



P: 909-941-3382
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WWW.THEJCLAWFIRM.COM
5871 Pine Ave., Suite 200, Chino Hills, CA 91709

November 29, 2017

Via U S Mail

Rick Dever, General Manager
Crestline Sanitation District
24516 Lake Drive,
(P.O. Box 3395)
Crestline, CA 92325-3395

Re: Crestline Sanitation District vs. City of Hesperia

Dear Mr. Dever:

Enclosed herein please find the fully signed original Settlement and General Release Agreement in the above-mentioned matter. Per the agreement, you will keep the original.

If you should have any questions, please do not hesitate to contact me.

Sincerely,

JC LAW FIRM

JEAN CIHIGOYENETCHE

JC:jr

RCSD CREST SAN DEC04 17 AM 10:24

SETTLEMENT AND GENERAL RELEASE AGREEMENT

This Settlement and General Release Agreement ("Agreement") is entered into on the 30th day of November 2017 by and between Crestline Sanitation District, a County Sanitation District ("District") and Terra Verde Group, LLC a Delaware Limited Liability Company and Hesperia Venture I, LLC a Delaware Limited Liability Company (collectively "Owner").

RECITALS

WHEREAS, Owner owns and controls certain real property located within the County of San Bernardino consisting of approximately 825 acres and more thoroughly described in Amended Attachment "A" to Exhibit A, attached hereto, which property is more commonly referred to as the Tapestry project("Property"); and

WHEREAS, On February 25, 2016, District commenced legal action against Owner and the City of Hesperia in Crestline Sanitation District v. City of Hesperia, et al., San Bernardino County Superior Court Case No. CIVDS 1602789 (the "Action"); and

WHEREAS, In the Action, District contested the City's approval of the Tapestry Specific Plan and Phase 1 of the Tapestry development project ("Project") and certification and approval of an Environmental Impact Report for the Project. The Action was filed under the California Environmental Quality Act ("CEQA," Public Resources Code, §§ 21000 et seq.); and

WHEREAS, District produces approximately 600-acre feet per year of Title 22 recycled water ("Recycled Water") as a byproduct of its wastewater treatment services. Recycled water is a valuable resource which should be utilized to obtain maximum beneficial use for District ratepayers; and

WHEREAS, for more than 40 years, District has discharged its Recycled Water onto District owned property which then flows onto the Property ("Discharge") pursuant to a year-to-year license agreement with Owner. The recycled water is Discharged onto the Property under permit issued by the State Water Quality Control Board, Lahontan Region, in the name of Owner; and

WHEREAS, District wishes to maximize the beneficial reuse of Recycled Water, and to establish viable alternatives for the Discharge, sale and use of Recycled Water locally and extraterritorially, as a critically necessary water supply, especially during periods of extreme drought conditions, while at the same time retaining a long-term reliable and certain point of Discharge for its Recycled Water which a year-to-year license agreement does not provide; and

WHEREAS, Owner wishes to have the option to purchase the Recycled Water for use in its planned development; and

WHEREAS, District and Owner have met to discuss possible settlement of the Action and those discussions have proven successful. Accordingly, the purpose of this Agreement is to settle and release fully and completely all claims that District has or may have against Owner regarding the Action, as identified through those settlement discussions.

NOW THEREFORE, in consideration of the mutual covenants, promises and undertakings set forth herein, District and Owner agree as follows:

