

IRVINE LAKE PROPERTY AND  
RECREATIONAL RIGHTS UMBRELLA AGREEMENT

THIS IRVINE LAKE PROPERTY AND RECREATIONAL RIGHTS UMBRELLA AGREEMENT (“**Agreement**”) is effective as of January 14, 2022 (“**Effective Date**”) and is among SERRANO WATER DISTRICT, a political subdivision of the State of California (“**Serrano**”), IRVINE RANCH WATER DISTRICT, a California water district (“**IRWD**”) (Serrano and IRWD are collectively the “**Districts**”), THE IRVINE COMPANY LLC, a Delaware limited liability company (“**The Irvine Company**”), and the COUNTY OF ORANGE, a body corporate and politic (the “**County**”) (each a “**Party**” and collectively the “**Parties**”).

A. Serrano and IRWD jointly own the land located in Orange County, California that includes the reservoir known as Santiago Reservoir or Irvine Lake (the “**Lake**”). Serrano and IRWD use water from the Lake to supply their water customers (“Reservoir Purposes”).

B. Serrano owns a 25 percent interest in the right to conduct recreational activities at the Lake (the “**Lake Recreation Rights**”) and The Irvine Company owns the remaining 75 percent interest in the Lake Recreation Rights.

C. The Irvine Company owned certain real property around the Lake, which it transferred to the County in 2014 (“**County Adjacent Land**”).

D. The Irvine Company intends to transfer to the County its interest in the Lake Recreation Rights, which transfer is subject to approval by the Districts pursuant to the 2003 MOU, defined below.

E. The Districts, jointly and separately, have entered into various ancillary agreements with The Irvine Company related to the management of the Lake, many of which have become unnecessary due to the passage of time or subsequent agreements.

F. The County and the Districts require reciprocal access across their adjacent real property holdings, and intend to provide for access easements.

G. The Irvine Company currently holds a right of reversion should the Districts use the Lake for anything other than Reservoir Purposes. The Parties intend to replace that right of reversion with a covenant running with the County's land.

H. The Parties intend by this Agreement to provide a roadmap for the execution and recordation of separate agreements that will terminate the ancillary agreements, provide for the transfer of the Lake Recreation Rights to the County, provide for reciprocal access easements, replace The Irvine Company's reversionary rights with a covenant running with the Districts' land with additional enforcement by The Irvine Company through a restriction of County's land. The Parties also intend by this Agreement to provide for the recording order of the various agreements contemplated herein.

The Parties therefore agree as follows:

1. Concurrent Transactions. The Parties intend to close concurrently the transactions described herein not later than January 14, 2022, which date can be extended by mutual written agreement of the Parties.

2. Declaration of Covenants. The Parties will enter into a *Declaration of Covenants and Restrictions and Termination of Reversionary Rights*, in the form attached as Exhibit 1 to terminate The Irvine Company's right of reverter, establish covenants and restrictions running with the land for the purpose of maintaining the Lake as a reservoir in perpetuity, and permitting and prohibiting specific recreational uses on and adjacent to the Lake in order to protect its use as a drinking water supply.

3. Access Road Easements. The County and the Districts will enter into three separate access easements (the “**Access Easements**”) to provide access to the other Partie(s) across their respective lands, in the forms attached as Exhibit 2-A (County grant to IRWD), Exhibit 2-B (County grant to Serrano), and Exhibit 2-C (Districts grant to County).

4. Termination of Ancillary Agreements.

(a) The Parties shall enter into a *Termination Agreement* in the form attached as Exhibit 3 providing for the termination of the following agreements ancillary to the Irvine Lake issues and rendered unnecessary by the passage of time or other agreements between the Parties:

- (i) The *Haul Road Agreement* between the Irvine Company and the Districts dated June 30, 1993 (except for surviving covenants, releases and indemnities).
- (ii) The *Santiago Reservoir Study Plan Agreement* between the Irvine Company and the Districts dated June 30, 1993.
- (iii) The *Santiago Reservoir Elevation Management Agreement* between Irvine Company and IRWD dated June 30, 1993.
- (iv) The *Boundary Correction Agreement* between The Irvine Company and the Districts, dated June 30, 1993
- (v) The *Boundary Adjustment Agreement* between The Irvine Company and the Districts, dated June 30, 1993
- (vi) The *Reciprocal License Agreement* between the Irvine Company and the Districts dated March 17, 1995 with respect to reconfiguring and licensing portions of Irvine Lake.
- (vii) The *Connector's License Agreement* between the Irvine Company

and the Districts dated March 17, 1995 (made in accordance with the Haul Road Agreement dated June 30, 1993).

- (viii) The *Memorandum of Understanding* between the Irvine Company and the Districts dated April 30, 2003 (the "**2003 MOU**") with respect to Irvine Lake and certain adjacent land.

