

**Amended and Restated Contract for Water, Sewer and Other Services
Between
The City of Merced and The Regents of the University of California**

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**Contract for Water, Sewer and Other Services
Between
The City of Merced and The Regents of the University of California**

This Services Contract ("Contract") was entered into as of March 17, 2003, ("Original Contract") and amended as of _____, 2016, ("Updated Contract") by and between the City of Merced ("City"), a California Charter Municipal Corporation, and the Regents of the University of California, on behalf of the Merced campus ("UCM").

The parties hereto, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, do hereby agree as follows:

Section 1. Recitals. This Contract is made and entered into with respect to the following facts and information for the following purposes:

- a. City provides municipal services, including sewer, water, and fire services, within its corporate limits, and outside its corporate limits only upon specific terms and conditions consistent with the City of Merced General Plan, Merced Municipal Code, Chapter 15, and Resolution No. 78-3 of the City Council of the City of Merced, adopted January 3, 1978.
- b. UCM is establishing a university academic campus in accordance with its Long Range Development Plan adopted January 17, 2002 by the University of California Board of Regents, requiring sewer and water services, and desires to obtain those services from City.
- c. Since the Original Contract was executed, the University of California Board of Regents adopted a new Long Range Development Plan on March 17, 2009 that incorporated a "2020 Project", and subsequently amended the plan to include a "Revised 2020 Project" on May 15, 2013. UCM now seeks to develop the Revised 2020 Project in accordance with its Long Range Development Plan, requiring sewer and water services, and desires to amend the Contract in order to obtain those services from City. The Revised 2020 Project and the original 102 acre Phase One, UCM Campus together total two hundred nineteen (219) acres.

Pursuant to the Original Contract, the City has provided water and sewer services to Phase One of the UCM campus. Sections 3 and 7 of the Original Contract provided that the Original Contract "establishes terms and conditions for the provision of water and sewer service by City to UCM for Phase One, UCM Campus including ... the continuing services of water and sewer ..." The Phase One area includes 102 acres. Section 8(b)(2) of the Original Contract provides that "[f]uture Sewer Facilities Charges shall be paid by UCM ... as provided in the Schedule of Sewer Facilities Charges in Attachment 3 ..." Note 2 to Attachment 3 provides that the charge per student "is subject to change computed by a price index according to Chapter 15.16 of the Merced Municipal Code ..." The parties have interpreted the Original Contract to include within the Phase One area any building that is completely or partially within the Phase One area.

The Revised 2020 Project area will be served with water and sewer services through separate utility connection points to be constructed by UCM within the Revised 2020 Project area.

d. UCM may also require fire protection services to support development of the Phase One project and Revised 2020 Project, and the City and UCM agree that such services may be provided to UCM pursuant to the specific terms set forth in a separate and subsequent agreement.

e. City has supported development of UCM and has carried out activities of benefit to UCM, including structuring of financing for extension of services, applications for financing, negotiations with providers of financing, development of contracts, initial investigations of permitting, and inclusion of UCM in City plans and engineering studies.

f. The City and UCM enter into this Contract in order to develop the appropriate water and sewer services to the University of California Merced campus, and also previously entered into a Capital Facilities Fee Agreement for the purposes of acquiring Project Financing. The Capital Facilities Fee Agreement approved as part of the Original Contract was entered into to finance the "Facilities" identified in the Capital Facilities Fee Agreement. The City and UCM agree that these "Facilities" have been constructed and that the Updated Contract does not require either an amendment to the Capital Facilities Fee Agreement or a new Capital Facilities Fee Agreement applicable to the Revised 2020 Project area.

g. It is the intent of City to sell, and of UCM to purchase from the City, water and sewer capacity and water and sewer services in accordance with the terms and conditions set forth in this Contract and the Capital Facilities Fee Agreement.

h. UCM has installed infrastructure on its campus which allows for the use of non-potable water for landscape irrigation purposes. UCM and City agree that, under certain circumstances, use of non-potable surface water (not from the Merced County Groundwater Basin) for irrigation purposes provides certain benefits by minimizing the use of potable water.

Section 2. Definitions.

a. CIEDB. Means the California Infrastructure and Economic Development Bank, an agency of the State of California offering financing for local infrastructure projects.

b. Capital Facilities Fee. Means that charge paid by UCM for the purpose of fully retiring any and all costs of Project Financing, as specified in this Contract and in the Capital Facilities Fee Agreement.

c. Capital Facilities Fee Agreement. Means that agreement entered into by and between City and UCM dated October 1, 2003, whereby UCM agreed to pay the Capital Facilities Fee and City agreed to obtain Project Financing in order to assure the availability of water and sewer service for Phase One and the Revised 2020 Project UCM campus. A copy of the Capital Facilities Fee Agreement is attached hereto as Attachment 6.

d. Certificate of Completion. Means a written Certificate (also called a Notice) of Completion of Project construction by City, which shall be taken as conclusive evidence that the Project is ready for use and issuance of such Certificate of Completion shall constitute a warranty to UCM that the Project will provide water and sewer services to Phase One and the Revised 2020 Project, UCM Campus.

e. Commencement of Project Construction. Means the date that City issues a Notice to Proceed to a construction contractor authorizing initiation of Project construction.

f. **Construction Costs.** Means all costs of constructing Project capital improvements necessary for water and sewer service within the scope of this Contract, including payments to contractors.

g. **Days.** Means a twenty-four hour period and refers to calendar days.

h. **Final Engineering Design and Cost Estimate.** Means the complete set of plans and specifications for bidding construction of the Project, including engineer's cost estimate, prepared by City and/or its consultant, and approved by UCM and City as provided in Section 4.c.2. below.

i. **Merced Charter.** Means the Charter of the City of Merced as approved and adopted by the Legislature and a vote of the people.

j. **Merced Municipal Code (MMC).** Means the Municipal Code, currently existing or as may be hereafter amended, codifying certain ordinances of the City of Merced, a California Charter Municipal Corporation.

k. **North Merced Sewer Assessment District.** Means the Assessment District created by the City of Merced by Resolution No. 86-119 dated November 25, 1986, for the purpose of assessing various properties located north of Bear Creek in order to finance certain sewer system improvements.

l. **Revised 2020 Project.** Means a one hundred seventeen (117) acre area of the Campus of the University of California Merced, as defined in the Long Range Development Plan adopted by the University of California Board of Regents on March 17, 2009, and amended on May 15, 2013, as illustrated in Attachment 4.

m. **Phase One, UCM Campus.** Means a one hundred two (102) acre (approximately) area of the Campus of the University of California Merced, as defined in the Long Range Development Plan adopted by the University of California Board of Regents on January 17, 2002, as illustrated in Attachment 4.

n. **Project.** Means the "off-site" capital improvements to provide sewer and water service to Phase One and the Revised 2020 Project, UCM Campus, including all lines, lift stations, pump stations, meters, flow stations, and appurtenances thereto and any necessary land, easements or rights-of-

way upon which the improvements are situated; and does not include the UCM on-campus distribution and collection systems. The major components of the Project are described in Attachment 1 attached hereto.

o. **Project Costs.** Means all those costs agreed to by both the City and UCM and incorporated into the Final Engineering Design and Cost Estimate which has been approved by both the City and UCM. These costs include any and all costs to complete the Project, including but not limited to Construction Costs; planning, construction management, engineering and design costs; fees, charges, and permits; costs of land by purchase, lease or other device; costs of compliance with the California Environmental Quality Act, the National Environmental Protection Act, and any other regulations; debt service reserves; costs of financing including but not limited to interest, fees, charges, underwriting, and appraisals; and administration and staffing. Project Costs shall not include the ongoing maintenance and repair of the Project which shall be the sole responsibility of City.

p. **Project Financing.** Means any loan, grant or other source of funding arranged or used to pay for Project Costs.

q. **Provider of Financing.** Means any party, organization or agency that provides loans or financing in any form for the Project, including, but not limited to, the CIEDB.

r. **Sewer Monthly Service Charge.** Means the service charge for City of Merced sewer service as used in the Merced Municipal Code, Section 15.12, as may be amended from time to time.

s. **Sewer Facilities Charge.** Means the charge for costs of sewer capital facilities, as described in Section 8.b.2 and Attachment 3 below, including cost escalators as provided in MMC 15.16.

t. **UCM Campus.** Means the Campus of the University of California Merced as described in the Long Range Development Plan, adopted by the University of California Board of Regents on January 17, 2002, amended on March 17, 2009 and amended on May 15, 2013.

u. University Capital Charge Fund. Means that fund established by the City of Merced into which all payments by UCM as Capital Facilities Fees are deposited.

v. Water Monthly Service Charge. Means the service charge for City of Merced water service as used in the Merced Municipal Code, Section 15.36, as may be amended from time to time.

x. Water Facilities Charge. Means the major water facilities charge for costs of water capital facilities, as described in Section 8(b)(3) below.

y. Basic Research is defined as systematic study directed toward fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind.

z. Applied Research is defined as systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.

aa. Development is defined for purposes of Section 7 of this Agreement as systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

Section 3. Scope and Term of Contract. This Contract establishes terms and conditions for provision of water and sewer services by City to UCM for Phase One and the Revised 2020 Project, UCM Campus, including both (1) Project Costs, and (2) the continuing services of water and sewer, including operation and maintenance. The City and UCM agree that notwithstanding the terms of this Agreement, UCM may obtain surface non-potable water delivered by the Merced Irrigation District solely for use for landscape irrigation purposes, provided that the original source of said water (or any portion thereof) is not from groundwater from the Merced County Groundwater Basin

With respect to the Project Costs of Project construction and UCM's payment therefor, the UCM obligation to pay the Capital Facilities Fee shall match the terms of the Project Financing acquired by City to fund the

Project, provided that the Project Financing has been repaid in full. Notwithstanding the foregoing, City's obligation to provide the services set forth in this Contract shall, subject only to any termination rights expressly set forth in this Contract, continue as an obligation of the City pursuant to the terms of this Updated Agreement. The parties hereby agree that this repayment term shall be thirty (30) years from the date of the original Contract, but in the event that the Project Financing acquired by City is of some other term, City shall notify UCM as provided in 8.c. below, and UCM shall provide its reasonable consent within ten (10) days or may terminate this Contract under the provisions of Section 14.b. below.

UCM and City also contemplate the provision of fire services may be, but is not required to be, provided by the City to Phase One, UCM Campus and the Revised 2020 Project area. UCM and the City agree the terms and conditions for provision of fire services will be set forth in a separate agreement, which shall be subject to sole discretion of each party as to whether to enter into the agreement.

Section 4. Capital Construction Project. City constructed and completed the Project in accordance with the terms of this Contract .

a. Description of Project.

1. Water. The Project is described in Attachment 1 attached hereto and includes a water line extended northerly from the present terminus of City water lines, in North G Street near Cormorant Drive. The size of the water line was determined by City, based upon its computer water model. This water line was extended north in G Street to Bellevue Road, and then east along Bellevue Road to a connection point near the boundary of the UCM Campus near the intersection of Bellevue and Lake Roads.

The City water line connects to the Phase One, UCM Campus water system through a metered connection, and thence to a UCM storage tank, located on Phase One, UCM Campus near the corner of Bellevue and Lake Roads. Said storage tank was constructed and is owned by UCM as part of its distribution system and the City shall have no maintenance responsibility for the tank. The City water supply line discharges to the UCM storage tank through an air gap or double check valve assembly so that the City and UCM water distribution systems are

separate from an operational standpoint. UCM provides its own on-campus water booster pump. A City well site was needed for the servicing of the UCM campus, and was dedicated to the City at no additional charge or cost by UCM, including the value of the real property so dedicated. The City constructed a municipal well at this site at the location identified following hydrogeological testing of the sites. However, the well is not part of this Project nor considered part of Project Costs, but was developed at the City's expense.

2. Sewer. The Project includes a sanitary sewer line that was extended northerly from the present terminus of City sewer lines, in North G Street near Cormorant Drive. The size of the line at its current terminus is twenty-seven (27) inches. This sewer line was extended north in G Street to Bellevue Road, and then east along Bellevue Road to a connection point near the boundary of the UCM Campus near the intersection of Bellevue and Lake Roads. The sewer portion of the Project may and does include pump stations and/or lift stations located along the route of the line. The size of the line extension from the current terminus to the campus was determined by the City based upon engineering analysis.

3. Maps and Diagrams. The Project is described in the final maps and diagrams included in Attachment 1, which is incorporated as part of this Contract.

4. City Standards. All work in the Project, and any connecting devices and appurtenances owned by UCM, shall conform to City standards and specifications, or in the judgment of the City Engineer, be of equal or better quality and serviceability.

