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SANTA BARBARA CO., CALIF.
HOWARD C. KENZEL
CLERK-RECORDER

Recording requested by and
when recorded, return to:

City Clerk
City of Santa Barbara
Santa Barbara, CA

AGREEMENT GRANTING OPTION TO ACQUIRE PRIVATE WATER
SYSTEM IN EXCHANGE FOR CITY WATER SERVICE CONNECTIONS

THIS AGREEMENT is made and entered into in Santa Barbara,
County, California, on 6th day of November, 1979,

by and between

CITY OF SANTA BARBARA, herein-
after referred to as "City",

and

MEEKER DEVELOPMENT COMPANY,
hereinafter referred to as
"Owner".

W I T N E S S E T H:

WHEREAS, City is a municipal corporation organized
under the laws of the State of California and having as one
of its functions the supply of water to certain areas within
its boundaries to those entitled thereto; and

WHEREAS, the Goleta County Water District, a county
water district organized under the laws of the State of
California, also presently has responsibility for supplying
water to certain areas within said City pursuant to an
"overlap" agreement between City and said District; and

WHEREAS, said Goleta County Water District has a mora-
torium on new connections in areas served by it; and

WHEREAS, Owner is the legal fee title holder of approxi-
mately 20.75 acres of real property within the boundaries of
the City, but outside the area of the City presently served
with City water and in an area subject to the Goleta County
Water District's moratorium on new connections, which property
is currently designated as Assessor Parcel No. 53-110-08 and
more particularly described in Exhibit A hereto and incorporated
herein by this reference (sometimes referred to herein as
"said property"); and

WHEREAS, City water service to said property is not
presently available by reason of said property's location
outside the City's area of present water service; and

WHEREAS, Owner has obtained tentative approval by the City of Santa Barbara for a subdivision of said property which could result in the division of said property into sixty-one (61) residential lots; and

WHEREAS, Owner intends to serve the water needs of said property, and any future parcels to be created by division of said property, by a private water system which is planned for construction and development on said property; and

WHEREAS, the Santa Barbara City Council has imposed as a condition of any division or subdivision of said property into additional parcels that Owner construct such private water system according to City standards and further enter into an agreement with the City to irrevocably offer to convey such system to the City, without cost, in exchange for the City's agreement to provide the Owner with domestic water service to supply sixty-two (62) residential parcels; and

WHEREAS, the private water wells and other water supply facilities planned for construction to provide private water service to said property are generally described in City Plans C-1-3356 and C-1-3356 (WSP) filed by owner with said City; and

WHEREAS, City has no present intention to acquire said private water system but desires to preserve the option to do so in the future pursuant to the terms of this agreement; and

WHEREAS, both parties hereto, City and Owner, hereby agree that they are entering into this option and water service agreement in satisfaction of the requirement of the Santa Barbara City Council that such an agreement be consummated as a condition of subdivision of said property, said condition being to the mutual benefit of the parties.

NOW, THEREFORE, in consideration of the premises and the grant, covenants and conditions hereinafter set forth, the parties hereby mutually agree as follows:

1.

GRANT OF OPTION TO CITY

Owner hereby grants to City the exclusive irrevocable option and right to acquire Owner's private water system, as described in City Plans C-1-3356 and C-1-3356 (WSP), and, upon exercise of such option, the exclusive right to own,

operate, repair and maintain said water system for the City's benefit. Owner agrees that the irrevocable offer of option is not accepted until a separate resolution specifically accepting it is recorded. Until such resolution is recorded, the City of Santa Barbara shall not be responsible for and shall incur no liability with respect to such offer or any improvement on said property referred to herein; or any maintenance thereof, nor shall the offer in any way alter the present status of the property as essentially private property. In addition to the physical elements of the private water system, which facilities shall be transferred to City upon exercise of such option, Owner agrees to convey to City, upon exercise of such option, fee title to Lot No. 16 of Owner's property (which lot is more particularly described in Exhibit B hereto) as well as such non-exclusive easements of pipeline, utility and physical access and use as are reasonably required for the City's operation, maintenance and repair of those portions of said water supply system which are not constructed on Lot No. 16 or within City easements or rights-of-way preexisting the development of Owner's private water system.

