

GRADING ONLY AGREEMENT

DATE OF AGREEMENT: August _____, 20²³_____.

NAME OF OWNER/DEVELOPER Desert Wave Ventures, LLC.

(referred to as "GRADER")

PROPERTY (MAP AND PARCEL NO.): 37639 No. of Lots: 61

(referred to as "PROPERTY")

GRADING PLANS APPROVED ON: September 9, 2022

(referred to as "GRADING PLANS")

ESTIMATED TOTAL COST OF GRADING: \$2,725,270.00
_____.

SURETY:
BOND NOS: _____
SURETY: Everest Reinsurance Company

-OR-

IRREVOCABLE STAND-BY LETTER OF CREDIT NO. _____
FINANCIAL INSTITUTION: _____

-OR-

CASH/CERTIFICATE OF DEPOSIT, AGREEMENT DATED: _____
FINANCIAL INSTITUTION: _____

This Agreement is made and entered into by and between the City of Palm Desert, a municipal corporation of the State of California, hereinafter referred to as "CITY", and the GRADER.

RECITALS

A. In consideration of the approval of the Grading Plans for the PROPERTY by the City Council, GRADER desires to enter into this Agreement, whereby GRADER promises to complete, at GRADER's own expense, all the grading work required by CITY in connection with the proposed PROPERTY. GRADER has secured this Agreement by grading security required by the City and approved by the City Attorney.

B. GRADING PLANS for the grading of the PROPERTY have been prepared by GRADER and approved by the City Engineer. The GRADING PLANS numbered as referenced previously in this Agreement are on file in the Office of the City Engineer and are incorporated into this Agreement by this reference. All references in this Agreement to the GRADING PLANS shall include reference to any specifications for the improvements as approved by the City Engineer.

C. An estimate of the cost for grading and performing land development work in connection with the grading according to the GRADING PLANS has been made and has been approved by the City Engineer. The estimated amount is stated on Page 1 of this Agreement. The basis for the estimate is attached as Exhibit "A" to this Agreement.

D. CITY has adopted standards for the grading of property within the CITY. The GRADING PLANS have been prepared in conformance with CITY standards in effect on the date of the approval.

E. GRADER recognizes that CITY and adjacent properties may be damaged by GRADER's failure to perform its obligations to complete approved grading by the time established in this Agreement. CITY shall be entitled to all remedies available to it pursuant to this Agreement and law in the event of a default by GRADER.

NOW, THEREFORE, in consideration of the approval by the City of the GRADING PLANS, GRADER and CITY agree as follows:

(1) GRADER's Obligation to Complete Grading.

GRADER shall:

(a) Complete at GRADER's own expense, all the grading required by the Approval in conformance with approved GRADING PLANS within one year from date of execution of this Agreement; provided however, that the grading shall not be deemed to be completed until approved by City Engineer as provided in Section 4 herein.

(2) Security.

GRADER shall at all times guarantee GRADER's performance by furnishing to CITY, and maintaining, good and sufficient security as required by the CITY on forms approved by CITY for the purposes and in the amounts as follows:

(a) to assure faithful performance of this Agreement in regard to said grading in an amount of 25% of the estimated cost of the grading.

The securities required by this Agreement shall be kept on file with the City Clerk. The terms of the security documents referenced on page 1 of this Agreement are incorporated into this Agreement by this reference. If any security is replaced by another approved security, the replacement shall: 1) comply with all the requirements for security in this Agreement; 2) be provided to the City Engineer to be filed with the City Clerk and, upon filing, 3) shall be deemed to have been made a part of and incorporated into this Agreement. Upon provision of a replacement security with the City Engineer and filing of a replacement security with the City Clerk, the former security may be released.

(3) Alterations to GRADING PLANS.

(a) Any changes, alterations or additions to the GRADING PLANS not exceeding ten percent (10%) of the original estimated cost of the improvements, which are mutually agreed upon by CITY and GRADER, shall not relieve the improvement security given for faithful performance of this Agreement. In the event such changes, alterations, or additions exceed 10% of the original estimated cost of the improvement, GRADER shall provide grading security for faithful performance as required by Section (3) of this Agreement for twenty-five percent (25%) of the total estimated cost of the grading as changed, altered, or amended, minus any completed partial releases allowed by Section (6) of this Agreement.

(b) The GRADER shall complete the grading in accordance with CITY standards in effect at the time of approval of GRADING PLANS. CITY reserves the right to modify the standards applicable to the PROPERTY and this Agreement, when necessary to protect the public safety or welfare or comply with applicable state or federal law or CITY zoning ordinances. If GRADER requests and is granted an extension of time for completion of the grading, CITY may apply the standards in effect at the time of the extension.