1. Owner and District shall enter into a license agreement permitting the Discharge of Recycled Water onto the Property for a period of 50 years. Owner and District shall cause the license agreement to be recorded with the San Bernardino County Recorder's Office immediately after full execution of the license agreement.
2. The Discharge permit issued to Owner by the Lahontan Region of the State Water Quality Control Board, attached as Exhibit A, which allows for the Discharge of recycled water onto the Property, shall be assigned to District. Owner shall cooperate in the administrative process required to accomplish said assignment including, but not limited to, the execution of all necessary paperwork. District shall comply with all terms and conditions of the Discharge permit.
3. District will create and maintain control over the Discharge and distribution of Recycled Water including the sale of Recycled Water both within and outside the District's service area to ensure the greatest financial benefit to District ratepayers. There are no minimum Discharge requirements imposed by this agreement and District has no obligation to Discharge Recycled Water onto the Property. Every six months the District shall submit a written report to Owner setting forth the amount of Recycled Water estimated to be Discharged onto the Property over the following six month period. The report shall take into account estimated Recycled Water production and the sale of Recycled Water to third parties for transfer out of the Mojave Basin.
4. District shall maintain the point of Discharge of Recycled Water where currently located on the Property. The point of Discharge shall not be relocated without the agreement of the Parties. The parties shall meet no less than once every 5 years to discuss the then current Discharge practices and to consider viable options to those practices.
5. Owner shall have the right of first refusal to purchase Recycled Water from District under such terms and conditions as the parties hereto may agree under separate Recycled Water purchase agreement.
6. Any written communication required or permitted to be given hereunder shall be deemed received upon personal delivery or 72 hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the party for whom intended as follows:

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If to District: Rick Dever, General Manager
Crestline Sanitation District
24516 Lake Drive
Crestline, CA 92325-3395
Tel: (909) 338-1751
rdever@crestlinesanitation.com

If to Owner: Craig Martin, Manager
HESPERIA Venture I, LLC
Terra Verde Group, LLC
1001 Windsong Parkway South
Prosper, TX 75078
Tel: (972) 347-9270
cmartin@tvglc.com

Copy to: John Ohanian, Project Director
Terra Verde Group, LLC
P.O. Box 645
Calimesa, CA 92320
Tel: (714) 785-2381
johanian@tvglc.com

7. Within twenty (20) business days of receipt of a final version of the Agreement, District and Owner shall each execute the Agreement. Within five (5) days of the Agreement being fully executed by the parties, District shall direct and cause their attorney of record to fully execute a request for dismissal with prejudice of the Action in its entirety, and file the request for dismissal with the court. District, as soon as possible after receipt of the court executed dismissal with prejudice of the Action, shall provide a copy to Owner.
8. In exchange for the commitments set forth herein, District and their officers and directors, and members hereby release and forever discharge Owner and their respective directors, predecessors, successors, assigns, officers, shareholders, members, employees, designated agents, designated representatives, attorneys, and any person claiming by or through any of them ("Released Parties") from any and all of District's claims, demands, liabilities, obligations, causes of action, damages, judgments, payments, attorneys fees and costs, both known and unknown, which District may now have or might hereinafter have against the Released Parties involving the Action or which were asserted or which could have been asserted in the Action. In return Owner and their respective directors, predecessors, successors, assigns, officers, shareholders, members, employees, designated agents, designated representatives, attorneys and any person claiming by or through any of them do hereby fully, finally, and forever release and discharge District and its predecessors, successors, assigns, officers, directors, shareholders, employees, designated agents, designated representatives, attorneys, and any person claiming by or

through any of them from any and all of Owner's claims arising from the facts, actions, omissions or events which arose out of the Action.

9. District, on behalf of their predecessors, successors, assigns, officers, directors, employees, designated agents, designated representatives, and any person claiming by or through any of them agree and covenant that they will not institute or join in any way, any new lawsuit which is based on any of District's claims, demands, liabilities, obligations, causes of action, damages, judgments, payments, attorneys fees or costs, in the Action. Owner, and their respective boards of directors, predecessors, successors, assigns, officers, shareholders, members, employees, designated agents, designated representatives, attorneys, and any person claiming by or through any of them do hereby fully, finally, and forever release and discharge District and its predecessors, successors, assigns, officers, directors, employees, designated agents, designated representatives, and any person claiming by or through any of them from any and all of Owner's claims arising from the facts, actions, omissions or events which arose out of the Action.
10. The Parties represent and warrant that they have not assigned nor transferred, or purported to assign or transfer, any obligations, liabilities, demands, claims, costs, expenses, debts, controversies, damages, actions, and causes of action released pursuant to this Agreement. District shall not hereafter assign or transfer any obligations under this Agreement. Owner shall have the right to unreservedly assign or transfer any obligations under this Agreement, provided that Owner submits written notice to District of their intent to assign or transfer any such obligations at least sixty (60) days prior to any such assignment or transfer. Prior to any transfer of real property within the Project area, Owner agrees to expressly disclose this Agreement, and the assignment and assumption of the obligations of this Agreement will be a part of any transfer of Property. The Parties also agree to hold one another harmless against any obligation, liability, demand, claim, cost, expense (including but not limited to attorneys' fees incurred), debt, controversy, damage, action or cause of action based on, arising out of or in connection with any such transfer or assignment or purported transfer or assignment.
11. Dispute Resolution
 - (a) In the event a Party, acting in good faith, believes another Party has violated, or is preparing to violate, the terms of this Agreement, that the Party in good faith believes directly and adversely affects the terms and conditions in this Agreement, the aggrieved Party shall give written notice detailing the alleged or anticipated breach or unforeseen circumstance outside the control of the Parties. After notice is given, the Parties shall negotiate in good faith to resolve the dispute.
 - (b) In the event that the Parties are unable to negotiate to a mutually acceptable resolution in paragraph 11(a) of this Agreement, the Parties shall meet and agree to a formal dispute resolution process, which may include, but is not necessarily limited to, mediation, and binding arbitration. No Party, however, shall be required to enter into binding arbitration unless they consent to the binding arbitration process. Where the

