, it may prove valuable to persons relying on the document vent fraudulent removal and reattachment of this form to another document.
Description of Attached Doc	ument
Title or Type of Document:	Document Date:
Number of Pages:	Signer(s) Other Than Named Above:
Capacity(is) claimed by Sign	er(s)
Signer's Name:	Signer's Name:
☐ Corporate Officer – Title(s):	Corporate Officer – Title(s):
☐ Partner – ☐ Limited ☐ Genera	
☐ Individual ☐ Attorney i	
☐ Trustee ☐ Guardian o	
□ Other:	Other:
Signer Is Representing:	Signer Is Representing:

Nipomo Community Services District

69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County and further identified as San Luis Obispo County Assessor's Parcel Numbers 090-031-003 and -004

CERTIFICATE OF ACCEPTANCE OF GRANT OF TEMPORARY CONSTRUCTION EASEMENT DEED

(Gov't Code § 27281) (Grant of Temporary Construction Easement on APNs 090-031-003 and -004)

This is to certify that the grant to the Nipomo Community Services District, a California special district a 48-month Temporary Construction Easement over an area of 110' by 400' (44,000 +/- s.f. or approximately 1.009 acres) from that certain real property, located at 69 South Dana Foothill Road, Nipomo, California, San Luis Obispo County Assessor's Parcel Number APNs 090-031-003 and -004, which is described more particularly in Exhibit "1" and depicted on <a href="Exhibit "2" to the attached Grant of Temporary Construction Easement Deed is hereby accepted under the authority of the Nipomo Community Services District, and the Nipomo Community Services District hereby consents to the recordation thereof by its duly authorized officer.

	Nipomo Community Services District, a California special district
Dated:	By: Mario E. Iglesias, General Manager
	Attest:
	By:, District Clerk
	Approved as to form:
	By: Craig A. Steele, General Counsel

Exhibits "1" (Legal Description) and Exhibit "2" (Map)

EXHIBIT A

TEMPORARY CONSTRUCTION EASEMENT LEGAL DESCRIPTION

THAT PORTION OF LOT 69, TRACT GG, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THAT MAP FILED IN BOOK "A", AT PAGE 13 OF MAPS IN THE OFFICE OF THE RECORDER FOR SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST WESTERLY CORNER OF LOT 69 OF SAID TRACT;

THENCE ALONG THE NORTHEASTERLY LINE OF DANA FOOTHILL ROAD (COUNTY ROAD NO 149), SOUTH 59° 05' 00" EAST, 310.00 FEET, TO THE **POINT OF BEGINNING**;

THENCE LEAVING SAID NORTHEASTERLY LINE PARALLEL WITH THE NORTHWESTERLY LINE OF SAID TRACT, NORTH 33° 18' 00" EAST, 400.00 FEET;

THENCE PARALLEL WITH SAID NORTHEASTERLY LINE OF SAID ROAD, SOUTH 59° 05' 00" EAST, 100.00 FEET

THENCE PARALLEL WITH THE NORTHWESTERLY LINE OF SAID TRACT, SOUTH 33° 18' 00" WEST, 400.00 FEET TO THE NORTHEASTERLY LINE OF SAID ROAD;

THENCE ALONG SAID NORTHEASTERLY LINE, NORTH 59° 05' 00" WEST, 100.00 FEET TO THE POINT OF BEGINNING.

400.00 x 100.00 = 40,000 SF; 40,000 SF / 43,560 SF = 0.918 Acres

ANDSI

BURL V. STEUDE

No. 9103

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SAID EASEMENT CONTAINS 0.917 ACRES, MORE OR LESS.

SEE THE ATTACHED EXHIBIT "B" PLAT, HEREIN REFERENCED AND MADE PART OF.

END DESCRIPTION

PREPARED BY

BURL STEUDE, LS9103

DATE: 3/08/2023