Section 5. Financing of Project.

a. Use, Deposit and Pledge of Capital Facilities Fees in the University Capital Charge Fund. The City shall create within its accounting system the University Capital Charge Fund. All Capital Facilities Fee payments made by UCM shall be deposited by City into the University Capital Charge Fund. The City shall pledge all revenues paid into this Fund, and no others, as security for Project Financing pursuant to and in accordance with

that certain Capital Facilities Fee Agreement executed by and between City and UCM and dated October 1, 2003.

b. Inclusion in Project Financing. The costs paid to City under that certain Deposit Agreement dated January 6, 2003 between City and UCM are considered part of Project Financing, provided that such inclusion of these costs is not contrary to policies or conditions set forth by the Provider of Financing. The amounts paid by UCM to City under the Deposit Agreement are likewise eligible for future proportional reimbursement as part of the overall Project, as set forth in this Contract.

c. Advance Repayment of Project Financing by UCM to City. UCM, at its election, may repay the total, or any outstanding balance, of its proportionate share of Project Financing at any time before the expiration of the financing period, such amount to be sufficient to retire the remaining debt associated with UCM's proportionate share, including any interest, fees, or prepayment premiums or penalties. "Proportionate share" is dependent upon other users who may or may not be participating in or using the Project. In the absence of other users (as provided in Section 10 below), UCM's proportionate share is one hundred percent (100%) of Project Costs.

d. Use of Reimbursements to Repay Project Financing. Any reimbursements of Project Costs to UCM from third parties under the provisions of Section 10.b. of this Contract shall be made in the following manner. City shall calculate the amount of any such reimbursement, collect the necessary charges, and deposit the reimbursement amounts to the University Capital Charge Fund to offset UCM's obligation under the Capital Facilities Fee Agreement. Within thirty (30) days of the date of the deposit of such reimbursement, City shall provide to UCM a Notice of Modified Schedule of Payments due to City under the Capital Facilities Fee Agreement for the period following such deposit. Such Notice of Modified Schedule of Payments shall provide for an immediate credit against UCM's obligations under the Capital Facilities Fee Agreement in the amount of such deposit, on a dollar for dollar basis until the full amount of such deposit has been so credited. City shall not extend any discounts or fee waivers to such third party users and the amounts charged by City to such third party users to connect to the Project shall in no event be less than amounts charged to other third party users which connect to the City system during the same fiscal year, unless City repays the amount of any

discount or fee waiver to the University Capital Charge Fund at the time otherwise due for the payment of the fee. Excess reimbursements deposited to the Fund during the thirty-year period specified in Section 10.b. below, and which remain in the Fund following the satisfactory repayment in full of the Project Financing, shall be paid by City to UCM. Consistent with the City's adopted investment policy, any interest earned on funds deposited in the University Capital Charge Fund shall accrue to and remain in the University Capital Charge Fund.

Section 6. Service Provisions.

- a. Acceptance of Service. UCM's acceptance of service shall be evidenced by prompt provision of a written Notice of Acceptance to City within the five (5) day period
- b. Sewer Connection Point. The sewer service connection is at a point near the intersection of Bellevue and Lake Roads. Depending upon engineering study and design a form of pretreatment may be required at this point because of the long conveyance distance to the City treatment plant.
- c. Water Connection Point. The water connection point is through a metered connection, to a storage tank constructed and owned by UCM. This tank is located on Phase One, UCM Campus, near the intersection of Lake and Bellevue Roads.
- d. Measurement of Services. Water and sewer service shall be metered.
- e. Meter Test. The City will periodically test the water and sewer meters, in accordance with City standards and customary practices.

Section 7. Limitations on Use of Water and Sewer.

- a. City shall provide, and UCM shall accept and use, water and sewer services solely for Phase One and the Revised 2020 Project, UCM Campus only and all UCM facilities located thereon. Water and sewer services provided pursuant to this Contract shall only be used to support the development program for Phase One and the Revised 2020 Project in the adopted LRDP, EIR/EIS and 2013 Addendum which includes: (1) 3,145,900 million square feet of building space to support 10,000 full time

equivalent students, (2) housing for 5,000 students, and (3) 5,050 parking spaces. Permitted uses include academic, research, student housing, student and support services (i.e. (1) ancillary commercial sized to serve campus demand, to include not more than 25,000 aggregate square feet of retail and restaurant, (2) student dining commons, and student health centers), athletic and recreational facilities, administrative offices, service facilities (i.e., utilities and sustainable energy facilities), and parking. The permitted research uses may include incubator space up to 20,000 aggregate square feet of development, which may be used for Basic Research, Applied Research and Development. Water or sewer services shall be used only to serve development of these uses regardless of whether those uses are provided by UCM or a private development partner. The reservations, limitations, and prohibitions contained in this Section shall also apply to UCM's contracts with third party users. UCM may, subject to all payment obligations set forth in this Updated Agreement, utilize sewer and water services on land not greater than five (5) acres owned by UC or UCLC that is used for temporary Revised 2020 Project construction staging purposes only.

b. It shall constitute a material breach of this Contract for (i) any use of water and/or sewer services by UCM or any third party to provide any water and/or sewer services outside of Phase One or the Revised 2020 Project of the UCM campus. If such event occurs, the City shall notify UCM of the violation in writing. UCM shall have thirty (30) days to provide written evidence of commencing diligently to cure the violation. In the event that UCM does not commence a cure of the violation within thirty (30) days and expeditiously complete said cure, City may terminate service as provided in Section 14 below.

c. City and UCM agree that this Contract may be amended, under the provisions of 16(m) below, to allow water and sewer service to the UCM campus outside of Phase One and the Revised 2020 Project once environmental review has occurred.

d. UCM's intended use is for a University campus as specified in this Section 7, and water and sewer charges specified in this Contract are based on such use only. Sewer and water service for any other use shall require further approval by City, separate metering, and if so approved at City's absolute and sole discretion, will be charged for in accordance with the rates and charges then in effect. City may impose other or different

conditions upon approval, or may deny the same in City's absolute and sole discretion.

e Limitations upon Sewer Discharge. Sewer discharges are subject to all the limitations of Merced Municipal Code Sections 15.24, 15.28, and 15.29 as currently existing or as may be hereafter amended. A sewage flow monitoring and sampling station (MMC 15.12.090) shall be installed as part of the Project. In the event the sewage flow monitoring and sampling station needs to be modified or expanded in the future due to expansion of UCM or regulatory changes in sampling or monitoring requirements related to UCM's sewer discharge, UCM shall be responsible for such costs and expenses. Any discharge or disposal of prohibited wastes shall be cause for termination of service. In the event UCM has specific needs for chemicals, compounds or substances which may be prohibited from discharge into the City's sewer system by Federal, State, or city law, regulation, order, directive, policy, or ordinance, UCM shall separately contract for the disposal of same.

Section 8. Price. UCM shall pay for water and sewer services provided as follows:

a. Sewer Monthly Service Charges and Water Monthly Service Charges. UCM shall pay sewer monthly service charges and water service charges as specified for its appropriate user category in the Merced Municipal Code, Chapter 15, as may be amended from time to time; provided however, UCM does not waive its rights, if any, to contest at any time in the future that new or increased charges include capital charges which have not been agreed to under California Government Code section 54999.3 and following.

b. Sewer Facilities Charges and Water Facilities Charges. Both Water Facilities Charges and Sewer Facilities Charges provided for in sections 1, 2, and 3 below are based upon the Merced Municipal Code, Chapter 15 as of March 17, 2003 for Phase One, UCM Campus and as of ~~2010~~ ²⁰¹⁶ for the Revised 2020 Project, and have been negotiated and agreed upon by the parties as provided in California Government Code Section 54999.3 and following. The parties agree that for the purpose of determining these Facilities charges, including the costs of service North of Bear Creek, but outside of the North Merced Sewer Assessment District for Phase One, UCM Campus and the Revised 2020

Project, there are certain measurements of campus land area, building line connection sizes, and final engineering design impacts which are difficult and impractical to determine precisely. Therefore, the parties agree that the following determinations are made with respect to Sewer Facilities Charges and Water Facilities Charges:

1. North of Bear Creek, but outside North Merced Sewer Assessment District. Phase One, UCM Campus is approximately 102 acres, of which 24 acres was open space not subject to the charge applicable to property North of Bear Creek but outside of the North Merced Sewer District under Phase One. UCM Campus. The cost for the balance of Phase One which is North of Bear Creek, but outside of the North Merced Sewer Assessment District was based upon 78 acres of area, at \$3,222.71 per acre as of the original date of the Original Contract, totaling a one-time charge of \$251,371.38, which amount is included in the Project Costs.

Revised 2020 Project and Phase One, UCM Campus are approximately 219 acres, including approximately 117 acres not previously included in Phase One, UCM Campus. The cost for the Revised 2020 property which is also North of Bear Creek, but outside the North Merced Sewer Assessment District is estimated upon an additional 137 acres of area, at \$4,251.61 per acre as of August 31, 2015 totaling a one-time charge of \$582,470.08. The final calculation of the annexation charge shall be based on the developable acreage of the Revised 2020 Project and any part of the 24 acres of open space in Phase One, UCM Campus that is proposed for development, adjustments for changes based upon accumulated interest between August 31, 2015 and the date the fee is paid in accordance with Merced Municipal Code Section 15.16.070, and shall not include any open space not subject to development.

2. Sewer Facilities Charges. A twenty-four-inch sewer connection is provided, with a single point of connection. The Sewer Facilities Charge due as part of the capital costs of the Project is a one-time charge of \$104,780 and UCM has paid that amount.

Future Sewer Facilities Charges shall be paid by UCM to compensate for increased enrollment, as provided in the Schedule of Sewer Facilities Charges in Attachment 3, as updated, and incorporated

herein by reference. These charges shall be paid not later than September 30th of each year.

3. **Water Facilities Charges.** A sixteen-inch water connection is provided, with a single meter in lieu of City metering of individual buildings on the UCM Campus. The Water Facilities Charge, which has been paid by UCM, was a one-time charge per special determination based upon the MMC, for a sixteen-inch connection is \$557,404.

c. **Capital Facilities Fees.** Capital Facilities Fees were based upon Project Costs, including Sewer and Water Facilities Charges, amortized over the payment period for the Project Financing, and sufficient to fully retire the Project Financing. UCM will continue to make the payments required pursuant to the Permanent Financing Capital Facilities Fee Agreement dated October 17, 2003 between the City of Merced and the Regents of the University of California.

Section 9. Payment Obligation.

a. **Invoicing.** Invoices shall be delivered monthly by City to UCM, and payment shall be due monthly according to Merced Municipal Code Chapter 15. Invoices shall identify the following components:

1. Sewer Monthly Service Charge,
2. Water Monthly Service Charge,
3. Capital Facilities Fees.

In the event that UCM secures and provides its own Project Financing under 5.a. above, then no Capital Facilities Fees shall be billed or invoiced, and UCM has no payment obligation under 9.c. below.

b. **Monthly Payment Obligation.** UCM shall timely pay invoices by the 20th day of the month, in accordance with the Merced Municipal Code, City Council resolutions, and the customary practices of the City.

c. **Sewer Monthly Service Charges and Water Monthly Service Charges.** UCM shall timely pay invoices by the 20th day of the month, in accordance with the Merced Municipal Code, City Council resolutions, and the customary practices of the City. Late payments shall be subject to late fees in accordance with the customary practices of the City.

d. Capital Facilities Fees. UCM shall pay the Capital Facilities Fees in accordance with the provisions of the Capital Facilities Fee Agreement.

e. Conformity with Government Code. By making the payments set forth in Sections 8.b and c, UCM will have paid for its proportionate share of all capital, financing, and related costs incurred for construction of the Project, consistent with Government Code Sections 54999 et. seq. and Merced Municipal Code Title 15. By execution of this Contract, both parties acknowledge and agree that they have read the provisions of Government Code Sections 54999 et. seq. and Merced Municipal Code Title 15, and that the Capital Facilities Fee, the Sewer Facilities Charge, and the Water Facilities Charge provided in this Contract have been negotiated and agreed upon as provided in Government Code Sections 54999 et. seq. Without modifying the terms of this Contract, the City expressly reserves its right to amend Chapter 15 of the Merced Municipal Code at any time.

Section 10. Use of Project by Third Parties and Credits to UCM.

a. Generally. The water and sewer lines built as part of the Project are available for other developments along the corridor of the Project within the City's Sphere of Influence boundary, provided that all of UCM's actual capacity needs for Phase One and the Revised 2020 Project, UCM Campus will be met, as reasonably determined by UCM and City, all necessary environmental review has been completed, and the property has been annexed to the City.

b. UCM's Right to Credit of Project Costs from Third Party Users. To the extent that other users along the corridor of the Project connect to and receive City water and sewer service from the Project, City shall collect fees or charges from third party users and credit UCM pursuant to section 5.d. above and City agrees to amend the Municipal Code so that UCM shall be entitled to receive said credits with respect to any third party use which occurs within thirty (30) years of the date of the original Contract. Any credit under this paragraph shall be made in the manner described under paragraph 5.d. of this Contract. In no event shall City be required to provide credit to UCM until City collects such credits from the other benefiting third parties.

c. In the event that another user applies for connection, City shall notify UCM within 30 days of the proposed connection, the quantity of services to be used, and the projected amount of reimbursement. This notification is for informational purposes and not for UCM's consent. Whether or not a new user may connect to the City's water and/or sewer services from the Project will be decided by the City in the exercise of its sole discretion.

Section 11. Annexation Agreement.

As a condition of receiving sewer and water services from City, UCM has entered into the Agreement to Annex in Attachment 5 to this Contract. This Contract is not operable unless and until the Agreement to Annex has been executed.

Section 12. Indemnities and Remedies

a. City, pursuant to Government Code Section 895.4 and except as otherwise stated herein, shall indemnify, protect, defend, and hold harmless UCM and its officers, officials, employees, agents, and authorized representatives, from all costs (including reasonable attorneys' fees, costs, and expenses), claims, demands, or liabilities, judgments for injury or damage to property and injuries to persons as defined by Government Code Section 810.8 including, without limitation, the injury or death of any person or liability for property damage which arises out of or occurs during City's performance under this Agreement whether such damage shall accrue or be discovered before or after termination of this Agreement unless the claim, demand, or liability judgment for injury or damage is caused by UCM's negligent or intentional acts.