Parties have agreed to submit a dispute to binding arbitration, the arbitrator's decision in such arbitration shall be final and binding on both Parties. The Parties will mutually select the potential mediators or arbitrators. It is understood and agreed that the only issues that may be addressed at such dispute resolution processes are the terms and conditions of this Agreement provided in paragraph 11(a).

(c) In the event that the Parties are unable to resolve their dispute through the informal and formal methods of dispute resolution described in paragraphs 11(a) and 11(b), above, the aggrieved Party, after providing fifteen (15) days written notice to the other Parties, may initiate a legal or injunctive action to prevent an anticipated breach or to enforce the Agreement for a breach already committed.

(d) The Parties acknowledge that the breach or threatened breach of any the obligations of this Agreement could result in irreparable harm to the other Parties. Accordingly, the Parties intend, and hereby agree that after any breach of any alleged of the obligations, the non-breaching Party may request and shall be entitled to equitable remedies from a court, including injunctive relief and specific performance, without the need for it to post any security. The Parties agree that monetary damages are not available as a remedy in the event the obligations of this Agreement are breached.

(e) In the event of litigation arising out of any alleged breach of this Agreement, a prevailing Party shall be entitled to recover its costs, expenses and reasonable attorneys' fees in addition to any other relief to which it may be entitled.

(f) The failure of any Party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that Party's right to enforce such term, covenant or condition, or any other term, covenant, or condition of this Agreement. A waiver of any Party's right to enforce any provision of this Agreement shall not be effective unless such a waiver is made expressly in writing. An express waiver of any one breach shall not be deemed a waiver of any other breach of the same or any other provision of this Agreement.

12. Nothing in the Agreement shall be construed as an admission of any type by any Party.
13. The Parties agree that execution of this Agreement does not trigger further environmental review pursuant to CEQA or any other state or federal environmental statute because this Agreement does not constitute a "project" under CEQA, Public Resources Code section 21065.
14. This Agreement shall be binding upon and for the benefit of the Parties and their respective successors, devisees, affiliates, representatives, assigns, officers, directors, agents and employees wherever the context requires or admits.
15. Each of the Parties affirmatively represents that it has been represented throughout this matter by attorneys of its own choosing. Each Party has read the Agreement and has had the terms used herein and the consequences thereof explained by its attorneys of choice. The Agreement is freely and voluntarily executed and given by each Party after having

been apprised of all relevant information and data furnished by its attorneys of choice. Each party in executing the Agreement does not rely upon any inducements, promises or representations made by any other Party except as set forth herein.

16. This Agreement shall in all respects be interpreted and enforced by and under the laws of the State of California.
17. Should any term of this Agreement be deemed unlawful, that provision shall be severed and the remaining terms shall continue to be valid and fully enforceable.
18. Each Party has cooperated in the drafting and preparation of this Agreement. The Agreement shall not be construed against any Party on the basis that such Party drafted the Agreement or any provision thereof.
19. This Agreement contains the entire agreement between the parties with respect to the matters herein provided and may only be amended by a subsequent written amendment executed by all the parties.
20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but which together shall constitute a single agreement.
21. Each of the parties represent that the persons signing this Agreement are competent have the appropriate authority to execute this Agreement and bind the respective party to the terms contained herein.