(4) Inspection. GRADER shall at all times maintain proper facilities and safe access for inspection of the grading by CITY inspectors. Upon completion of the work, GRADER may request a final inspection by the City Engineer, or the City Engineer's authorized representative. If the City Engineer, or the designated representative, determines that the work has been completed in accordance with this Agreement, then the City Engineer shall certify the completion of the grading. When applicable law requires an inspection to be made by City at a particular stage of the grading, CITY shall be given

timely notice of GRADER's readiness for such inspection and GRADER shall not proceed with additional work until the inspection has been made and the work approved. GRADER shall bear all costs of inspection and certification.

(5) Release of Securities. The securities required by this Agreement shall be released as following:

(a) Security given for faithful performance of any act, obligation, work or agreement shall be released upon the final completion and approved of the act or work.

(6) Injury to Public Improvements, Public Property or Public Utilities Facilities. GRADER shall replace or repair or have replaced or repaired, as the case may be, all public improvements, public utilities facilities and surveying or property monuments which are destroyed or damaged as a result of any work under this Agreement. GRADER shall bear the entire cost of replacement or repairs of any and all public or public utility property damaged or destroyed by reason of any work done under this Agreement, whether such property is owned by the United States or any agency thereof, or the State of California, or any agency or political subdivision thereof, or by CITY or any public or private utility corporation or by any combination of such owners. Any repair or replacement shall be to the satisfaction, and subject to the approval, of the City Engineer.

(7) Permits. GRADER shall, at GRADER's expense, obtain all necessary permits and licenses for the grading, give all necessary notices and pay all fees and taxes required by law.

(8) Default of GRADER.

- (a) Default of GRADER shall include, but not be limited to,
- (1) GRADER's failure to timely commence the grading;
 - (2) GRADER's failure to timely complete grading;

- (3) GRADER's failure to timely cure any defect in the grading;
- (4) GRADER's failure to perform substantial work for a period of twenty (20) calendar days after commencement of the work;
- (5) GRADER's insolvency, appointment of a receiver, or the filing of any petition in bankruptcy either voluntary or involuntary which GRADER fails to discharge within thirty (30) days;
- (6) the commencement of a foreclosure action against the PROPERTY or a portion thereof, or any conveyance in lieu or in avoidance of foreclosure; or
- (7) GRADER's failure to perform any other obligation under this Agreement.

(b) CITY reserves to itself all remedies available to it at law or in equity for breach of GRADER's obligations under this Agreement. CITY shall have the right, subject to this Section, to draw upon or utilize the appropriate security to mitigate CITY's damages in event of default by GRADER. The right of CITY to draw upon or utilize the security is additional to and not in lieu of any other remedy available to CITY. It is specifically recognized that the estimated costs and security amounts may not reflect the actual cost of grading and, therefore, CITY's damages for GRADER's default shall be measured by the cost of completing the required grading. The sums provided by the security may be used by CITY for the completion of the grading in accordance with the GRADING PLANS contained herein.

In the event of GRADER's default under this Agreement, GRADER authorizes CITY to perform such obligation twenty (20) days after mailing written notice of default to GRADER and to GRADER's surety, and agrees to pay the entire cost of such performance by CITY.

CITY may take over the work and prosecute the same to completion, by contract or by any other method CITY may deem advisable, for the account and at the expense of GRADER, and GRADER's surety shall be liable to CITY for any excess cost or damages occasioned CITY thereby. In such event, CITY, without liability for so doing, may take possession of, and utilize in completing the work, such materials, appliances, plants and other property belonging to GRADER as may be on the site of the work and necessary for performance of the work.

(c) Failure of GRADER to comply with the terms of this Agreement shall constitute consent to the filing by CITY of notice of violation against the PROPERTY. The remedy provided by this subsection (c) is in addition to and not in lieu of other remedies available to CITY. GRADER agrees that the choice of remedy or remedies for GRADER's breach shall be in the discretion of CITY.

(d) In the event that GRADER fails to perform any obligation hereunder, GRADER agrees to pay all costs and expenses incurred by CITY in securing performance of such obligations, including but not limited to fees and charges of engineers, attorneys, other professionals, and court costs.

(e) The failure of CITY to take an enforcement action with respect to a default, or to declare a breach, shall not be construed as a waiver of that default or breach or any subsequent default or breach of GRADER.