In performing its obligations under this Agreement, City is undertaking a project which under City practices and policies would normally be undertaken by those developing property. In taking on these obligations, City may be exposed to certain legal challenges and liabilities which otherwise would be a development risk. It is therefore acknowledged and agreed that should a third party legal challenge be instituted against the City, or any of its elected and appointed officers, officials, employees, agents, and authorized representatives, in undertaking the procedural steps in the consideration or approval of this Agreement, that UCM shall indemnify, protect, defend with counsel selected by UCM and reasonably acceptable to the City, and hold harmless the City, any it's elected and

appointed officers, officials, employees, agents, and authorized representatives for any and loss, cost, and expense of such third party legal challenge. City shall have an affirmative obligation to notify UCM of any such legal challenge within ten (10) business days of being served with notice of such legal challenge and to thereafter cooperate fully in the defense thereof. In connection with UCM's indemnity obligations, City shall not (i) file any documents with the court of jurisdiction; or (ii) participate in or conclude any settlement discussions, without, in each case, the express written consent of UCM

b. UCM, pursuant to Government Code Section 895.4 and except as otherwise stated herein, shall indemnify, protect, defend, and hold harmless the City and its elected and appointed officers, officials, employees, agents, and authorized representatives, from all costs (including reasonable attorneys' fees, costs, and expenses), claims, demands, or liabilities, judgments for injury or damage to property and injuries to persons as defined by Government Code Section 810.8 including, without limitation, the injury or death of any person or liability for property damage which arises or occurs from UCM's performance under this Agreement whether such damage, loss, claim, liability, cause of action or suit is discovered before or after termination of this Agreement unless the same is caused by City's negligent or intentional acts. It is understood that the duty of UCM to indemnify and hold harmless City includes the duty to defend as set forth in Section 2778 of the California Civil Code. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not any applicable insurance policy or policies shall have been determined to apply. By execution of this Agreement, UCM acknowledges and agrees that the provisions of this Section are a material element of consideration for City's agreement to perform under this Agreement.

Section 13. Cooperation of Parties.

a. UCM agrees to provide environmental and annexation-related information, data, and analysis in the University's possession for the purposes of LAFCO applications for service provision, and for future annexation processing.

b. UCM shall dedicate to City, at no cost, any easements, well sites, pump station sites, sampling equipment sites, or any other sites needed for the Project, in accordance with Final Engineering Design.

Section 14. Termination.

a. Termination by City.

1. Termination generally. City may terminate this Contract by written notice to UCM due to any material breach or violation of the terms and conditions of this Contract, after having first provided written notice to UCM of said material breach, after which UCM shall have thirty (30) days to cure such breach. If such breach is not susceptible to cure within thirty (30) days, then UCM shall complete a cure within such longer period as is reasonable for such cure, provided that UCM has diligently initiated and pursued said cure within the initial thirty (30) day period. In the event the cure for a breach will take longer than thirty (30) days, UCM shall seek City's approval of the proposed cure prior to commencing with the proposed cure. At such termination, UCM shall pay within thirty (30) days all then outstanding Project Costs, including an amount sufficient to pay all then outstanding amounts owed under the Permanent Financing Capital Facilities Fee Agreement and any outstanding Sewer Monthly Service Charge and Water Monthly Service Charge.

b. Termination by UCM.

1. Termination generally. UCM may terminate this Contract by written notice to City due to any material breach or violation of the terms and conditions of this Contract, after having first provided written notice to City of said material breach, after which City shall have thirty (30) days to cure such breach, and on such termination UCM shall have no further liability or obligation with respect to the Project Costs or the Project Financing. If such breach is not susceptible to cure within thirty (30) days, then City shall complete a cure within such longer period as is reasonable for such cure, provided that City has diligently initiated and pursued said cure within the initial thirty (30) day period. In the event the cure for a breach will take longer than thirty (30) days, City shall seek UCM's approval of the proposed cure prior to commencing with the proposed cure. Construction-related delays, including those in

the Force Majeure clause, shall not be considered to be a material breach of this Contract so long as City is demonstrating due diligence in enforcing its contract with the actual construction contractor.

c. Termination after Commencement of Project Construction.

1. Post construction termination. UCM may terminate this Contract for any reason following the completion of Project Construction, prior to the expiration of the term of the Project Financing, only upon the payment of all Project Costs, including an amount sufficient to pay all then outstanding Project Financing, including any accrued interest, charges, premiums, or prepayment penalties. Following repayment in full of the Project Financing, UCM may terminate this contract upon 180 days written notice to City without penalty. Notwithstanding this right to post construction termination, UCM agrees that it will not invoke its right provided in this Section 14(c)(1) for a minimum of ten (10) years following execution of this Updated Contract by both parties.

Section 15. Compliance with California Environmental Quality

Act.

a. City and UCM agree the City will utilize (1) City's 2011 Environmental Impact Report certified by the City Council by Resolution No. 2011-63 adopted on October 17, 2011 for the Merced Vision 2030 General Plan, (2) the 2009 Certified Environmental Impact Statement/Environmental Impact Report ("EIS/EIR") prepared by UCM for the 2009 Long Range Development Plan, (3) Addendum No. 6 to the 2009 Long Range Development Plan EIS/EIR ("2013 Addendum") prepared by UCM for the Revised 2020 Project, (4) the City's 2006 Environmental Impact Report for the City of Merced's Wastewater Treatment Plant Upgrade and Expansion Project certified by the City Council by Resolution No. 2006-147 adopted on December 18, 2006, and (5) any other relevant environmental documentation prepared by or previously utilized by the City to satisfy any CEQA requirements associated with the extension of services to the Revised 2020 Project.

b. Commitments to pursue particular land uses, utilities, and public improvements and services may be subject to CEQA when required pursuant to CEQA Guidelines Section 15162.

c. City and UCM agree that the opportunity for notice regarding any proposed amendment to the Revised 2020 Project as set forth in LRDP approved by University of California Board of Regents on May 15, 2013, is important to the City as the City is responsible for the provision of certain services to UCM pursuant to this Agreement. UCM will provide to the City a minimum of ten (10) days written notice prior to any meeting where the Regents will consider a proposed amendment to the Revised 2020 Project as set forth in the LRDP. The Parties agree that City may comment on any proposed amendment to the Revised 2020 Project prior to or as part of the meeting at which the University of California Board of Regents considers the proposed amendment. Such notice shall be provided in writing to City in accordance with Section 16(l). The Parties further acknowledge that UCM maintains a publicly available list of proposed and approved development projects and the related CEQA compliance documentation for those projects on the UCM website. The link for the list is: <http://lrdp.ucmerced.edu/2.asp?uc=1&lv12=54&contentid=55> UCM shall commence a public outreach list that the City may subscribe to that notifies the City every time the list is updated. UCM acknowledges and agrees that the website and the subscription feature will be maintained during the term of this Agreement, and any extension thereto, and that the following actions, at a minimum, will be posted on the website:

1. Any amendment to the LRDP; and,
2. Any Notice of Preparation, Notice of Completion, Notice of Exemption, Notice of Determination or Addendum all of which relate to Phase One or the Revised 2020 Project.

d. It is agreed by the City and UCM that UCM's defense and indemnity obligations set forth in Section 12(b) hereof apply to City's actions in approving this Contract, including any actions taken pursuant to CEQA. In addition, it is agreed by the City and UCM that UCM's defense and indemnity obligations set forth in Section 12 (b) hereof also apply to any contractual defense and indemnity obligations the City is required to undertake as a result of the requirements and conditions of the Merced County Local Agency Formation Commission in considering and approving the extension of services to UCM's Revised Project 2020 area and out of bounds service thereto.

Section 16. Other Provisions

a. **Successors.** This Contract is binding on and shall inure to the benefit of and be binding upon the parties hereto and their respective successors in interest as more fully set forth herein. A successor in interest shall not be entitled to receive any benefits under this Contract until the successor agrees in writing to be bound by this Contract.

b. **Authority.** The individuals executing this Contract hereby represent and warrant that each of them has the authority to enter into this Contract and to perform all acts required by this Contract, and that the consent, approval or execution of or by any third party is not required to legally bind either party to the terms and conditions of this Contract.

c. **Governing Law.** This Contract shall be governed by and interpreted in accordance with the laws of the State of California with venue proper only in the County of Merced, State of California.

d. **Attorney's Fees.** If any action, at law or in equity, including any action for declaratory relief, and including any arbitration or mediation, is brought to enforce or interpret the provisions of this Contract, the prevailing party shall be entitled to recover from the non-prevailing party reasonable attorney's fees and costs of suit, which shall be determined by the court, the arbitrator or the mediator in the same or separate action brought for that purpose.

e. **Interpretation.** The provisions and language of this Contract shall be interpreted in accordance with the plain meaning thereof and shall not be construed for or against any of the parties hereto.

f. **Good Faith.** The parties agree to exercise their best efforts and utmost good faith to effectuate all the terms and conditions of this Contract and to execute such further instruments and documents as are necessary or appropriate to effectuate all of the terms and conditions of this Contract.

g. **Headings.** The headings used in this Contract are for convenience and reference only and shall not be utilized in the construction of the terms or provisions of this Contract.

h. Severability. If any term, provision, covenant or condition of this Contract shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining provisions of this Contract shall remain in full force and effect and shall not be affected, impaired, or invalidated. The term, provisions, covenant or condition that is so invalidated, voided or held to be unenforceable, shall be modified or changed by the parties to the extent possible to carry out the intentions and directives set forth in this Contract.

i. Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other party hereto are in the physical possession of the party seeking enforcement thereof.

j. Assignment. Except as expressly provided herein, no party shall have the right to assign its rights or delegate any of its obligations or duties hereunder without the express written consent of the other party which consent shall not be unreasonably withheld.

k. Waiver. The waiver of any breach of any provision hereunder by any party to this Contract shall not be deemed to be a waiver of any preceding or subsequent breach hereunder, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

l. Notices. All notices, approvals, acceptances, demands and other communications required or permitted hereunder, to be effective, shall be in writing and shall be delivered either in person or by mailing the same by United States mail (postage prepaid, registered or certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of each such party as follows:

To: City of Merced
678 West 18th Street
Merced, CA 95340
Attn: City Clerk
Phone: (209) 385-4780

University of California, Merced
Attn: Chancellor
P.O. Box 2039
Merced, CA 95344
Phone: (209) 228-4414

Copy: City of Merced
678 West 18th Street
Merced, CA 95340
Attn: City Manager
Phone: (209) 385-6834

Copy:
Office of General Counsel
University of California
1111 Franklin Street, Office 8104
Oakland, CA 94607-5200

Copy: City of Merced
678 West 18th Street
Merced, CA 95340
Attn: City Attorney
Phone: (209) 385-6868

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date and any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date. Either party may change its address by giving the party written notice of its new address as herein provided.

m. Amendment. Amendments to this Contract and its terms and conditions shall only be made by written mutual agreement of the parties and signed by a duly authorized official representing each party, provided, however, as to the City any amendment to this Contract must first be approved by the City Council at a duly noticed public meeting. No provision of this Contract affecting rights and responsibilities under the Capital Facilities Financing Agreement shall be amended without the prior written approval of the CIEDB.

n. Entire Agreement. This Contract constitutes the entire agreement between the parties and supersedes any prior negotiations, agreements, and understandings of the parties, relating to the subject matter of this Agreement.

o. Condition Precedent to Operation of Contract. The obligation of the City to construct the Project or provide sewer and water service to UCM, and

the obligation of UCM to accept water and sewer service from City, do not operate until a commitment for Project Financing is acquired from a Provider of Financing acceptable to both City and UCM.

p. Recording. This Contract shall be recorded on the subject property, which is any parcel comprising or included in Phase One or the Revised 2020 Project of the UCM Campus, in the Official Records of Merced County.

q. Conflict with Capital Facility Fee Agreement. If any provision of this Contract conflicts with any provision of the Capital Facility Fee Agreement, the Capital Facility Fee Agreement shall prevail.


IN WITNESS WHEREOF, the parties have executed this Contract on the dates set forth below. The date of approval of this Contract shall be the date of execution by the party signing last.