(b) If the County has succeeded or may succeed to any rights of The Irvine Company in any of the agreements described in this Section, then the County shall be a party to the *Termination Agreement* or shall otherwise disclaim all rights in that agreement.

5. Assignment of Recreation Rights by Districts. Under the 2003 MOU, the transfer of The Irvine Company's Lake Recreational Rights to the County requires the written consent of Serrano and IRWD. To comply with the requirement to provide both Districts' consent of the transfer of The Irvine Company's Lake Recreational Rights to the County, the Parties shall enter into an *Assignment of Recreational Rights and Consent* in the form attached as Exhibit 4. The *Assignment of Recreational Rights and Consent* shall be concurrently effective with the *Termination Agreement*.

6. Escrow Instructions. The Parties shall engage First American title company to serve as Escrow Officer for this transaction. The Parties shall share equally in all escrow or title costs.

(a) Upon the full execution of this Agreement by all Parties, the County shall deliver to Escrow Officer the fully-executed Agreement, which Agreement may be signed electronically and in counterparts.

(b) Each of the Parties shall deliver to the Escrow Officer four wet-signed originals of each of the documents described above, duly notarized, together with proof of authority.

(c) Escrow Officer shall date each of the documents as of the date of the Close of Escrow. The Close of Escrow shall occur on or before February 15, 2022, unless the Closing Date is extended. The Closing Date may be extended in a writing executed by all Parties.

(d) Escrow Holder shall record the documents in the Office of the County Recorder for Orange County in the following order:

- (i) Access Easement from County to IRWD (Exhibit 2-A)
- (ii) Access Easement from County to Serrano (Exhibit 2-B)
- (iii) Access Easement from Districts to County (Exhibit 2-C)
- (iv) Assignment Agreement for the Transfer of Recreation Rights

(Exhibit 4)

(v) Declaration of Covenants and Restrictions (Exhibit 1)

(e) Recorded Documents. Escrow Officer will cause the County Recorder to mail the documents after recordation, to the Parties, as listed in the recording blocks. No later than two (2) Business Days after the Close of Escrow, Escrow Officer shall combine any original counterparts of each document into fully executed originals and deliver a complete set of the documents to each of the Parties.

7. Further Assurances. The Parties shall cooperate in good faith with each other and deliver such further documents and perform such other acts as are necessary or appropriate to consummate and carry into effect all of the terms and provisions of this Agreement.

8. Performance. Every provision of this Agreement to be performed by any Party is both a covenant and a condition and will be a material consideration for performance of the other Parties hereunder. Any breach of this Agreement by any Party is a material default.

9. Attorneys' Fees. In any action, claim or proceeding hereunder between the Parties or any of them to enforce any of the provisions of this Agreement or any right of any Party, each Party shall bear its own costs, including legal costs and attorney fees.

10. Miscellaneous. Any Party may specifically and expressly waive in writing any portion or breach of this Agreement, but no such waiver will constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. A waiving Party may at any time thereafter require further compliance by the other Party with respect to any breach or provision so waived. No waiver of any default will be implied from any omission by any Party to take action on account of such default. All rights, remedies, undertakings, obligations, covenants, conditions and agreements contained in this Agreement are cumulative and no one of them will be exclusive of any other. In the event of a Party's breach hereunder, any other Party may seek damages or specific performance or pursue any other remedy at law or equity, whether or not stated in this Agreement. This Agreement may be amended only by a writing executed by all Parties.

11. Governing Law. This Agreement will be governed by California law.

[signatures on next page]

The Parties are executing this Agreement to be effective as of the Effective Date.

SERRANO WATER DISTRICT,  
a political subdivision of the  
State of California

IRVINE RANCH WATER DISTRICT,  
a California water district

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

By: \_\_\_\_\_  
Paul A. Cook, General Manager

Approved as to Form:

Approved as to Form:

\_\_\_\_\_  
General Counsel

\_\_\_\_\_  
General Counsel

THE IRVINE COMPANY LLC  
a Delaware limited liability company

COUNTY OF ORANGE,  
a political subdivision of the State of California

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

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

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

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

Approved as to Form:

Signed and certified that a copy of this  
document has been delivered to the  
Chairman of the Board

\_\_\_\_\_  
General Counsel

\_\_\_\_\_  
Robin Stieler,  
Clerk of the Board of Supervisors of  
the County of Orange, California

Approved as to Form:

\_\_\_\_\_  
County Counsel

Exhibit 1

Declaration of Covenants and Restrictions and Termination of Reversionary Rights

Exhibit 2

Access Easements

Exhibit 3

Termination Agreement



Exhibit 4

Assignment Agreement for the Transfer of Recreation Rights and Consents of Irvine Ranch  
Water District and Serrano Water District to Such Transfer