(9) GRADER Not Agent of CITY. Neither GRADER nor any of GRADER's agents, contractors or subcontractors are or shall be considered to be agents of CITY in connection with the performance of GRADER'S obligations under this Agreement.

(10) Indemnity/Hold Harmless. CITY or any officer or employee thereof shall not be liable for any injury to persons or property occasioned by reason of the acts or

omissions of GRADER, its agents, or employees, contractors and subcontractors in the performance of this Agreement. GRADER further agrees to protect, defend, indemnify and hold harmless CITY, its officials, boards and commissions, and members thereof, agents and employees from any and all claims, demands, causes of action, liability or loss of any sort, because of, or arising out of, acts or omissions of GRADER, its agents, employees, contractors and subcontractors in the performance of this Agreement, except for such claims, demands, causes of action, liability, or loss arising out of the sole active negligence of the CITY, its officials, boards, commissions, the members thereof, agents, and employees, including all claims, demands, causes of action, liability, or loss because of, or arising out of, in whole or in part, the design or construction of the improvements. This indemnification and agreement to hold harmless shall extend to injuries to persons and damages or taking of property resulting from the grading of the PROPERTY, and in addition, to adjacent property owners. Approval by CITY of the grading shall not constitute an assumption by CITY of any responsibility for any damage or taking covered by this Section. CITY shall not be responsible for the performance of grading, regardless of any negligent action or inaction taken by CITY in approving the plans, unless the particular design was specifically required by CITY over written objection by GRADER submitted to the City Engineer before approval of the particular grading design, which objection indicated that the particular grading design was dangerous or defective and suggested an alternative safe and feasible design.

GRADER shall reimburse CITY for all costs and expenses (including but not limited to fees and charges of architects, engineers, attorneys, and other professionals, and court costs) incurred by CITY in enforcing the provisions of this Section.

(11) Personal Nature of GRADER'S Obligations. All of GRADER's obligations under this agreement are and shall remain the personal obligations of GRADER notwithstanding a transfer of all or any part of the property subject to this Agreement, and GRADER shall not be entitled to assign its obligations under this Agreement to any transferee of all or any part of the property within the PROPERTY or to any other third party without the express written consent of CITY.

(12) Sale or Disposition of PROPERTY. GRADER may request a novation of this Agreement and a substitution of security. Upon approval of the novation and substitution of securities, the GRADER may request a release or reduction of the securities required by this Agreement. Nothing in the novation shall relieve the GRADER of the obligations under Section (18) for the work or improvement done by GRADER.

(13) Time of the Essence. Time is of the essence in the performance of this Agreement.

(14) Time for Commencement of Work; Time Extensions. GRADER shall commence substantial grading required by this Agreement not later than six (6) months after the date of this Agreement. In the event good cause exists as determined by the City Engineer, the time for commencement of grading hereunder may be extended for a period or periods not exceeding a total of two (2) additional years. The extension shall be executed in writing by the City Engineer. Any such extension may be granted without notice to GRADER's surety and shall not affect the validity of this Agreement or release the surety or sureties on any security given for this Agreement. The City Engineer shall be the sole and final judge as to whether or not good cause has been shown to entitle GRADER to an extension. Delay, other than delay in the commencement of work, resulting from an act of CITY, act of God, or by storm or inclement weather, strikes, boycotts or similar

political actions which prevents the conducting of work, which GRADER could not have reasonably foreseen and, furthermore, were not caused by or contributed to by GRADER, shall constitute good cause for and extension of the time for completion. As a condition of such extension, the City Engineer may require GRADER to furnish new security guaranteeing performance of this Agreement as extended in an increased amount as necessary to compensate for any increase in construction costs as determined by the City Engineer.

(15) No Vesting of Rights. Performance by GRADER of this Agreement shall not be construed to vest GRADER's rights with respect to any change in any zoning or building law or ordinance.

(16) Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person or sent by mail, postage prepaid and addressed as provided in this Section. Notice shall be effective on the date it is delivered in person, or, if mailed, on the date of deposit in the United States mail. Notices shall be addressed as follows unless a written change of address is filed with the City:

Notice to CITY:	City of Palm Desert 73-510 Fred Waring Drive Palm Desert, California 92260 Attn: Public Works Director
Notice to GRADER:	Desert Wave Ventures, LLC. <hr/> Attn: Don Rady, Authorized Agent <hr/> 1555 Camino Del Mar, #315C <hr/> Del mar, CA 92014 <hr/>
Notice to SURETY:	Everest Reinsurance Company <hr/> Attn: Shane Wolf <hr/> 1340 Treat Blvd, Suite 450 <hr/> Walnut Creek, CA 94597 <hr/>

(17) Compliance With Laws. GRADER, its agents, employees, contractors and subcontractors shall comply with all federal, state and local laws in the performance of the grading required by this Agreement.