CITY OF MERCED



MAYOR

4/29/2016
DATE

ATTEST:


City Clerk

Approved as to Form:


City Attorney

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA


Chancellor
University of California, Merced
2527379.2

4/28/16
DATE



ATTACHMENT 1

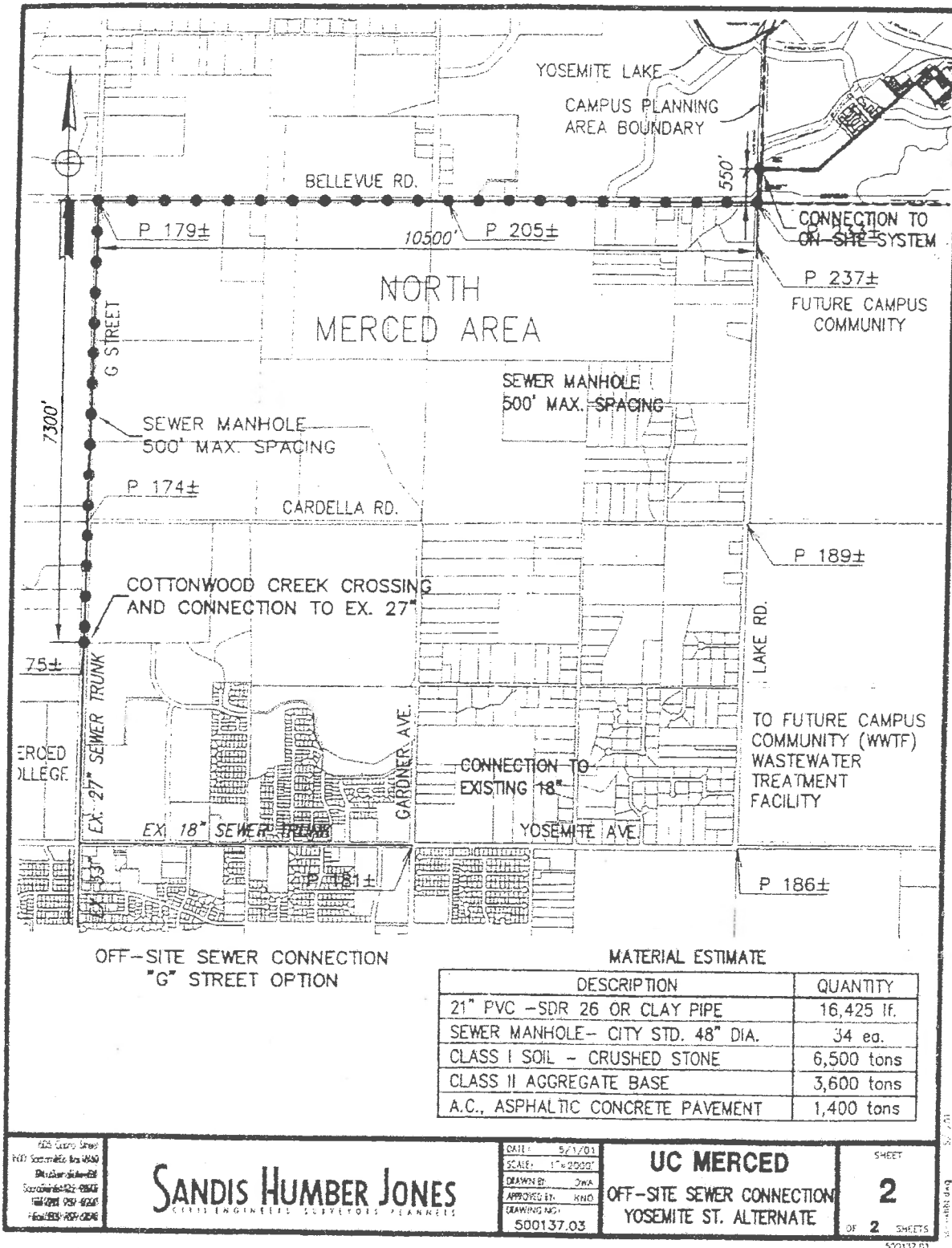


Exhibit B
Description of Facilities

Water. The Facilities include a sixteen (16) inch water line extended northerly from the present terminus of the City water lines, in North G Street near Cormorant Drive. This water line shall be extended north in G Street to Bellevue Road, and then east along Bellevue Road to a connection point near the boundary of the Phase One UCM Campus near the intersection of Bellevue and Lake Roads.

The City water line shall connect to the Phase One UCM Campus water system through a metered connection, and thence to a UCM storage tank, located on Phase One UCM Campus near the corner of Bellevue and Lake Roads. Said storage tank shall be constructed and owned by UCM as part of its distribution system and the City shall have no maintenance responsibility for the tank. The City water supply line shall discharge to the UCM storage tank through an air gap or double check valve assembly so that the City and UCM water distribution systems are separate from an operational standpoint. UCM shall provide its own on-campus water booster pump to maintain adequate pressures, and such pump shall not be provided as part of this Facilities. A City well shall be located on the UCM campus, and the well site shall be dedicated to the City at no additional charge or cost by The Regents, including value of the real property so dedicated. However, the well is not part of the Facilities nor considered part of Project Costs, but will be developed at the City's expense.

Sewer. The Facilities include a sanitary sewer line to be extended northerly from the present terminus of the City sewer lines, in North G Street near Cormorant Drive. The size of the line at its current terminus is twenty-seven (27) inches. A twenty-seven (27) inch sewer line shall be extended north in G Street to Cardella Road; the line becomes twenty-four (24) inches from Cardella Road to a point on Bellevue Road approximately 2,300 feet east of North G Street, and shall then be twenty-one (21) inches in size along Bellevue Road to a connection point near the boundary of the UCM Campus near the intersection of Bellevue and Lake Roads.

ATTACHMENT 2

ATTACHMENT 2

ucsewer-waterbgt3

2/10/03

Non-Binding Project Budget University of California Water and Sewer Project

	Sewer	Water	Total		
Land					
1 Property Purchase		0	0		
2 Demolition & clearance	0		0		
3 Environmental surveys			0		
	0	0	0		
Construction					
4 Sanitary sewer lines	4,256,000		4,256,000		
5 Water lines		1,478,400	1,478,400		
6 Pump station		0	0		
7 Well		0	0		
	4,256,000	1,478,400	5,734,400		
Capacity fees					
8 North Merced Sewer Assessment	251,371		251,371		
9 Sewer Facilities Charges	104,780		104,780		
10 Water Facilities Charges		557,404	557,404		
	356,151	557,404	913,555		
Professional services					
11 Contracted engring, design, envir (CH2M)	279,000	290,000	569,000	10%	569,000
12 Permit fees (encroachment, CEQA, etc.)	12,768	4,435	17,203		
13 City engrng, insp, testing (2%)	85,120	29,568	114,688		114,688
14 City administration (.6%)	25,536	8,870	34,406		34,406
	402,424	332,874	735,298		
Financing					
15 Permanent loan fees	49,408	22,842	72,250	0.85%	
17 Additional fees	17,096	7,904	25,000		
18 Capitalized interim interest expense	294,712	136,247	430,959		
	361,217	166,992	528,209		
Contingency					
19 Construction contingency (10%)	425,600	147,840	573,440		
20 Other project contingency (2%)	18,232	6,924	25,156		6,332,995
Totals	5,819,624	2,690,434	8,510,058		
	5,458,407	2,523,442	7,981,849		

Notes:

1. Construction cost estimates based on estimates by Sandis Humber Jones, Kennedy Jenks, and UC Physical Planning staff.
2. Capacity fee estimates based on City of Merced estimates.
3. Professional services estimates by City of Merced.
4. Financing estimates by City of Merced, based on information from lenders.

Other Costs Paid by City of Merced (Not part of Project Financing)

Pump station	250,000	
Well	1,200,000	
Contract engineering (CH2M)	32,984	
City engineering, inspection, testing (2%)	29,000	
	<u>1,511,984</u>	

ATTACHMENT 3

Sewer Facilities Charges
University of California Water and Sewer Project

Year	Projected Enrollment (1)	Projected Enrollment Increase(2)	Charge Per Student (3)	Total Charge (4)
2015	-	368	\$556	204,608
2016	-	751	\$556	417,556
2017	-	604	\$556	335,824
2018	-	751	\$556	417,556
2019	-	693	\$556	385,308
2020 (5)	-	550	\$556	305,800

NOTES:

1. Project enrollment is based upon the University of California Long Range Development Plan.

The fall enrollment estimate was used for the above example calculation of fees. Effective with academic year 2015-2016 and thereafter, the Sewer Facilities Charge fee discussed in this Attachment 3 shall be calculated based on the average fall and spring student FTE enrollment compared to the average fall and spring student FTE enrollment for the prior fiscal year (July 1 through June 30). The enrollment increase shall be calculated initially based on the number of actual FTE students enrolled in the fall quarter minus the average of fall and spring actual FTE student enrollment for the prior academic year. FTE student enrollment is calculated by dividing student credit hours ("SCH") by a full time study load to determine how many full time students would generate the same instructional workload. Student credit hours (SCH) are the sum of the units earned by all students enrolled in classes. For this purpose, a full time equivalent study load is defined as:

45 SCH per year (15 units per quarter for three quarters) for undergraduates (e.g., 450 undergraduate SCH are equivalent to 10 full time equivalent student enrollment).

36 (SCH) per year (12 units per quarter for three quarters) for a graduate student.

2. UC shall pay the Sewer Facility Charge based on the fall actual FTE student enrollment for that academic year no later than September 30th of each year. The formula for calculating this payment is as follows:

Charge Per Student Per Merced Municipal Code Chapter 15.16 (Effective ____/____ 2015)	X	Fall Quarter FTE Student Enrollment	Average Fall/Spring FTE Student Enrollment For Prior Academic Year	=	Sewer Facility Charge (Fall Payment)
--	---	---	--	---	--

[1]

Not later than May 30th of each year, UC shall determine the spring quarter FTE student enrollment and shall calculate the average FTE fall/spring student enrollment for that academic year. In the event, that average fall/spring FTE student enrollment is less than the fall enrollment, UC shall receive a credit against the Sewer Facilities Charge fee payable for the next academic year determined by multiplying the charge per student paid for academic year in which the fee was paid by the difference in the average fall/spring FTE student enrollment and the fall FTE student enrollment. In the event, that average fall/spring FTE student enrollment is greater than the fall enrollment, UC shall pay the City an amount determined by multiplying the charge per student paid for that academic year by the difference in the average fall/spring FTE student enrollment and the fall FTE student enrollment for that year. The amount of credit/charge shall be based on the charge per student used to calculate the original amount of the Sewer Facility Charge (Fall Payment). The formula for calculating the credit/charge is as follows:

Charge Per Student for Same Academic Year	X	Fall FTE Student Enrollment – Same Academic Year	Fall/Spring FTE Student Enrollment Same Academic Year (If the Fall/Spring FTE is greater than Fall FTE then the amount from this column is the difference Fall/Spring FTE and the Fall FTE for that same academic year)	=	Sewer Facility Charge Credit/Charge
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3. The charge per student is \$556 at the date of this Contract. However, it is subject to change computed by a price index according to Chapter 15.16 of the Merced Municipal Code, so **rates are subject to increase**. Those shown here are illustrative of a payment at the date of this Contract.
4. **Total charge is also subject to increase**, as in Note 2 above.
5. Charges are shown through the Year 2020.

2424717.2 (092515)

ATTACHMENT 4

Attachment 4

Map of Phase One, UCM Campus

and

Map of Revised 2020 Project, UCM Campus –
Illustrative of Boundaries of Revised 2020 Project, UCM Campus Only

EXHIBIT 'A'

University of California, Merced Boundary of the Phase 1 Project Area

All that real property situate in the County of Merced, State of California, lying and being within Section 34, Township 6 South, Range 14 East, M.D.M., being a portion of the lands granted to the Regents of the University of California, a California public corporation in that certain grant deed filed in the office of the County Recorder of Merced County as Document No. 2002-012594 and as shown on that certain Record of Survey for the "University of California Merced Campus", filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26 and further being a portion of Parcels 1, 2, and 3, as shown on that certain Parcel Map for "Merced Community Golf Association, being a Division of Parcel 2 according to Parcel Map for Merced County Board of Education as Trustee of the Testamentary Trust of Virginia Smith Book 59 Parcel Maps, Page 1 M.C.R.", filed in the office of the County Recorder of Merced County in Book 83 of Parcel Maps, Pages 9-12 and being more particularly described as follows:

COMMENCING at a 2" iron pipe set in a monument well and accepted as the Southwest corner of said Section 34 as shown on said Record of Survey; thence along the West line of said lands of the Regents of the University of California, North 01°07'48" East, 78.67 feet to the true **POINT OF BEGINNING**; thence continuing along the West and Northwesterly line of said lands of the Regents of the University of California, being also the West and Northwesterly line of said Parcel 2 as shown in Book 59 of Parcel Maps, Page 1 the following eight (8) courses:

1. North 01°07'48" East, 792.89 feet; thence
2. North 55°13'43" East, 243.36 feet; thence
3. North 72°47'31" East, 822.80 feet; thence
4. North 54°05'52" East, 159.13 feet; thence
5. North 35°48'37" East, 372.62 feet; thence
6. North 48°18'50" East, 373.01 feet; thence
7. South 41°40'18" East, 52.28 feet; thence
8. North 49°00'21" East, 289.69 feet; thence

leaving said Northwesterly line and running in a generally Easterly direction the following nine (9) courses:

1. North 79°06'27" East, 286.58 feet; thence
2. North 62°23'58" East, 442.11 feet; thence
3. North 84°18'16" East, 479.34 feet; thence
4. South 69°05'09" East, 232.10 feet; thence
5. North 89°09'17" East, 128.81 feet; thence
6. North 75°29'52" East, 197.31 feet; thence
7. North 36°52'26" East, 16.33 feet; thence
8. South 87°30'48" East, 32.30 feet; thence
9. South 63°30'55" East, 440.18 feet;

thence running in a generally Southerly and Westerly direction along the following forty seven (47) courses:

1. South 05°11'40" West, 74.10 feet; thence

EXHIBIT 'A'

2. South 23°21'25" East, 40.08 feet; thence
3. South 63°26'06" West, 24.62 feet; thence
4. South 00°00'00" West, 65.32 feet; thence
5. South 45°00'01" West, 27.71 feet; thence
6. South 86°18'31" West, 202.92 feet; thence
7. South 65°53'52" West, 271.94 feet; thence
8. South 63°26'04" West, 29.21 feet; thence
9. South 59°02'10" West, 38.09 feet; thence
10. South 07°07'30" West, 52.67 feet; thence
11. South 09°27'45" East, 39.73 feet; thence
12. South 08°07'48" East, 46.19 feet; thence
13. South 29°03'17" East, 67.25 feet; thence
14. South 45°00'00" West, 157.05 feet; thence
15. South 87°42'34" West, 163.44 feet; thence
16. South 59°02'11" West, 76.18 feet; thence
17. South 70°20'46" West, 97.11 feet; thence
18. South 60°15'18" West, 52.67 feet; thence
19. South 45°00'00" West, 36.95 feet; thence continuing
20. South 45°00'00" West, 46.19 feet; thence
21. South 54°27'44" West, 56.19 feet; thence
22. South 28°36'38" West, 81.85 feet; thence
23. South 11°18'36" West, 33.31 feet; thence
24. South 03°34'35" West, 104.72 feet; thence
25. South 36°52'12" West, 65.32 feet; thence
26. South 80°08'03" West, 152.50 feet; thence
27. North 48°00'46" West, 87.88 feet; thence
28. North 78°41'24" West, 66.62 feet; thence
29. South 90°00'00" West, 78.39 feet; thence
30. South 79°59'31" West, 112.77 feet; thence
31. South 55°18'17" West, 103.29 feet; thence
32. South 41°11'09" West, 69.44 feet; thence
33. South 21°02'15" West, 90.99 feet; thence
34. South 12°31'43" West, 60.23 feet; thence
35. South 63°26'06" West, 116.85 feet; thence
36. South 06°20'25" East, 177.46 feet; thence
37. South 77°00'20" West, 87.15 feet; thence
38. South 26°33'54" East, 73.03 feet; thence
39. South 27°24'27" West, 198.67 feet; thence
40. South 83°17'25" West, 111.82 feet; thence
41. South 82°24'19" West, 98.85 feet; thence
42. South 90°00'00" West, 19.60 feet; thence
43. North 85°14'11" West, 78.66 feet; thence
44. South 26°33'55" West, 58.43 feet; thence
45. South 11°18'35" West, 66.62 feet; thence
46. South 08°07'49" West, 46.19 feet; thence
47. South 07°35'41" East, 35.68 feet;

EXHIBIT 'A'

thence parallel with the South line of said Section 34, North 89°50'14" West, 1604.33 feet to the POINT OF BEGINNING, containing 102.001 acres, more or less.