IN WITNESS WHEREOF, the parties have agreed to execute this Agreement effective from and after the date set forth above:

CRESTLINE SANITATION DISTRICT

By 
Rick Dever, General Manager

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HESPERIA VENTURE I, LLC
By: Terra Verde Group LLC, a Delaware
limited liability company its managing member

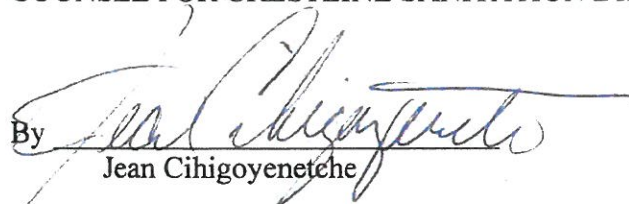
By 
D. Craig Martin, Manager

TERRA VERDE GROUP, LLC

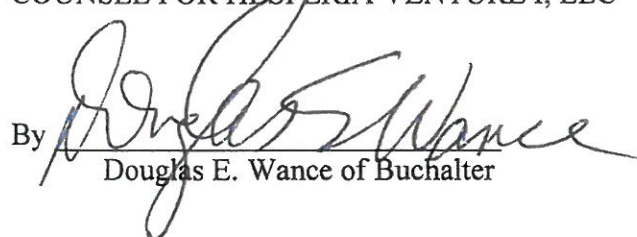
By 
D. Craig Martin, Manager

APPROVED AS TO FORM:

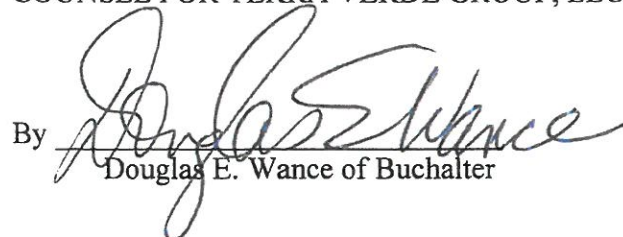
DATED: COUNSEL FOR CRESTLINE SANITATION DISTRICT

By 
Jean Cihigoyenette

DATED: 11/22/17 COUNSEL FOR HESPERIA VENTURE I, LLC

By 
Douglas E. Wance of Buchalter

DATED: 11/22/17 COUNSEL FOR TERRA VERDE GROUP, LLC

By 
Douglas E. Wance of Buchalter



JC LAW FIRM
Jean Cihigoyenetche, APC

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November 29, 2017

Via email and U S Mail

Douglas Wance
Buchalter Nemer
18400 Von Karman Avenue, Suite 800
Irvine, CA 92612-0514
dwance@buchalter.com

Jeff Malawy
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
jmalawy@awattorneys.com

Re: Crestline Sanitation District vs. City of Hesperia

Dear Counsel:

Enclosed please find a copy of the fully executed Settlement and General Release Agreement in the above-mentioned matter. I am also enclosing the signed Request for Dismissal, which I will be filing today.

If you should have any questions or comments, please do not hesitate to contact me at the above numbers.

Sincerely,

JC LAW FIRM



JEAN CIHIGOYENETCHE

JC:jr

cc: Rick Dever, Crestline Sanitation District

ATTORNEY OR PARTY WITHOUT ATTORNEY: STATE BAR NO: 105227 NAME: JEAN CIHIGOYENETCHE FIRM NAME: JC LAW FIRM STREET ADDRESS: 5871 Pine Avenue, Suite 200 CITY: Chino Hills STATE: CA ZIP CODE: 91709 TELEPHONE NO.: (909) 941-3382 FAX NO.: (909) 941-3384 E-MAIL ADDRESS: jean@thejclawfirm.com ATTORNEY FOR (Name): Plaintiff, CRESTLINE SANITATION DISTRICT	FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN BERNARDINO STREET ADDRESS: 247 West Third Street MAILING ADDRESS: 247 West Third Street CITY AND ZIP CODE: San Bernardino, CA 92415-0210 BRANCH NAME: San Bernardino Justice Center	
Plaintiff/Petitioner: CRESTLINE SANITATION DISTRICT Defendant/Respondent: CITY OF HESPERIA	
REQUEST FOR DISMISSAL	CASE NUMBER: CIVDS1602789

A conformed copy will not be returned by the clerk unless a method of return is provided with the document.