(18) Severability. The provisions of this Agreement are severable. If any portion of this Agreement is held invalid by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect unless amended or modified by the mutual consent of the parties.

(19) Captions. The captions of this Agreement are for convenience and reference only and shall not define, explain, modify, limit, exemplify, or aid in the interpretation, construction or meaning of any provisions of this Agreement.

(20) Litigation or Arbitration. In the event that suit or arbitration is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to litigation costs and reasonable attorneys' fees.

(21) Incorporation of Recitals. The recitals to this Agreement are hereby incorporated into in the terms of this Agreement.

(22) Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter. All modifications, amendments, or waivers of the terms of this Agreement must be in writing and signed by the appropriate representatives of the parties.

(23) Interpretation. This Agreement shall be interpreted in accordance with the laws of the State of California.

(24) Jurisdiction. Jurisdiction of all disputes over the terms of this Agreement shall be in the County of Riverside, State of California.

IN WITNESS WHEREOF, this Agreement is executed by the parties as of the date hereinabove first written; by CITY, by and through its Mayor.



CITY OF PALM DESERT

GRADER



By: _____
L.TODD HILEMAN, CITY MANAGER

GRADER
(Proper Notarization of
GRADER's signature is
required and shall be attached)

ATTEST:

ANTHONY J. MEJIA, CITY CLERK

APPROVED AS TO FORM:

ROBERT W. HARGREAVES, CITY ATTORNEY

ACKNOWLEDGEMENT

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 Diego } ss.

On 8/25/2023, 2023, before me, Marc Kircos, a Notary Public, personally appeared Don Rudy, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which 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 [Handwritten Signature]



ENGINEER'S OPINION OF PROBABLE COST ESTIMATE FOR DSRT IMPROVEMENTS

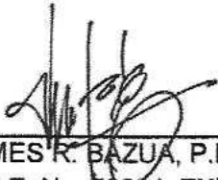
Date: **12/7/2022**

This opinion of probable cost is based on information available at this time and shall be utilized only for purposes of bonding.

The Altum Group makes no guarantee as to actual construction costs incurred. Any items not specifically included are exempt.

The Altum Group makes no representation of the quality of installation of those items omitted from the original Engineer's Preliminary Opinion of Probable Construction Cost.

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
A.	Rough Grading (On-Site)				
1	Site Clearing	16	AC	7500	\$ 120,000.00
2	Site Clearing golf course	2	AC	\$ 15,000.00	\$ 30,000.00
3	Site Demo including parking lots and hardscape	1	AC	\$ 50,000.00	\$ 50,000.00
4	Pre-water	17	AC	\$ 2,500.00	\$ 42,500.00
5	Rough grade (excavation)	105,000	CY	\$ 2.50	\$ 262,500.00
6	Over-excavation (15 acres at 4' depth)	96,800	CY	\$ 2.50	\$ 242,000.00
7	Finishing	740,000	SF	\$ 0.12	\$ 88,800.00
8	Export	74,000	CY	\$ 16.00	\$ 1,184,000.00
	Subtotal Rough Grading	1	LS	\$ 500.00	\$ 2,019,800.00
9	Rock Retaining Wall	1	LS	\$ 50,000.00	\$ 50,000.00
10	Golf course Landscape Restore	2	AC	\$ 150,000.00	\$ 300,000.00
	Subtotal Grading Improvements				\$ 2,369,800.00
	15% Contingency	0	Percent	\$ 2,369,800.00	\$ 355,470.00
	Total Grading Improvements				\$ 2,725,270.00
17	Construct rock slope protection				\$ -



12/7/22

JAMES R. BAZUA, P.E.
R.C.E. No. 58394, EXP. 12/31/2022



CITY OF PALM DESERT ENGINEERING DIVISION	
Project No. <u>RG21-0003</u>	Submittal No. <u>X</u>
Date <u>12/7/2022</u>	By <u>J. Tanner, PE</u>
<input type="checkbox"/> APPROVED AS NOTED	<input type="checkbox"/> APPROVED PENDING ITEMS
<input checked="" type="checkbox"/> APPROVED	<input type="checkbox"/> MAKE CORRECTIONS AS NOTED
MICHAEL BAKER INTERNATIONAL REVIEW	