The Basis of Bearings for this description is the California Coordinate System, NAD 83, Zone 3 as defined on that certain Record of Survey filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26. Distances given herein are grid distances. Multiply the grid distance by 1.000045 to obtain ground distances.

End of Description

This description has been prepared by me or under my direct supervision in connection with the University of California, Merced Campus "Phase 1 Project".

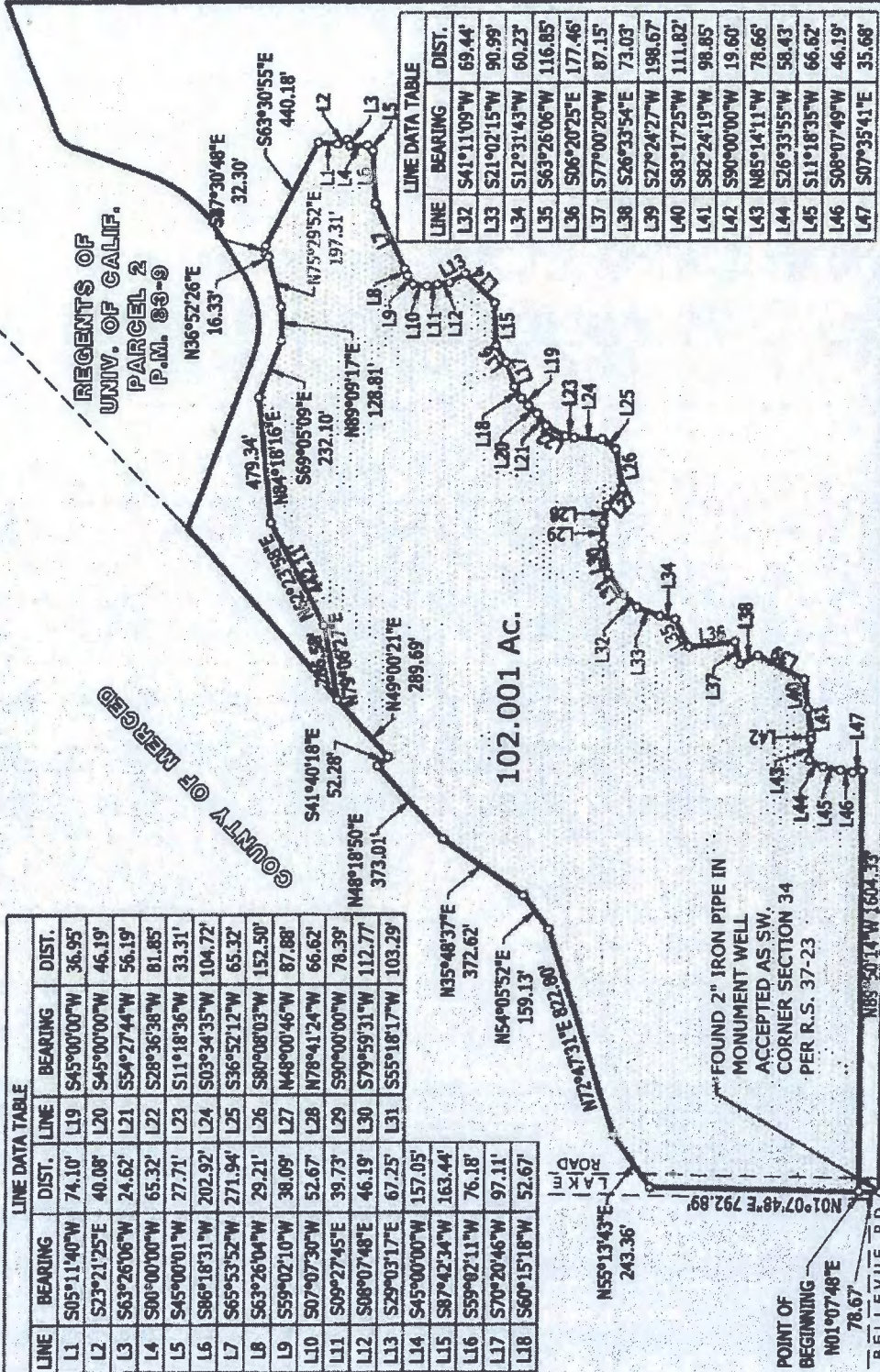

Kevin A. Heency, PLS 5914



12/23/2015
Date

LINE DATA TABLE			
LINE	BEARING	DIST.	DIST.
L1	S05°11'40"W	74.10'	36.95'
L2	S23°21'25"E	40.08'	46.19'
L3	S63°26'06"W	24.62'	56.19'
L4	S00°00'00"W	65.32'	81.85'
L5	S45°00'01"W	27.71'	33.31'
L6	S86°18'31"W	202.92'	104.72'
L7	S65°53'52"W	291.94'	65.32'
L8	S63°26'04"W	29.21'	152.50'
L9	S59°02'10"W	38.09'	87.88'
L10	S07°07'30"W	52.67'	66.62'
L11	S09°27'45"E	39.73'	78.39'
L12	S08°07'48"E	46.19'	112.77'
L13	S29°03'17"E	67.25'	103.29'
L14	S45°00'00"W	157.05'	
L15	S87°42'34"W	163.44'	
L16	S59°02'11"W	76.18'	
L17	S70°20'46"W	97.11'	
L18	S60°15'18"W	52.67'	

LINE DATA TABLE		
LINE	BEARING	DIST.
L32	S41°11'09"W	69.44'
L33	S21°02'15"W	90.99'
L34	S12°31'43"W	60.23'
L35	S63°26'06"W	116.85'
L36	S06°20'25"E	177.46'
L37	S77°00'20"W	87.15'
L38	S26°33'54"E	73.03'
L39	S27°24'27"W	198.67'
L40	S83°17'25"W	111.82'
L41	S82°24'19"W	98.85'
L42	S90°00'00"W	19.60'
L43	N85°14'11"W	78.66'
L44	S26°33'55"W	58.43'
L45	S11°18'35"W	66.62'
L46	S08°07'49"W	46.19'
L47	S07°35'41"E	35.68'



REGENTS OF THE UNIVERSITY OF CALIFORNIA

Plat to Accompany Legal Description	12/23/2015	DRAWN BY: KAH	SHEET 1 OF 1
	SCALE: 1"=600'	JOB NO. 13-026-001	
PHASE 1 CAMPUS BOUNDARY UNIVERSITY OF CALIFORNIA, MERCED	BEING A PORTION OF PARCELS 1, 2 & 3 OF PARCEL MAP BK. 83, PG. 9		
OWNER: Regents of the University of California	LYING WITHIN SECTION 34, T. 6 S., R. 14 E., M.D.M.		
cta Engineering & Surveying	COUNTY OF MERCED STATE OF CALIFORNIA		



EXHIBIT 'A'

University of California, Merced Boundary of the 2020 Project Area

All that real property situate in the County of Merced, State of California, lying and being within Section 34, Township 6 South, Range 14 East, M.D.M., being a portion of the lands granted to the Regents of the University of California, a California public corporation in that certain grant deed filed in the office of the County Recorder of Merced County as Document No. 2002-012594 and as shown on that certain Record of Survey for the "University of California Merced Campus", filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26 and further being a portion of Parcels 1, 2, and 3, as shown on that certain Parcel Map for "Merced Community Golf Association, being a Division of Parcel 2 according to Parcel Map for Merced County Board of Education as Trustee of the Testamentary Trust of Virginia Smith Book 59 Parcel Maps, Page 1 M.C.R.", filed in the office of the County Recorder of Merced County in Book 83 of Parcel Maps, Pages 9-12 and being more particularly described as follows:

BEGINNING at a 2" iron pipe set in a monument well and accepted as the Southwest corner of said Section 34 as shown on said Record of Survey; thence along the South line of said lands of the Regents of the University of California, being also the South line of said Section 34, South $89^{\circ}50'14''$ East, 4540.28 feet; thence leaving said South line, North $00^{\circ}00'09''$ West, 3328.83 feet to the approximate centerline of an existing canal; thence along the approximate centerline of said canal the following seven (7) courses:

1. South $68^{\circ}28'36''$ West, 529.68 feet; thence
2. along the arc of a curve to the left, having a radius of 100.00 feet, the chord of which bears South $44^{\circ}31'14''$ West, 81.21 feet; thence
3. South $20^{\circ}33'52''$ West, 311.34 feet; thence
4. along the arc of a curve to the right, having a radius of 500.00 feet, the chord of which bears South $39^{\circ}29'03''$ West, 324.24 feet; thence
5. South $58^{\circ}24'14''$ West, 209.79 feet; thence
6. along the arc of a curve to the right, having a radius of 365.00 feet, the chord of which bears South $84^{\circ}19'10''$ West, 319.04 feet; thence
7. North $69^{\circ}45'54''$ West, 688.80 feet to a point on the Northwesterly line of said Regents of the University of California land; thence

along said Northwesterly line the following two (2) courses:

1. South $46^{\circ}18'50''$ West, 83.50 feet; thence
2. South $49^{\circ}00'21''$ West, 781.81 feet; thence

leaving said Northwesterly line and running in a generally Easterly direction the following nine (9) courses:

1. North $79^{\circ}06'27''$ East, 286.58 feet; thence
2. North $62^{\circ}23'58''$ East, 442.11 feet; thence
3. North $84^{\circ}18'16''$ East, 479.34 feet; thence
4. South $69^{\circ}05'09''$ East, 232.10 feet; thence
5. North $89^{\circ}09'17''$ East, 128.81 feet; thence
6. North $75^{\circ}29'52''$ East, 197.31 feet; thence
7. North $36^{\circ}52'26''$ East, 16.33 feet; thence

EXHIBIT 'A'

8. South 87°30'48" East, 32.30 feet; thence
9. South 63°30'55" East, 440.18 feet;
thence running in a generally Southerly and Westerly direction along the following forty seven (47) courses:

1. South 05°11'40" West, 74.10 feet; thence
2. South 23°21'25" East, 40.08 feet; thence
3. South 63°26'06" West, 24.62 feet; thence
4. South 00°00'00" West, 65.32 feet; thence
5. South 45°00'01" West, 27.71 feet; thence
6. South 86°18'31" West, 202.92 feet; thence
7. South 65°53'52" West, 271.94 feet; thence
8. South 63°26'04" West, 29.21 feet; thence
9. South 59°02'10" West, 38.09 feet; thence
10. South 07°07'30" West, 52.67 feet; thence
11. South 09°27'45" East, 39.73 feet; thence
12. South 08°07'48" East, 46.19 feet; thence
13. South 29°03'17" East, 67.25 feet; thence
14. South 45°00'00" West, 157.05 feet; thence
15. South 87°42'34" West, 163.44 feet; thence
16. South 59°02'11" West, 76.18 feet; thence
17. South 70°20'46" West, 97.11 feet; thence
18. South 60°15'18" West, 52.67 feet; thence
19. South 45°00'00" West, 36.95 feet; thence continuing
20. South 45°00'00" West, 46.19 feet; thence
21. South 54°27'44" West, 56.19 feet; thence
22. South 28°36'38" West, 81.85 feet; thence
23. South 11°18'36" West, 33.31 feet; thence
24. South 03°34'35" West, 104.72 feet; thence
25. South 36°52'12" West, 65.32 feet; thence
26. South 80°08'03" West, 152.50 feet; thence
27. North 48°00'46" West, 87.88 feet; thence
28. North 78°41'24" West, 66.62 feet; thence
29. South 90°00'00" West, 78.39 feet; thence
30. South 79°59'31" West, 112.77 feet; thence
31. South 55°18'17" West, 103.29 feet; thence
32. South 41°11'09" West, 69.44 feet; thence
33. South 21°02'15" West, 90.99 feet; thence
34. South 12°31'43" West, 60.23 feet; thence
35. South 63°26'06" West, 116.85 feet; thence
36. South 06°20'25" East, 177.46 feet; thence
37. South 77°00'20" West, 87.15 feet; thence
38. South 26°33'54" East, 73.03 feet; thence
39. South 27°24'27" West, 198.67 feet; thence
40. South 83°17'25" West, 111.82 feet; thence
41. South 82°24'19" West, 98.85 feet; thence
42. South 90°00'00" West, 19.60 feet; thence

EXHIBIT 'A'

- 43. North 85°14'11" West, 78.66 feet; thence
- 44. South 26°33'55" West, 58.43 feet; thence
- 45. South 11°18'35" West, 66.62 feet; thence
- 46. South 08°07'49" West, 46.19 feet; thence
- 47. South 07°35'41" East, 35.68 feet;

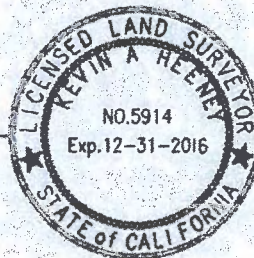
thence parallel with the South line of said Section 34, North 89°50'14" West, 1604.33 feet to the West line of said Section 34 and the lands of the Regents of the University of California; thence along said West line, South 01°07'48" West, 78.67 feet to the **POINT OF BEGINNING**, containing 117.057 acres, more or less.