2.

EXERCISE OF OPTION

The above-described option granted to the City to acquire Owner's private water supply system may be exercised by City at any time by City giving notice to Owner and to all shareholders of any Mutual Water Company formed as hereinafter described of City's exercise of said option in the manner described for the giving of notices as generally provided below. Upon such notice of exercise of said option being given by City, Owner and all shareholders of the Mutual Water Company identified above shall, within one hundred eighty (180) days thereafter, convey to City their interest in said private water system, including the easements incidental thereto as above-described, and City shall, concurrently with such conveyance, commence City water service to said property in accordance with its obligations for such service as hereinafter provided.

3.

CITY WATER SERVICE

Upon exercise by the City of the option described in Section 2 above, City hereby covenants and agrees, irrespective of any moratorium or prohibition on new connections which may then exist in said City, to concurrently make available

and supply to said property up to sixty-two (62) domestic water connections on the basis of one connection for each legal parcel then constituting, or in the future constituting, a portion of said property; and the City will connect each of said parcels to the City's water distribution system, subject to the condition that the cumulative total number of domestic connections on said property to City's system shall not exceed sixty-two (62) at any time. In the event of any rationing of City water, each such parcel shall be entitled to not less than that quantity of City water available to other similar parcels within such City. The City's obligation to provide water in the event of exercise of said option specifically includes the obligation to provide water service for Lot No. 62 Owner's property (i.e. the common area).

4.

CONSTRUCTION TO CITY STANDARDS

Owner agrees to construct the private water system, as described above, to City standards so far as said standards are available at the time the system is initially constructed. The parties hereto acknowledge that Owner shall have no responsibility to City for the design or construction of water facilities for which City standards are not available at the time of such construction. Owner agrees that Well #2, as indicated on City Plans C-1-3356 and C-1-3356 (WSF) shall be completed and operational sixty (60) days prior to issuance of occupancy permits by City for any residences to be constructed on the subdivided parcels.

5.

COMPLETION OF WATER SUPPLY FACILITIES

Owner agrees to construct water supply system and facilities as described in City Plans C-1-3356 and C-1-3356 (WSF) prior to issuance of occupancy permits by the City for any homes to be constructed on said property. Owner also agrees that residential construction activities on said property may be restricted by the Fire Department as set forth in its letter of March 26, 1979 addressed to Owners' Engineers until such time as water is available for fire suppression purposes for the particular residence involved.

6.

FORMATION OF MUTUAL WATER COMPANY

Prior to the close of escrow on the first subdivided parcel to be sold on said property, Owner agrees that a

Mutual Water Company providing water service to all dwelling units to be constructed on said property shall be formed and incorporated under applicable California law. Owner agrees that, at purchase, each buildable lot shall carry with it one (1) share of said Mutual Water Company, which share shall be appurtenant to the land. Said Mutual Water company shall own, operate and maintain all water supply facilities as shown on the above-designated plans approved by the City. Said plans may be amended with approval of the Public Works Director upon determination that the amendment is in the interest of the City.

7.

APPLICABLE RATES

Upon acquisition of the private water system by the City, City hereby agrees to provide water service to the number of connections specified above in accordance with the City's standard water rates as in effect from time to time without any different or additional charges for said connections other than the water use rates charged for similar water use by other properties within said City. Upon acquisition of said system by the City, City hereby agrees to pay and assume responsibility for all costs, expenses, assessments, taxes, utility charges, fees, insurance premiums or any and all other charges (from and after date of acquisition) related to the proper operation and maintenance of the water facilities and real property acquired by said City and Owner shall incur no connection fees by virtue of the connection of said system, or the domestic connections served thereby, to the City facilities.

9.

BINDING ON ASSIGNS

This Agreement and the covenants herein contained shall be binding upon the successors and assigns of the parties hereto and, in the event Owner conveys said private water system to a Mutual Water Company or similar entity, said company or entity shall take said system subject to the option rights of City as herein provided.