This form may not be used for dismissal of a derivative action or a class action or of any party or cause of action in a class action. (Cal. Rules of Court, rules 3.760 and 3.770.)

1. TO THE CLERK: Please **dismiss** this action as follows:

a. (1) With prejudice (2) Without prejudice

b. (1) Complaint (2) Petition

(3) Cross-complaint filed by (name): on (date):

(4) Cross-complaint filed by (name): on (date):

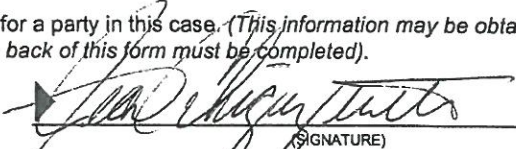
(5) Entire action of all parties and all causes of action

(6) Other (specify):*

2. (Complete in all cases except family law cases.)
 The court did did not waive court fees and costs for a party in this case. (This information may be obtained from the clerk. If court fees and costs were waived, the declaration on the back of this form must be completed.)

Date: November 29, 2017
 JEAN CIHIGOYENETCHE
 (TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)


*If dismissal requested is of specified parties only of specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action, or cross-complaints to be dismissed.


 (SIGNATURE)
 Attorney or party without attorney for:
 Plaintiff/Petitioner Defendant/Respondent
 Cross Complainant

3. TO THE CLERK: Consent to the above dismissal is hereby given.**

Date: _____

(TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)


 (SIGNATURE)
 Attorney or party without attorney for:
 Plaintiff/Petitioner Defendant/Respondent
 Cross Complainant

** If a cross-complaint – or Response (Family Law) seeking affirmative relief – is on file, the attorney for cross-complainant (respondent) must sign this consent if required by Code of Civil Procedure section 581 (i) or (j).

(To be completed by clerk)

4. Dismissal entered as requested on (date):

5. Dismissal entered on (date): as to only (name):

6. Dismissal not entered as requested for the following reasons (specify):

7. a. Attorney or party without attorney notified on (date):

b. Attorney or party without attorney not notified. Filing party failed to provide a copy to be conformed means to return conformed copy

Date: _____ Clerk, by _____, Deputy

Plaintiff/Petitioner: Defendant/Respondent:	CASE NUMBER:
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COURT'S RECOVERY OF WAIVED COURT FEES AND COSTS

If a party whose court fees and costs were initially waived has recovered or will recover \$10,000 or more in value by way of settlement, compromise, arbitration award, mediation settlement, or other means, the court has a statutory lien on that recovery. The court may refuse to dismiss the case until the lien is satisfied. (Gov. Code, § 68637.)

Declaration Concerning Waived Court Fees

1. The court waived court fees and costs in this action for *(name)*:
2. The person named in item 1 is *(check one below)*:
 - a. not recovering anything of value by this action.
 - b. recovering less than \$10,000 in value by this action.
 - c. recovering \$10,000 or more in value by this action. *(If item 2c is checked, item 3 must be completed.)*
3. All court fees and court costs that were waived in this action have been paid to the court *(check one)*: Yes No

I declare under penalty of perjury under the laws of the State of California that the information above is true and correct.

Date:

(TYPE OR PRINT NAME OF ATTORNEY PARTY MAKING DECLARATION)



(SIGNATURE)

1 CRESTLINE SANITATION DISTRICT vs. CITY OF HESPERIA, HESPERIA VENTURE I, LLC, a Delaware Limited Liability
2 Company; and TERRA VERDE GROUP, LLC, A Delaware Limited Liability Company

3 **PROOF OF SERVICE**

4 I am employed in the County of San Bernardino, State of California. I am over the age of 18 and not a party to the
5 within action; my business address is 5871 Pine Avenue, Suite 200, Chino Hills, California 91709.

