

**CITY OF FOLSOM
FOLSOM PLAN AREA
PHASE 2 WATER TRANSMISSION FACILITIES
REIMBURSEMENT AGREEMENT**

This Phase 2 Water Transmission Facilities Reimbursement Agreement (the “Agreement”) is entered into by and between the City of Folsom, a municipal corporation (hereinafter “City”), on the one hand, and Arcadian Improvement Company, LLC, a California limited liability company (“Arcadian”), CMB Improvement Company, LLC, a California limited liability company (“CMB”), Dignity Health, a California nonprofit public benefit corporation (“Dignity Health”), Eagle Commercial Partners, LLC, a Delaware limited liability company (“ECP”), Eagle Office Properties, LLC, a Delaware limited liability company (“EOP”), East Carpenter Improvement Company, a California limited liability company (“ECIC”), Easton Valley Holdings, LLC, a Delaware limited liability company (“Easton”), Elliott Homes, Inc., an Arizona corporation (“Elliott”), Folsom Real Estate South, LLC, a Delaware limited liability company (“FRES”), Gragg Ranch Recovery Acquisition, LLC, a Delaware limited liability company (“Gragg”), Hillsborough North, LLC, a Delaware limited liability company (“Hillsborough”), J&Z Property, LLC, a Delaware limited liability company (“J&Z”), Lennar Homes of California, LLC, a California limited liability company (“Lennar”), TCS Improvement Company, LLC, a California limited liability company (“TCS”), University of California Davis Health (“UC Davis”), West Prairie Estates, LLC, a Delaware limited liability company (“WPE”), and Woodside 05N, LP, a California limited partnership (“Woodside”) on the other hand (individually, Arcadian, CMB, Dignity Health, ECP, EOP, ECIC, Easton, Elliott, FRES, Gragg, Hillsborough, J&Z, Lennar, TCS, UC Davis, WPE, and Woodside are referred to herein as an “Owner”, and, collectively, as the “Owners”) as of the 30th day of April 2025 (the “Effective Date”).

RECITALS

WHEREAS, on December 8, 2015, City adopted Resolution No. 9692 to form City of Folsom Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services) (the “District”) within the Folsom Plan Area to fund the acquisition, construction, and improvement of public facilities authorized under the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code, including, certain water facilities, sanitary sewer facilities, an aquatic center, quarry road improvements, certain trails, interchanges and roadway widenings, and other backbone infrastructure needed to serve the Folsom Plan Area (“Authorized Facilities”); and

WHEREAS, the District levies special taxes to fund, among other things, the Authorized Facilities; and

WHEREAS, on October 23, 2024, the Folsom Ranch Financing Authority (the “Authority”) issued and sold \$26,735,000 in aggregate principal amount Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services) Special Tax Revenue Bonds, Series 2024 (the “Series 2024 Bonds”) to finance certain Authorized Facilities consisting primarily of 18,500 linear feet of 24-inch water transmission pipeline to provide expanded water transmission conveyance capabilities to deliver water from City’s water treatment plant to the Folsom Plan Area (the “Phase 2 Water Transmission Facilities”); and

WHEREAS, the District intends to cause the Authority to issue and sell additional series of Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services) Special Tax Revenue Bonds

(together with the Series 2024 Bonds, the "Bonds") to fund, among other things, the Authorized Facilities; and

WHEREAS, City solicited bids for the construction of the Phase 2 Water Transmission Facilities in August 2024 and entered into a construction contract with the contractor submitting the lowest responsive responsible bid based upon a guaranteed maximum price procurement approach in November 2024 ("Construction Work"); and

WHEREAS, City expects to commence the Construction Work using proceeds of the 2024 Series Bonds in the first quarter of 2025 and for construction to last approximately 18 months; and

WHEREAS, Owners advanced all necessary costs to plan and design the Phase 2 Water Transmission Facilities ("Design Work"); and

WHEREAS, City and Owners desire to memorialize (1) Owners' rights to reimbursements equal to the Total Eligible Costs (as defined herein) of the Design Work ("Reimbursements") as provided herein, and (2) City's right to use proceeds of the 2024 Series Bonds to finance the Construction Work prior to paying Owners the Reimbursements; and

WHEREAS, any and all monetary obligations of City arising out of this Agreement with respect to the Reimbursements are the special and limited obligations of City payable only from special taxes and proceeds of the Bonds and no other funds whatsoever of the District, the Authority, or City shall be obligated therefor under any circumstances.