10.

WARRANTIES

With the exception of title and construction in accordance with City standards where available, Owner makes no warranties,

either express or implied, with respect to said private water system, or the easements of access thereto described herein.

11.

RECORDATION; AGREEMENT RUNS WITH LAND

This Agreement shall be recorded and the covenants and conditions contained herein shall be deemed covenants running with the land so that City's option right to acquire said system shall be binding on future owners of said system and future owners of Lot No. 16 as described herein.

12.

MISCELLANEOUS

(a) Notices: Any notice permitted or required by law or by this Agreement to be given to or served upon the other shall be deemed given upon personal delivery in writing to the party to whom intended, or on the second business day after the date of deposit in the United States mail, first class, registered, return receipt, postage prepaid addressed to such party at the address appearing immediately below.

City: De La Guerra Plaza, Santa Barbara, CA 93101 .

Owner: 132 E. Live Oak Avenue, Arcadia, CA 91006 .

Mutual Water Company: As registered with the California Secretary of State.

(b) Hold Harmless: In the event of exercise of the acquisition option above-described by City, City hereby agrees to save and hold Owner harmless from any liability or damage by virtue of City's actions or activities in operating, maintaining, repairing or utilizing in any manner, said water system on said property except that City shall not be liable to Owner under this Agreement if City is not otherwise liable to Owner due to operation of a water system under the laws of the State of California. Prior to exercise of the acquisition option above described to City, Owner hereby agrees to save and hold City harmless from any liability or damage by virtue of Owner's actions or activities in operating, maintaining, repairing or utilizing in any manner said water system on said property.

(c) Entire Agreement: This Agreement and the Exhibits hereto constitute the complete agreement between the parties

with respect to the subject matter hereof and no alteration or amendment of this Agreement shall be effective unless executed in writing by both the parties hereto.

(d) Attorney's Fees: In the event of any litigation by either party relating to this instrument or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees as well as costs of suit incurred.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above.

CITY OF SANTA BARBARA,
A Municipal Corporation

APPROVED AS TO CONTENT:

DA Johnson
do Public Works Director

By [Signature]
David T. Shiffman, Mayor

ATTEST:

Lily Rossi, Deputy
City Clerk

APPROVED AS TO FORM:

Fredrick W. Clough
City Attorney

OWNER: (See note below)

MEEKER DEVELOPMENT COMPANY,
A California Corporation

By George R. Meeker
George R. Meeker, President

By Ruth E. Campbell
Ruth E. Campbell, Assistant Secretary

NOTE:

This agreement will be recorded. Your signature (s) must be acknowledged by a notary. Inform the notary that the acknowledgment is for an instrument to be recorded. (Calif. Civil Code 1169 et seq.)

TO 449 C
(Corporation)

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STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

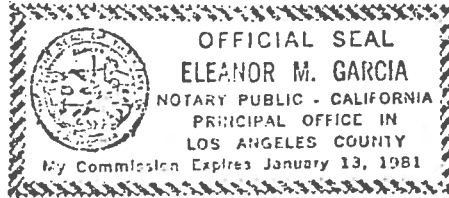
On October 31, 1979 before me, the undersigned, a Notary Public in and for said State, personally appeared George R. Meeker

known to me to be the _____ President, and Ruth E. Campbell

known to me to be Assistant Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Eleanor M. Garcia
Eleanor M. Garcia



Name (Typed or Printed)

(This area for official notarial seal)

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)

On November 6, 1979, before me, the undersigned, a Deputy City Clerk in and for said State, personally appeared David T. Shiffman, known to me to be the Mayor of the City of Santa Barbara and known to me to be the person who executed the within instrument on behalf of said City of Santa Barbara, and acknowledged to me that such City of Santa Barbara executed the same.

WITNESS my hand and official seal.