The Basis of Bearings for this description is the California Coordinate System, NAD 83, Zone 3 as defined on that certain Record of Survey filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26. Distances given herein are grid distances. Multiply the grid distance by 1.000045 to obtain ground distances.

End of Description

This description has been prepared by me or under my direct supervision in connection with the University of California, Merced Campus "2020 Project".


Kevin A. Heeney, PLS 5914



12/23/2015
Date

ATTACHMENT 5

BARBARA J LEVEY

Merced County Clerk – Recorder

CM City of Merced

Doc#: **2016019476**Titles: 1 Pages: 21
Fees NO FEE

* \$ R 0 0 0 0 7 6 0 9 1 \$ *

RECORDING REQUESTED BY:City of Merced, A California charter
municipal corporation**WHEN RECORDED MAIL TO:**City of Merced
678 West 18th Street
Merced, California 95340
Attn.: City ClerkExempt Recording Per Gov't Code
Section 6103

(Above for Recorder's Use Only)

AGREEMENT AFFECTING REAL PROPERTY
AND COVENANT TO ANNEX

This Agreement Affecting Real Property and Covenant to Annex (hereafter "Annexation Agreement") is entered into as of this 14TH day of JUNE 2016, by and between the City of Merced, a California Charter municipal corporation ("City") and The Regents of the University of California, on behalf of the Merced campus ("UCM").

WHEREAS, on March 17, 2003, the City and the UCM entered into that certain Contract for Water and Sewer Services Between The City of Merced and The Regents of the University (the "2003 Agreement") under which the City agreed to provide certain water and sewer services to Phase One of the UCM campus; and,

WHEREAS, as part of the 2003 Agreement, the City and the UCM were required to enter into that certain "Agreement to Annex" (Attachment 5 to the 2003 Agreement) relating to the potential future annexation of the Phase One of the UC Merced Campus to the City of Merced; and,

WHEREAS, on March 17, 2003, the City and the UCM entered into that Agreement to Annex; and,

WHEREAS, the City of Merced subsequently started providing water and sewer services to Phase One of the UCM Campus; and,

WHEREAS, UCM now seeks to develop its Revised 2020 Project in accordance with its Long Range Development Plan and seeks expanded water and sewer services from the City outside of the Phase One of the UCM campus; and,

WHEREAS, the City is willing to continue to provide water and sewer services to Phase One of the UCM campus and to provide expanded water and sewer services for UCM's Revised 2020 Project subject to the provisions of the separately executed Contract for Water, Sewer and Other Services Between The City of Merced and The Regents of the University of California (the "2015 Agreement") and pursuant to the provisions of this Annexation Agreement as long as the UCM, on behalf of itself and its successors-in-interest and assigns, consents to the annexation of the Phase One and the Revised 2020 Project, UCM Campus at such time that the City of Merced submits an application to the Merced County Local Agency Formation Commission ("LAFCO") for the annexation of Phase One, UCM Campus and, the Revised 2020 Project, UCM Campus; and,

WHEREAS, UCM's decision to enter into this Agreement is voluntary and UCM reserves its right to contest the authority of LAFCO to exercise any regulatory authority over property owned by UCM; and,

WHEREAS, consistent with the rights and obligations set forth in this Agreement and the 2015 Agreement, UCM acknowledges that the parties anticipate that Phase One and the Revised 2020 Project areas are planned to be annexed into the City.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, which are incorporated by reference, hereby agree as follows:

Section 1. Effectiveness of Annexation Agreement. This Annexation Agreement is effective as to Phase One of the UCM Campus if the City of Merced is providing water or sewer services to any portion of Phase One. (Phase One is more fully described in Exhibit A and shown on the map in Exhibit B, both of which are attached hereto and incorporated herein by this reference.) This Agreement is effective as to the Revised 2020 Project, UCM Campus if the City of Merced is providing water or sewer services to any portion of the Revised 2020 Project, UCM Campus. (The Revised 2020 Project, UCM Campus is more fully described in Exhibit C and shown on the map in Exhibit D, both of which are attached hereto and incorporated herein by this reference.)

Section 2. Future Annexation to City. As a condition of receiving water and sewer services from the City, and subject to the rights and obligations set forth in this Agreement and in the 2015 Agreement, UCM hereby agrees to the annexation to the City of Phase One and the Revised 2020 Project, UCM Campus. Execution of this Annexation Agreement constitutes an agreement to annex on the terms described herein. Subject to the rights and obligations set forth in this Agreement and in the 2015 Agreement, UCM hereby covenants and binds itself and its successors in interest to annex Phase One and the Revised 2020 Project, UCM Campus to City when the City Council determines that such annexation shall be made. UCM hereby acknowledges that this Annexation Agreement is a request and consent by it to annex the territory constituting Phase One and the Revised 2020 Project, UCM Campus to the City of Merced. Subject to its rights herein, UCM for itself and its successors in interest further agrees not to protest the annexation of said property, either by itself or in combination with other unrelated parcels of land, and hereby now specifically waives the provisions of all sections of law now existing or hereafter to be enacted permitting protests to be filed in annexation proceedings.

Section 3. Notice of Proposed Annexation, Annexation Process, and Termination of this Agreement. Before City submits an application to LAFCO for the annexation of the Phase One and/or Revised 2020 Project, UCM Campus, the City shall deliver to UCM written notice of its intention to commence the annexation proceedings (the "Notice"). The Notice shall contain the following:

- A. A draft of the annexation application that the City intends to file with LAFCO; and,
- B. The proposed plan for services that the City intends to file with LAFCO in support of the application; and,
- C. Any other significant documents that the City intends to file with LAFCO in support of the Application.

Within fifteen (15) days of UCM's receipt of the Notice, City and UCM shall meet and confer regarding the proposed content of the application. If City and UCM cannot meet within said fifteen (15) day period because of UCM's unavailability, the City shall be entitled to file the application with LAFCO without first meeting and conferring. Following the commencement of the annexation proceedings, City and UCM shall reasonably coordinate and cooperate with respect to the annexation proceedings.

Following commencement of the annexation proceedings, UCM or the City may request that the annexation proceeding be terminated by written notice to the other party if either party at any time reasonably concludes, based on substantial evidence, that the approval of the annexation by LAFCO contains any proposed condition, term or other requirement which:

- A. Is contrary to law; or,
- B. Will impose significant and unreasonable costs or other financial burdens on either party (i.e. annual costs greater than two million dollars (\$2,000,000)); or,
- C. Will materially infringe upon either party's lawful powers of governance or organization.

If City and UCM both agree that the proposed LAFCO condition, term or requirement is contrary to law or will impose significant and unreasonable costs as set forth above or will materially infringe upon either party's lawful powers of governance or organization, the parties will reasonably cooperate and request that LAFCO not impose the term, condition or requirement. If LAFCO agrees to not impose the condition(s), term(s) or requirement(s) that City and UCM jointly requested not be imposed, then each party agrees that it will withdraw its request that the annexation proceeding be terminated.

If either party requests that the annexation process be terminated and either party determines, as set forth herein, that any one of the above events specified above as a basis for requesting termination of the annexation proceedings has occurred, both parties shall take all necessary steps to cause the annexation proceedings to be terminated and the resulting failure to annex shall not be deemed a breach of Section 2 of this Annexation Agreement and/or a material breach of the 2015 Agreement. If either party requests that the annexation process be terminated, the parties will within three (3) business days schedule and participate in an informal dispute resolution meeting to discuss actions that each party will take to resolve the concerns expressed by the party requesting that the annexation process be terminated. This meeting shall only be required if it can occur in time for the parties to be able to take all necessary actions to terminate the annexation proceedings before the matter is considered or acted upon by LAFCO.

If, following this informal dispute resolution process, either party still requests that the annexation process be terminated, then either party may request a non-binding mediation between the parties to discuss the proposed condition, term or obligation and actions that each party will take to resolve the concerns expressed by the party requesting termination. The mediator will be selected by mutual consent. If the parties cannot agree on one mediator, the parties shall agree on a list of three qualified mediators and each party may strike one mediator from the list and remaining mediator shall serve as mediator. The parties agree that any proposed annexation process shall be suspended during the time between a request for mediation and the date seven (7) days following the completion of the mediation. In the event that LAFCO does not consent to a continuance of the process to allow time for the mediation, the obligation to mediate shall cease to exist as to either party. The mediation must occur within sixty (60) days of the request for mediation. The parties shall bear their own costs for the mediation and shall each pay fifty (50) percent of the cost of the mediator.

Following completion of the informal dispute resolution process and mediation processes provided for herein or if the informal dispute resolution or the mediation processes did not occur pursuant to the terms hereinabove, the party that requested that the annexation process be terminated shall determine, in its sole discretion, if it continues to request that annexation process be terminated.

In addition, UCM may request that the annexation proceeding be terminated by written notice to the City if prior to the City's submittal of an application to LAFCO for the annexation of Phase One and/or Revised 2020 Project, UCM has paid in full all financial obligations under the 2015 Agreement and no portion of Phase One or the Revised 2020 Project receives water or sewer services from the City as of the date of the City's application to LAFCO for the annexation of Phase One and/or Revised 2020 Project.

Notwithstanding the above, in the event that:

A. The City has not yet completed the annexation of Phase One or the Revised 2020 Project, UCM Campus; and,

B. UCM has notified the City of termination under the provisions of Section 14 of the Water and Sewer Contract; and,

C. UCM has made full satisfactory payment of all then outstanding Project Costs as required in Section 14 of the 2015 Agreement,

then the provisions of this Annexation Agreement, shall be cancelled and annexation shall not be required.

Section 4. UCM Rights to Provide its Own Services Post Annexation. UCM may exercise the rights set forth in Section 14(c)(1) of the 2015 Agreement under the terms outlined in the 2015 Agreement and in the event that:

A. The City has already exercised its rights under this Annexation Agreement and annexed Phase One or the Revised 2020 Project, UCM Campus; and,

B. UCM has notified the City of termination under the provisions of Section 14 of the 2015 Agreement; and,

C. UCM has made full satisfactory payment of all then outstanding Project Costs as required in Section 14 of the 2015 Agreement; and

D. Subject to approvals from regulatory agencies, including but not limited to the Regional Water Quality Control Board,

then City agrees that UCM may provide its own services solely to the Campus, although within the incorporated limits of the City of Merced. Notwithstanding this provision, in

order to protect the public health and safety of the City and its residents, the City reserves all of its rights to oppose UCM providing its own water and/or sewer services through the regulatory process, the CEQA process and/or litigation.

Section 5. Authority to Execute. Each party hereto expressly warrants and represents he/she/they has/have the authority to execute this Annexation Agreement on behalf of his/her/their governmental entity and warrants and represents that he/she/they has/have the authority to bind his/her/their entity to the performance of the obligations hereunder.

Section 6. Recordation of this Agreement. This Agreement shall be recorded with the Merced County Recorder's Office within thirty (30) days of execution thereof.

IN WITNESS WHEREOF, this Annexation Agreement has been
executed by the parties on the day, month, and year first written above.

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

By: *Dorothy Leland*

Chancellor

DOROTHY LELAND

ATTEST:

By: _____

APPROVED AS TO FORM:

CITY OF MERCED

By: *Steven Carrigan*

~~Mayor~~

City Manager

STEVEN CARRIGAN

ATTEST:

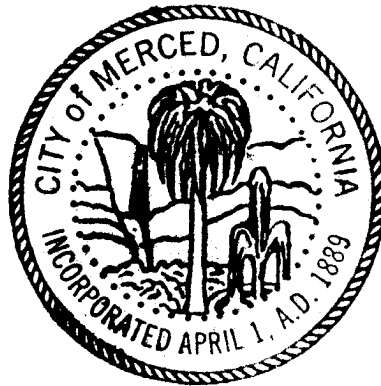
By: *[Signature]*

City Clerk

APPROVED AS TO FORM:

Kenneth Rozell 6/14/16

City Attorney



2527397.4

300133

FUNDS/ACCOUNTS VERIFIED

Rodney R. Hunt 6-14-16

FUNDING OFFICE

DATE

No funds to encumber. uuz

6/14/16 *HR*

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.