NOW, THEREFORE, in consideration of the mutual promises contained herein, City and Owners agree as follows:

SECTION 1 DESIGN AND PLANNING WORK

Owners have caused the completion of the Design Work, at their sole cost and expense, and delivered the same to City for City's use in the Construction Work. The Design Work was prepared by licensed third party consultants and professionals and not the Owners. Owners make no, and expressly disclaim and negate any, representation, warranty, guaranty, or assurance, express or implied, oral or written, made directly or through any employee or agent, with respect to the Design Work or its use for the Construction Work, including, without limitation, as to the accuracy, adequacy, fitness, or completeness of the Design Work or its use for the Construction Work.

SECTION 2 REIMBURSEMENT

City and Owners agree that the amount of Reimbursements owed to each Owner for the Design Work is as set forth on **Exhibit A** attached hereto and incorporated herein ("Total Eligible Costs"). Following completion and acceptance of the Construction Work by City and further expressly subject to Section 3 below, the Reimbursements shall be paid by City to Owners as specified and in the amounts or percentages, as applicable, listed on **Exhibit A** within thirty (30) days of proceeds of the Bonds ("Bond Proceeds") and/or special taxes becoming available to fund the direct payment of the Reimbursements and not required to fund debt service or Administrative Expenses as defined in and determined in accordance with the Rate and Method of Apportionment for the District (the "Available Pay-Go Proceeds" and together with the Bond Proceeds, the "Available CFD Amount"). The Reimbursements shall be paid by City based on the percentages listed on **Exhibit A** only if the Available CFD Amount is

insufficient to pay the Reimbursements owed to each owner in the amounts listed in **Exhibit A** at the time of any such payment.

SECTION 3 PRIORITY ORDER OF REIMBURSEMENT

As between the Construction Work and the Design Work, the Available CFD Amount shall be used first to fund City's Construction Work, and second to pay Owners the Reimbursements. For the avoidance of doubt, City shall pay Owners the Reimbursements only after completion and acceptance of the Construction Work by City, if there is any Available CFD Amount remaining after paying for the Construction Work, and prior to using any Available CFD Amount to finance any Authorized Facilities other than the Construction Work, including but not limited to the Zone 4 water facilities (consisting of a zone-specific water tank and booster pump station) and the remaining phase 2 water facilities not included in the Construction Work (consisting of another zone-specific water tank and booster pump station). Nothing herein is intended or shall be construed to amend or otherwise affect any Acquisition and Shortfall Agreement previously entered into and approved by City with respect to the District, including but not limited to the reimbursement priority provided thereunder.

SECTION 4 "TRUE UP" OF REIMBURSEMENT

City acknowledges and agrees that Owners have provided the following items to the City for purposes of determining the Total Eligible Costs incurred by Owners for the Design Work that qualifies for Reimbursement: (i) copies of the original contract and any change orders that have been agreed to by Owners, consultant, and City; (ii) copies of all invoices; (iii) copies of all checks issued by Owners with related invoices indicated; and (iv) a summary tabulation of all invoices and payments by Owners.

SECTION 5 ATTORNEY'S FEES

If any suit, action or proceeding in law or equity is brought to enforce the provisions of this Agreement, the prevailing party(ies) shall be entitled to reasonable costs and attorneys' fees.

SECTION 6 AUTHORITY TO ENTER INTO AGREEMENT

Owners and City certify that they have the authority and are legally empowered to enter into this Agreement on behalf of their entity and to bind their party to the performance of its obligations hereunder.

SECTION 7 NOTICES

Any notices, requests, demands, or other communications required or permitted to be given under this Agreement may be sent to the parties at the addresses below by (a) personal delivery, (b) a nationally recognized overnight courier for overnight delivery, in which case notice shall be deemed delivered one (1) business day after deposit with such courier, or (c) electronic mail (email) transmission (followed by hard copy deposited the same day for delivery pursuant to subparts (a) or (b)), in which case notice shall be deemed delivered upon verification that transmission to recipient was completed; provided that any notice given by electronic mail on a non-business day or after 5:00 p.m. (local time in Folsom, CA) on a business day shall be effective on the immediately succeeding business day. Verification that notices sent by electronic mail have been completed shall occur through any one of the following means: (i) confirmation of receipt sent by the recipient by any means; (ii) a response from the recipient referring to the particular notice or specific contents of the notice; or (iii) any other method clearly establishing the actual receipt of the notice by the addressee. The below

mailing addresses and email addresses may be changed by written notice to the other parties; provided that no notice of a change of address or email address shall be effective until actual receipt of such notice.