(SEAL)

Lily Rossi
Deputy City Clerk

EXHIBIT A

LEGAL DESCRIPTION

That certain real property being a portion of Lots 47 and 106 of the Outside Pueblo Lands of the City of Santa Barbara, County of Santa Barbara, State of California described as follows:

Beginning at the Northwest corner of said Lot 47, being also the southwest corner of Lot 3 of the Subdivision of the M. H. Lane Estate, as per map recorded in Book 1, Page 83, of Maps and Surveys, records of said County;

Thence 1st, S. $89^{\circ}48'05''$ E., along the north line of said Lot 47, being also the south line of said Lot 3, 723.85 feet to the northwest corner of Lot 4 of said Subdivision of the M. H. Lane Estate;

Thence southerly along the westerly line of Lots 4 and 6 of said Subdivision of the M. H. Lane Estate the following courses and distances:

2nd, S. $5^{\circ}16'12''$ W. 99.98 feet;

3rd, S. $31^{\circ}36'27''$ E. 160.90 feet;

4th, S. $32^{\circ}53'33''$ W. 102.18 feet;

5th, S. $13^{\circ}38'27''$ E. 66.35 feet;

6th, S. $21^{\circ}04'53''$ W. 148.63 feet;

7th, S. $47^{\circ}51'27''$ E. 55.74 feet;

8th, S. $16^{\circ}51'27''$ E. 121.09 feet;

9th, S. $1^{\circ}52'53''$ E. 136.95 feet;

10th, S. $23^{\circ}42'12''$ W. 115.28 feet;

11th, S. $23^{\circ}12'07''$ W. 147.81 feet;

12th, S. $7^{\circ}02'07''$ W. 115.14 feet to the northeast corner of Lot 10 of said Subdivision of the M. H. Lane Estate;

Thence 13th, N. $87^{\circ}59'24''$ W. along the northerly line of said Lot 10 and the westerly prolongation thereof, 705.52 feet to the westerly line of said Lot 47 of the Outside Pueblo Lands;

Thence 14th, N. $0^{\circ}21'20''$ E., along the westerly line of said Lot 47, 397.63 feet to a point which bears W. $39^{\circ}33'40''$ W. 30.00 feet from the most southerly point on the easterly right of way line of Hope Avenue of Lot 1 of Lincolnwood, Unit One, recorded as Final Map No. 20,193 in Book 95, Pages 74 & 75, of Maps, records of said County;

Thence 15th, S. $89^{\circ}38'40''$ E. 30.00 feet to said most southerly point on the easterly right of way line of Hope Avenue;

Thence easterly, southerly, northerly and westerly along the boundaries of said Lot 1, of Lincolnwood, Unit One, the following courses and distances;

16th, S. $89^{\circ}38'40''$ E. 83.00 feet;

17th, S. $57^{\circ}13'23''$ E. 22.00 feet;

18th, S. $3^{\circ}26'43''$ W. 113.51 feet;

19th, S. $81^{\circ}00'32''$ E. 98.73 feet;

20th, N. $22^{\circ}51'26''$ E. 159.42 feet;

21st, N. $62^{\circ}45'02''$ E. 73.00 feet to the beginning of a curve concave to the east, the radial center of which bears N. $62^{\circ}45'02''$ E., said curve having a delta of $57^{\circ}34'58''$ and a radius 45.00 feet;

22nd, Northerly along the arc of said curve, 45.23 feet to the end thereof;

23rd, N. $59^{\circ}40'00''$ W. 120.02 feet;

24th, S. $64^{\circ}44'00''$ W. 113.98 feet;

25th, S. $8^{\circ}46'41''$ W. 64.00 feet;

26th, S. $69^{\circ}28'22''$ W. 22.00 feet;

27th, N. $89^{\circ}38'40''$ W. 83.00 feet to the easterly right of way line of Hope Avenue;

Thence 28th, N. $89^{\circ}38'40''$ W. 30.00 feet to the westerly line of said Lot 47 of the Outside Pueblo Lands;

Thence 29th, N. $0^{\circ}21'20''$ E. along the westerly line of said Lot 47, 737.66 feet to the point of beginning.

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EXHIBIT B

LOT 16 OF FINAL MAP NO. 20,223