6 On November 29, 2017, I served the foregoing document described as **REQUEST FOR DISMISSAL** on the
7 interested parties in this action as follows:

8 /xx/ **BY MAIL (C.C.P. ' 1013(a)):** By placing the document listed above in a sealed envelope addressed to the parties
9 set forth on the attached Service List. I am Areadily familiar@ with the firm=s practice of collection and processing
10 correspondence for mailing. Under that practice it would be deposited with the United States Postal Service on that
11 same day with postage thereon fully prepaid at Rancho Cucamonga, California, in the ordinary course of business. I
12 am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter
13 date is more than one day after date of deposit for mailing in affidavit.

14 // **BY CERTIFIED MAIL (C.C.P. ' 1013(a)):** By placing the document listed above in a sealed envelope addressed
15 to the parties set forth on the attached Service List. I am Areadily familiar@ with the firm=s practice of collection and
16 processing correspondence for mailing. Under that practice it would be deposited with the United States Postal
17 Service on that same day with Certified Mail-Return Receipt Requested postage thereon fully prepaid at Rancho
18 Cucamonga, California, in the ordinary course of business. I am aware that on motion of the party served, service is
19 presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for
20 mailing in affidavit.

21 // **BY OVERNIGHT MAIL (C.C.P. ' 1013(c)):** By **FEDERAL EXPRESS**, following ordinary business practices for
22 collection and processing of correspondence with said overnight mail service, the document listed above was placed
23 in a sealed envelope addressed to the parties set forth on the attached Service List, and delivered to an authorized
24 courier or driver authorized by the express service carrier, with delivery fees fully prepaid or provided for.

25 // **BY FAX TRANSMISSION (C.C.P. ' 1013(e); C.R.C. 2.306):** The document listed above was transmitted from
26 fax number (909) 483-1840 to a fax machine maintained by the person on whom the document is served at the fax
27 telephone number set forth on the attached Service List, on this date before 5:00 p.m., and a record of the
28 transmission caused to be printed showing the date and time of the transmission, and that the transmission was
reported as complete and without error.

/√/ **BY ELECTRONIC SERVICE (C.C.P. ' 1010.6(a)(6); C.R.C. 2.260):** The document listed above was served
electronically by e-mailed PDF files to the parties listed on the attached Service List. The transmission was reported
as complete and without error. My electronic notification address is jessie@thejclawfirm.com.

/√/ **(STATE)** I declare under penalty of perjury under the laws of the State of California that the above is true and
correct. **(C.C.P. ' 2015.5)**

// **(FEDERAL)** I declare that I am employed in the office of a member of the bar of this court at whose direction the
service was made.

Executed on November 29, 2017, at Chino Hills, California.


JESSIE RUEDAS

CIHIGOYENETCHE, GROSSBERG & CLOUSE
8038 Haven Avenue, Suite E
Rancho Cucamonga, CA 91730
Tel: 909-483-1850 | Fax: 909-483-1840

1 *CRESTLINE SANITATION DISTRICT vs. CITY OF HESPERIA, HESPERIA VENTURE I, LLC, a Delaware Limited Liability*
2 *Company; and TERRA VERDE GROUP, LLC, A Delaware Limited Liability Company*

3 SERVICE LIST

4
5 *Attorneys for City of Hesperia and City Council of the City of Hesperia*

6 Eric L. Dunn

7 June S. Ailin

8 Jeff Malawy

9 Aleshire & Wynder, LLP

10 18881 Von Karman Avenue, Suite 1700

11 Irvine, CA 92612

12 jmalawy@awattorneys.com

13 (949) 250-5422 direct

14 (949) 223-1170 office

15 (949) 223-1180 fax

16 *Attorneys for Hesperia Venture I, LLC; Terra Verde Group, LLC*

17 Douglas Wance

18 Buchalter Nemer

19 18400 Von Karman Avenue, Suite 800

20 Irvine, CA. 92612-0514

21 dwance@buchalter.com

22 (949) 224-6439 direct dial

23 (213) 247-8179 cell #

24 (949) 224-6476 direct fax

25 (949) 760-1121 switchboard

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