(a) If to City:

City of Folsom
Attn: Rebecca Neves, City Engineer
50 Natoma Street
Folsom, CA 95630
E-mail: rebeccaneves@folsom.ca.us

With a copy to:

City of Folsom
Attn: Stacey Tamagni, Finance Director/SPIF Fee Program Administrator
50 Natoma Street
Folsom, CA 95630
E-mail: stamagni@folsom.ca.us

City of Folsom
Attn: Marcus Yasutake, Director, Environmental and Water Resources
Department
50 Natoma Street
Folsom, CA 95630
E-mail: myasutake@folsom.ca.us

(b) If to Owners:

See Exhibit B

Each party may change its mailing address at any time by giving written notice of such changes to the other party in the manner provided herein.

SECTION 8 TERM

The term of this Agreement shall start on the day and year duly executed by all parties and shall remain in effect until all the terms and conditions contained in this Agreement have been satisfied.

SECTION 9 SEVERABILITY

If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

SECTION 10 EXHIBITS

The Exhibits attached hereto are hereby incorporated herein by this reference.

SECTION 11 ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties regarding the subject matter hereof. The Agreement may be amended only by writing executed by all parties.

SECTION 12 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, and taken together shall constitute one document.

SECTION 13 EFFECTIVE DATE

The date of City’s execution of this Agreement shall be deemed to be the “Effective Date” of this Agreement. Upon execution of this Agreement by City, City shall insert the Effective Date in the Preamble to this Agreement and provide a copy of this fully executed and dated Agreement to Owners on or before March 1, 2025.

SECTION 14 THIRD PARTY LIABILITY

City does not assume any liability, duty, or obligation to Owners’ consultants, contractors, subcontractors, agents, or any person or entity not a party to this Agreement by execution or performance of this Agreement. There are no third party beneficiaries of this Agreement.

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

CITY:

CITY OF FOLSOM,
a municipal corporation

By: _____
Its: City Manager

ATTEST:

By: _____
Its: City Clerk

APPROVED AS TO CONTENT:

By: _____
Its: Community Development Department
 Director

APPROVED AS TO CONTENT:

By: _____
Its: City Engineer

APPROVED AS TO CONTENT:

By: _____
Its: Finance Director/SPIF Administrator

APPROVED AS TO FORM:

By: _____
Its: City Attorney

OWNERS:

ARCADIAN IMPROVEMENT COMPANY, LLC, a California limited liability company

By: HBT 1C, LLC,
a California limited liability
company
Its: Manager

By: _____
William B. Bunce, Member

CMB IMPROVEMENT COMPANY, LLC,
a California limited liability company

By: HBT CMB, LLC,
a California limited liability company
Its: Managing Member

By: _____
Name: William B. Bunce
Its: Manager

DIGNITY HEALTH, a California nonprofit
public benefit corporation

By: _____
Name: Travis Messina
Its: Senior Vice President

APPROVED AS TO FORM:
(Outside Counsel for Dignity Health)

MURPHY AUSTIN ADAMS SCHOENFELD
LLP

By: _____
Name: R. Brooks Whitehead
Title: Partner

EAGLE COMMERCIAL PARTNERS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

EAGLE OFFICE PROPERTIES, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

**EAST CARPENTER IMPROVEMENT
COMPANY**, a California limited liability
company

By: HBT ECIC, LLC,
a California limited liability company
Its: Managing Member

By: _____
Name: William B. Bunce
Its: Manager

EASTON VALLEY HOLDINGS, LLC,
a Delaware limited liability company

By: HBT Carpenter, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
William B. Bunce
Its: Manager

ELLIOTT HOMES, INC.,
an Arizona corporation

By: _____
Name: _____
Its: _____

FOLSOM REAL ESTATE SOUTH, LLC,
Delaware limited liability company

By: HBT Mangini, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____,
William B. Bunce
Its: Manager

**GRAGG RANCH RECOVERY
ACQUISITION, LLC,** a Delaware limited
liability company

By: _____
Name: _____
Its: _____

HILLSBOROUGH NORTH, LLC,
a Delaware limited liability company

By: HBT Hillsborough, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
William B. Bunce
Its: Manager

J&Z PROPERTY, LLC,
a Delaware limited liability company

By: HBT J&Z, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
William B. Bunce
Its: Manager

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

TCS IMPROVEMENT COMPANY, LLC,
a California limited liability company

By: HBT Town Center, LLC,
a California limited liability company
Its: Manager

By: _____
William B. Bunce, Member

**UNIVERSITY OF CALIFORNIA DAVIS
HEALTH**

By: _____
Name: _____
Its: _____

WEST PRAIRIE ESTATES, LLC,
a Delaware limited liability company

By: HBT Carpenter, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
William B. Bunce
Its: Manager

WOODSIDE 05N, LP,
a California limited partnership

By: WDS GP, Inc.,
a California corporation
Its: General Partner

By: _____
Michael LaFortune
Its: Authorized Signer

Exhibit A

Total Eligible Costs

ENTITY		AMOUNT	%
Arcadian Improvement Company, LLC		\$ 70,905.43	3.01%
CMB Improvement Company, LLC		\$ 116,840.83	4.96%
Dignity Health		\$ 55,760.50	2.37%
Eagle Commercial Partners, LLC		\$ 196,087.96	8.32%
Eagle Office Properties, LLC		\$ 45,525.52	1.93%
East Carpenter Improvement Company, LLC		\$ 149,820.11	6.36%
Easton Valley Holdings, LLC		\$ 277,968.12	11.80%
Elliott Homes, Inc.		\$ 29,162.25	1.24%
Folsom Real Estate South, LLC		\$ 372,194.60	15.80%
Gragg Ranch Recovery Acquisition, LLC		\$ 72,257.58	3.07%
Hillsborough North, LLC		\$ 469,209.62	19.92%
J&Z Properties, LLC		\$ 32,508.14	1.38%
Lennar Homes of California, LLC		\$ 211,264.32	8.97%
TCS Improvement Company, LLC		\$ 66,900.80	2.84%
UC Davis Health		\$ 40,422.12	1.72%
West Prairie Estates, LLC		\$ 147,700.01	6.27%
Woodside 05N, LP		\$ 1,134.09	0.05%
	Total:	\$ 2,355,662.00	100.00%

Exhibit B

Owner Notice Information

[See Attached]

Entity	Contact	Address	Email
Arcadian Improvement Company, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
CMB Improvement Company, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
Dignity Health	Corporate Real Estate	CommonSpirit Health Attn: SSV NRES 198 Inverness Drive West Englewood, CO 80112 With copy to: CommonSpirit Health Attn: Legal Team 3200 N. Central Avenue, 23rd Floor Phoenix, AZ 85012	robert.o'hare@commonspirit.org
Eagle Commercial Partners, LLC	Jim Galovan	100 Pine Street, Floor 29, San Francisco, CA 94111	jgalovan@pccpllc.com
Eagle Office Properties, LLC	Jim Galovan	100 Pine Street, Floor 29, San Francisco, CA 94111	jgalovan@pccpllc.com
Easton Valley Holdings, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
East Carpenter Improvement Company, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
Elliott Homes, Inc.	Price Walker	340 Palladio Parkway, Suite 521, Folsom, CA 95630	p.walker@elliotthomes.com
Folsom Real Estate South, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
Gragg Ranch Recovery Acquisition, LLC	Patrick Parker	c/o Raintree Investment., 10421 S. Jordan Gateway, Suite 200,	pparker@raintree.us.com

Entity	Contact	Address	Email
		South Jordan, UT 84095	
Hillsborough North, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
J&Z Property, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
Lennar Homes of California, LLC	Larry Gualco	1025 Creekside Ridge Drive, Suite 240, Roseville, CA 95678	larry.gualco@lennar.com
TCS Improvement Company, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
UC Davis Health	Lisa Hinton	4620 V Street, Sacramento, CA 95817	lmhinton@ucdavis.edu
West Prairie Estates, LLC	William Bunce	4370 Town Center Blvd., Suite 100, El Dorado Hills, CA 95762	bbunce@westlandcp.com
Woodside 05N, LP	Michael LaFortune	1130 Iron Point Road, Suite 200 Folsom, CA 95630	Michael.LaFortune@woodsidehomes.com