ATTACHMENT 2--Page 53

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

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 MercedOn June 14, 2016 before me, Dawn Mendonca, Notary Public

Date

Here Insert Name and Title of the Officer

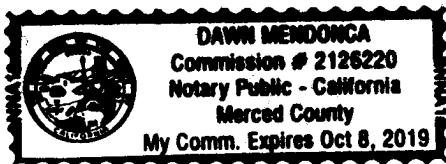
personally appeared Steven S. CARRIGAN

Name(s) of Signer(s)

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 Dawn Mendonca
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: _____

Signer Is Representing: _____

Signer's Name: _____

☐ Corporate Officer — Title(s): _____☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: _____

Signer Is Representing: _____

Exhibit A

Legal Description of Phase One of the UCM Campus

EXHIBIT 'A'

University of California, Merced Boundary of the Phase 1 Project Area

All that real property situate in the County of Merced, State of California, lying and being within Section 34, Township 6 South, Range 14 East, M.D.M., being a portion of the lands granted to the Regents of the University of California, a California public corporation in that certain grant deed filed in the office of the County Recorder of Merced County as Document No. 2002-012594 and as shown on that certain Record of Survey for the "University of California Merced Campus", filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26 and further being a portion of Parcels 1, 2, and 3, as shown on that certain Parcel Map for "Merced Community Golf Association, being a Division of Parcel 2 according to Parcel Map for Merced County Board of Education as Trustee of the Testamentary Trust of Virginia Smith Book 59 Parcel Maps, Page 1 M.C.R.", filed in the office of the County Recorder of Merced County in Book 83 of Parcel Maps, Pages 9-12 and being more particularly described as follows:

COMMENCING at a 2" iron pipe set in a monument well and accepted as the Southwest corner of said Section 34 as shown on said Record of Survey; thence along the West line of said lands of the Regents of the University of California, North 01°07'48" East, 78.67 feet to the true **POINT OF BEGINNING**; thence continuing along the West and Northwesterly line of said lands of the Regents of the University of California, being also the West and Northwesterly line of said Parcel 2 as shown in Book 59 of Parcel Maps, Page 1 the following eight (8) courses:

1. North 01°07'48" East, 792.89 feet; thence
2. North 55°13'43" East, 243.36 feet; thence
3. North 72°47'31" East, 822.80 feet; thence
4. North 54°05'52" East, 159.13 feet; thence
5. North 35°48'37" East, 372.62 feet; thence
6. North 48°18'50" East, 373.01 feet; thence
7. South 41°40'18" East, 52.28 feet; thence
8. North 49°00'21" East, 289.69 feet; thence

leaving said Northwesterly line and running in a generally Easterly direction the following nine (9) courses:

1. North 79°06'27" East, 286.58 feet; thence
2. North 62°23'58" East, 442.11 feet; thence
3. North 84°18'16" East, 479.34 feet; thence
4. South 69°05'09" East, 232.10 feet; thence
5. North 89°09'17" East, 128.81 feet; thence
6. North 75°29'52" East, 197.31 feet; thence
7. North 36°52'26" East, 16.33 feet; thence
8. South 87°30'48" East, 32.30 feet; thence
9. South 63°30'55" East, 440.18 feet;

thence running in a generally Southerly and Westerly direction along the following forty seven (47) courses:

1. South 05°11'40" West, 74.10 feet; thence

EXHIBIT 'A'

2. South 23°21'25" East, 40.08 feet; thence
3. South 63°26'06" West, 24.62 feet; thence
4. South 00°00'00" West, 65.32 feet; thence
5. South 45°00'01" West, 27.71 feet; thence
6. South 86°18'31" West, 202.92 feet; thence
7. South 65°53'52" West, 271.94 feet; thence
8. South 63°26'04" West, 29.21 feet; thence
9. South 59°02'10" West, 38.09 feet; thence
10. South 07°07'30" West, 52.67 feet; thence
11. South 09°27'45" East, 39.73 feet; thence
12. South 08°07'48" East, 46.19 feet; thence
13. South 29°03'17" East, 67.25 feet; thence
14. South 45°00'00" West, 157.05 feet; thence
15. South 87°42'34" West, 163.44 feet; thence
16. South 59°02'11" West, 76.18 feet; thence
17. South 70°20'46" West, 97.11 feet; thence
18. South 60°15'18" West, 52.67 feet; thence
19. South 45°00'00" West, 36.95 feet; thence continuing
20. South 45°00'00" West, 46.19 feet; thence
21. South 54°27'44" West, 56.19 feet; thence
22. South 28°36'38" West, 81.85 feet; thence
23. South 11°18'36" West, 33.31 feet; thence
24. South 03°34'35" West, 104.72 feet; thence
25. South 36°52'12" West, 65.32 feet; thence
26. South 80°08'03" West, 152.50 feet; thence
27. North 48°00'46" West, 87.88 feet; thence
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32. South 41°11'09" West, 69.44 feet; thence
33. South 21°02'15" West, 90.99 feet; thence
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35. South 63°26'06" West, 116.85 feet; thence
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37. South 77°00'20" West, 87.15 feet; thence
38. South 26°33'54" East, 73.03 feet; thence
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40. South 83°17'25" West, 111.82 feet; thence
41. South 82°24'19" West, 98.85 feet; thence
42. South 90°00'00" West, 19.60 feet; thence
43. North 85°14'11" West, 78.66 feet; thence
44. South 26°33'55" West, 58.43 feet; thence
45. South 11°18'35" West, 66.62 feet; thence
46. South 08°07'49" West, 46.19 feet; thence
47. South 07°35'41" East, 35.68 feet;

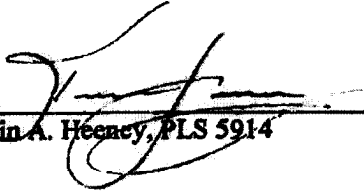
EXHIBIT 'A'


thence parallel with the South line of said Section 34, North 89°50'14" West, 1604.33 feet to the POINT OF BEGINNING, containing 102.001 acres, more or less.

The Basis of Bearings for this description is the California Coordinate System, NAD 83, Zone 3 as defined on that certain Record of Survey filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26. Distances given herein are grid distances. Multiply the grid distance by 1.000045 to obtain ground distances.

End of Description

This description has been prepared by me or under my direct supervision in connection with the University of California, Merced Campus "Phase 1 Project".


Kevin A. Heeney, PLS 5914

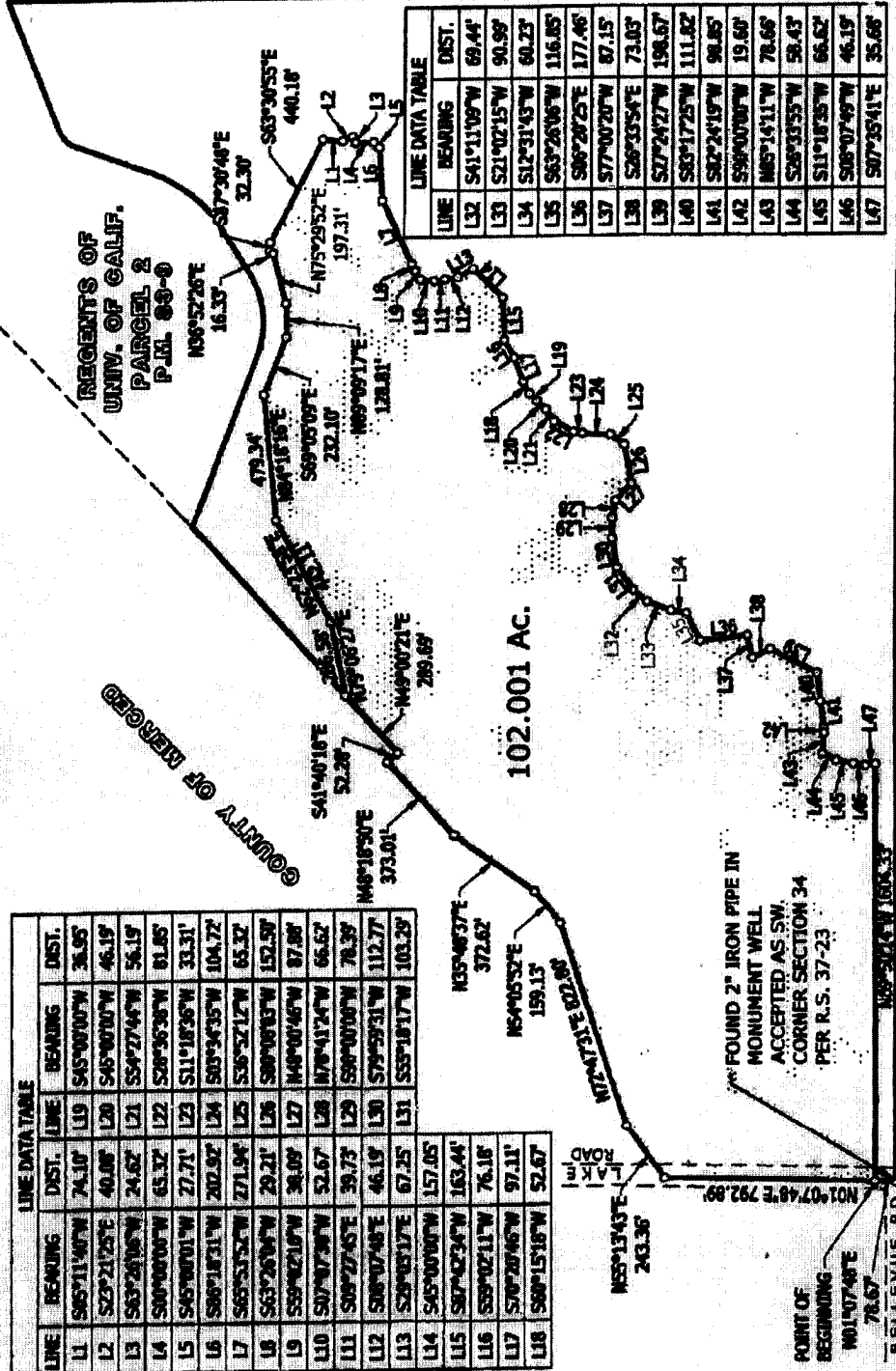


12/23/2016
Date

Exhibit B

Map of Phase One of the UCM Campus

REGENTS OF THE UNIVERSITY OF CALIFORNIA



Plat to Accompany Legal Description	12/23/2015	DRAWN BY: KAH	SHEET 1 of 1
	SCALE 1"=600'	JOB NO. 13-026-001	
PHASE 1 CAMPUS BOUNDARY			
UNIVERSITY OF CALIFORNIA, MERCED			
OWNER: Regents of the University of California			
cta Engineering & Surveying			
DATE: 12/23/2015			

BEING A PORTION OF PARCELS 1, 2 & 3 OF PARCEL MAP BK. 83, PG. 9

LYING WITHIN SECTION 34, T. 6 S., R. 14 E., M.D.M.

COUNTY OF MERCED STATE OF CALIFORNIA

Exhibit C

Legal Description of Revised 2020 Project, UCM Campus

[A legal description consistent with the exterior boundaries of the Revised 2020 Project, UCM attached as Exhibit D will be prepared and attached prior to the effective date of the "Amended and Restated Contract for Water, Sewer and Other Services Between The City of Merced and The Regents of the University of California."]

EXHIBIT 'A'

University of California, Merced Boundary of the 2020 Project Area

All that real property situate in the County of Merced, State of California, lying and being within Section 34, Township 6 South, Range 14 East, M.D.M., being a portion of the lands granted to the Regents of the University of California, a California public corporation in that certain grant deed filed in the office of the County Recorder of Merced County as Document No. 2002-012594 and as shown on that certain Record of Survey for the "University of California Merced Campus", filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26 and further being a portion of Parcels 1, 2, and 3, as shown on that certain Parcel Map for "Merced Community Golf Association, being a Division of Parcel 2 according to Parcel Map for Merced County Board of Education as Trustee of the Testamentary Trust of Virginia Smith Book 59 Parcel Maps, Page 1 M.C.R.", filed in the office of the County Recorder of Merced County in Book 83 of Parcel Maps, Pages 9-12 and being more particularly described as follows:

BEGINNING at a 2" iron pipe set in a monument well and accepted as the Southwest corner of said Section 34 as shown on said Record of Survey; thence along the South line of said lands of the Regents of the University of California, being also the South line of said Section 34, South 89°50'14" East, 4540.28 feet; thence leaving said South line, North 00°00'09" West, 3328.83 feet to the approximate centerline of an existing canal; thence along the approximate centerline of said canal the following seven (7) courses:

1. South 68°28'36" West, 529.68 feet; thence
2. along the arc of a curve to the left, having a radius of 100.00 feet, the chord of which bears South 44°31'14" West, 81.21 feet; thence
3. South 20°33'52" West, 311.34 feet; thence
4. along the arc of a curve to the right, having a radius of 500.00 feet, the chord of which bears South 39°29'03" West, 324.24 feet; thence
5. South 58°24'14" West, 209.79 feet; thence
6. along the arc of a curve to the right, having a radius of 365.00 feet, the chord of which bears South 84°19'10" West, 319.04 feet; thence
7. North 69°45'54" West, 688.80 feet to a point on the Northwesterly line of said Regents of the University of California land; thence

along said Northwesterly line the following two (2) courses:

1. South 46°18'50" West, 83.50 feet; thence
2. South 49°00'21" West, 781.81 feet; thence

leaving said Northwesterly line and running in a generally Easterly direction the following nine (9) courses:

1. North 79°06'27" East, 286.58 feet; thence
2. North 62°23'58" East, 442.11 feet; thence
3. North 84°18'16" East, 479.34 feet; thence
4. South 69°05'09" East, 232.10 feet; thence
5. North 89°09'17" East, 128.81 feet; thence
6. North 75°29'52" East, 197.31 feet; thence
7. North 36°52'26" East, 16.33 feet; thence

EXHIBIT 'A'

8. South 87°30'48" East, 32.30 feet; thence
9. South 63°30'55" East, 440.18 feet;
thence running in a generally Southerly and Westerly direction along the following forty seven (47) courses:

1. South 05°11'40" West, 74.10 feet; thence
2. South 23°21'25" East, 40.08 feet; thence
3. South 63°26'06" West, 24.62 feet; thence
4. South 00°00'00" West, 65.32 feet; thence
5. South 45°00'01" West, 27.71 feet; thence
6. South 86°18'31" West, 202.92 feet; thence
7. South 65°53'52" West, 271.94 feet; thence
8. South 63°26'04" West, 29.21 feet; thence
9. South 59°02'10" West, 38.09 feet; thence
10. South 07°07'30" West, 52.67 feet; thence
11. South 09°27'45" East, 39.73 feet; thence
12. South 08°07'48" East, 46.19 feet; thence
13. South 29°03'17" East, 67.25 feet; thence
14. South 45°00'00" West, 157.05 feet; thence
15. South 87°42'34" West, 163.44 feet; thence
16. South 59°02'11" West, 76.18 feet; thence
17. South 70°20'46" West, 97.11 feet; thence
18. South 60°15'18" West, 52.67 feet; thence
19. South 45°00'00" West, 36.95 feet; thence continuing
20. South 45°00'00" West, 46.19 feet; thence
21. South 54°27'44" West, 56.19 feet; thence
22. South 28°36'38" West, 81.85 feet; thence
23. South 11°18'36" West, 33.31 feet; thence
24. South 03°34'35" West, 104.72 feet; thence
25. South 36°52'12" West, 65.32 feet; thence
26. South 80°08'03" West, 152.50 feet; thence
27. North 48°00'46" West, 87.88 feet; thence
28. North 78°41'24" West, 66.62 feet; thence
29. South 90°00'00" West, 78.39 feet; thence
30. South 79°59'31" West, 112.77 feet; thence
31. South 55°18'17" West, 103.29 feet; thence
32. South 41°11'09" West, 69.44 feet; thence
33. South 21°02'15" West, 90.99 feet; thence
34. South 12°31'43" West, 60.23 feet; thence
35. South 63°26'06" West, 116.85 feet; thence
36. South 06°20'25" East, 177.46 feet; thence
37. South 77°00'20" West, 87.15 feet; thence
38. South 26°33'54" East, 73.03 feet; thence
39. South 27°24'27" West, 198.67 feet; thence
40. South 83°17'25" West, 111.82 feet; thence
41. South 82°24'19" West, 98.85 feet; thence
42. South 90°00'00" West, 19.60 feet; thence

EXHIBIT 'A'

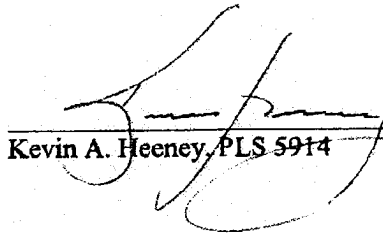
- 43. North 85°14'11" West, 78.66 feet; thence
- 44. South 26°33'55" West, 58.43 feet; thence
- 45. South 11°18'35" West, 66.62 feet; thence
- 46. South 08°07'49" West, 46.19 feet; thence
- 47. South 07°35'41" East, 35.68 feet;

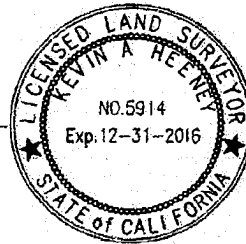
thence parallel with the South line of said Section 34, North 89°50'14" West, 1604.33 feet to the West line of said Section 34 and the lands of the Regents of the University of California; thence along said West line, South 01°07'48" West, 78.67 feet to the **POINT OF BEGINNING**, containing 117.057 acres, more or less.

The Basis of Bearings for this description is the California Coordinate System, NAD 83, Zone 3 as defined on that certain Record of Survey filed in the office of the County Recorder of Merced County in Book 37 of Surveys, Pages 23-26. Distances given herein are grid distances. Multiply the grid distance by 1.000045 to obtain ground distances.

End of Description

This description has been prepared by me or under my direct supervision in connection with the University of California, Merced Campus "2020 Project".


Kevin A. Heeney, PLS 5914



12/23/2015
Date

Exhibit D

Map of Revised 2020 Project, UCM Campus –
Illustrative of Boundaries of Revised 2020 Project, UCM Campus Only

ATTACHMENT 6

Attachment 6

October 17, 2003 FINAL DRAFT

PERMANENT FINANCING
CAPITAL FACILITIES FEE AGREEMENT

Dated as of October 1, 2003

By and Between

CITY OF MERCED, CALIFORNIA

and

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

This Permanent Financing Capital Facilities Fee Agreement, dated as of October 1, 2003 (the "Agreement"), is entered into by and between the City of Merced, California (the "City"), and The Regents of the University of California ("The Regents").

WITNESSETH:

WHEREAS, The Regents are establishing a tenth campus of the University of California in the vicinity of the City ("UCM") the first phase of which (the "Phase One UCM Campus") is described in Exhibit A hereto and is expected to be operational on or before September 30, 2005;

WHEREAS, The Regents have requested that the City provide water and sewer services to the Phase One UCM Campus;

WHEREAS, the City is willing to provide water and sewer services to the Phase One UCM Campus pursuant to the terms of a Contract for Water and Sewer Services dated as of March 17, 2003, by and between the City and The Regents (the "Service Contract"), but in order for the City to provide such services it will have to construct the Facilities described in Exhibit B hereto (the "Facilities");

WHEREAS, the City has received a commitment for construction financing from County Bank in an amount not exceed nine million dollars (\$9,000,000) for Project Costs;

WHEREAS, the City and County Bank have entered into certain loan documents ("County Bank loan documents") which provide for County Bank to loan the City up to nine million dollars (\$9,000,000) for the construction of the Facilities which loan shall be secured by an Interim Financing Capital Facilities Fee Agreement ("Interim Financing CFFA") similar to this Agreement;

WHEREAS, this Agreement shall not be effective absent a release by County Bank of the Interim Financing CFFA, such signed release constituting Exhibit D hereto;

WHEREAS, the City now desires to obtain from the California Infrastructure and Economic Development Bank (the "CIEDB") permanent financing in an aggregate amount of nine million dollars (\$9,000,000) for the Project Costs;

WHEREAS, to such end, the City has concurrently herewith entered into an Enterprise Fund Installment Sale Agreement with the CIEDB (the "Installment Sale Agreement") pursuant to which, among other things, the City has agreed to convey the Facilities to the CIEDB upon the completion thereof in accordance with the terms of the Installment Sale Agreement, to repurchase them from the CIEDB and, in connection therewith, to pay to the CIEDB (in addition to the other amounts provided for in the Installment Sale Agreement) installment payments on the dates and in the amounts specified in Exhibit E to the Installment Sale Agreement plus "additional payments" as specified in Section 2.04(f) of the Installment Sale Agreement (collectively, the "ISA Payments") which the CIEDB may apply, along with certain other revenues, to the payment of debt service on bonds issued or to be issued by it to finance various projects including, but not limited to, the Facilities (the "Bonds");

WHEREAS, the CIEDB's execution and delivery of the Installment Sale Agreement is

conditioned, among other things, upon its receipt of a fully executed copy of this Agreement;

WHEREAS, the Facilities will be used primarily to provide water and sewer services to the Phase One UCM Campus, and may also, in accordance with the terms of the Service Contract, provide services to third parties on non-preferential terms, and upon normal rates and charges, in accordance with the Merced Municipal Code, but only if such use will not result in the inclusion of interest on the Bonds in gross income for California and federal income tax purposes;

WHEREAS, Section 54999.3 of the Government Code of the State of California permits a public agency such as the City to impose a capital facilities fee on The Regents if the amount of such capital facilities fee has been agreed to by the public agency and The Regents through negotiations entered into by both parties;

WHEREAS, the City and The Regents have heretofore entered into negotiations concerning the imposition by the City of a capital facilities fee on The Regents to pay the costs incurred by the City in connection with the Facilities, as represented by the ISA Payments, and the City and The Regents agree that (i) such a fee, in an aggregate amount equal to the aggregate amount of the ISA Payments, payable in the amounts and on the dates specified in the schedule attached hereto as Exhibit C (the "Capital Facilities Fee"), is an appropriate fee to be so imposed, (ii) the City has the legal authority to impose the Capital Facilities Fee on The Regents and (iii) subject to the provisions of this Agreement and the Service Contract, The Regents have accepted the responsibility to pay the Capital Facilities Fee; and

WHEREAS, The Regents desire to enter into this Agreement to provide for the payment by The Regents to the City of the Capital Facilities Fee;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the parties hereto do agree as follows:

Section 1. Representations and Warranties.

(a) Representations and Warranties of The Regents. The Regents represent and warrant to the City that:

- (i) The recitals set forth above are true and correct;
- (ii) As of the date of this Agreement, The Regents has requisite right, power and authority to enter into this Agreement;
- (iii) As of the date of this Agreement, all authorizations, approvals, licenses, consents and orders of any governmental authority or agency having jurisdiction of the matter that would constitute a condition precedent to, or the absence of which would materially and adversely affect, the execution of this Agreement by The Regents and the performance by The Regents of its obligations under this Agreement (other than the appropriation by the State of California (the "State") of the money necessary to pay the Capital Facilities Fee) have been obtained; and

(iv) This Agreement constitutes the legal, valid and binding obligation of The Regents enforceable in accordance with its terms.

(b) Representations and Warranties of the City. The City represents and warrants to The Regents that:

- (i) The recitals set forth above are true and correct;
- (ii) As of the date of this Agreement, the City has requisite right, power and authority to enter into this Agreement;
- (iii) As of the date of this Agreement, all authorizations, approvals, licenses, consents and orders of any governmental authority or agency having jurisdiction of the matter that would constitute a condition precedent to, or the absence of which would materially and adversely affect, the execution of this Agreement by the City and the performance by the City of its obligations under this Agreement have been obtained or, in the case of the encroachment permit to be issued by Merced County, will be obtained prior to commencement of construction of the Facilities; and

(iv) This Agreement constitutes the legal, valid and binding obligation of the City enforceable in accordance with its terms.

Section 2. Capital Facilities Fee. Subject to the City's delivery of the notice of completion provided for in the Installment Sale Agreement (the "Notice of Completion"), and receipt by the parties of the Exhibit D County Bank release, The Regents shall pay to the City the Capital Facilities Fee in the amounts and on the dates specified in the schedule attached hereto as Exhibit C, provided that The Regents shall not be required to make the first such payment until at least five (5) days after the City's delivery of the Notice of Completion. The City covenants that it will use such payments to make payments to the CIEDB under the Installment Sale Agreement, and The Regents understand that such payments may be used by the CIEDB to pay debt service on the Bonds. Moreover, the determination by the CIEDB as to the use of the Capital Facilities Fee shall not change the amount or timing thereof, except that portion of the Capital Facilities Fee representing optional prepayment. All payments made by The Regents on account of the Capital Facilities Fee shall be deposited by the City in the University Capital Charge Fund, and once such payments have been made by The Regents, The Regents' obligation to pay such part of the Capital Facility Fee shall be deemed immediately fulfilled.

To the extent that other users along the corridor of the Project connect to and receive City water and sewer service from the Project, the City shall collect fees or charges from third party users ("Connection Fees") and shall immediately deposit all Connection Fees, without offsets or deductions of any kind, into the University Capital Charge Fund held by the City. The City shall not extend any discounts or fee waivers to such third party Project users, and the Connection Fees shall in no event be less than amounts charged to third party users which connect to the City water and sewer systems during the same fiscal year, unless the City pays the amount of any discount or fee waiver to the University Capital Charge Fund at the time otherwise due for the payment of the Connection Fees. The City agrees to amend the Municipal Code so that The Regents shall be entitled to receive credit in determining the Capital Facilities Fees for any

Connection Fees paid into the University Capital Charge Fund within thirty (30) years of the date of this Agreement:

Within thirty (30) days of the deposit of any Connection Fees in the University Capital Charge Fund, the City shall provide to The Regents a Notice of Modified Schedule of Payments due to the City hereunder. The Notice of Modified Schedule of Payments shall be computed in accordance with Section 5(f) of the Service Contract. Such Notice of Modified Schedule of Payments shall provide for an immediate credit against The Regent's obligations under this Agreement in the amount of such deposit of any Connection Fees on a dollar for dollar basis until the full amount of such deposit has been so credited. Interest earned on funds in the University Capital Charge Fund shall accrue to and remain in the University Capital Charge Fund.

Section 3. Covenants of The Regents.

(a) Request for Funds, Budgets and Appropriations. The Regents shall take all such actions as may be necessary to include the Capital Facilities Fee due under this Agreement for each fiscal year in its annual budget. The Regents will furnish to each of the City and the CIEDB a copy of each such annual budget within thirty (30) days after the adoption thereof by The Regents, with a reference to the portion thereof that contains the appropriation to pay the Capital Facilities Fee payable hereunder in such fiscal year.

(b) Tax Exemption of Bonds.

(1) The Regents shall not permit the water or sewer service furnished to the Phase One UCM Campus to be used in a manner which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Tax Code and specifically shall not allow either such service to be used in the trade or business of any "non-governmental person," as defined in Treasury Regulations Section 1.141-1(b), other than in their roles as members of the general public. This restriction is in addition to any other restriction on water or sewer service contained in the Service Contract.

(2) Absent an opinion of nationally recognized bond counsel acceptable to CIEDB that the exclusion from gross income of interest on any Bonds will not be adversely affected for federal income tax purposes, all output received by The Regents with respect to the Project will be used for the general purposes of The Regents and not for resale to another person or entity.

(c) Duties Imposed by Law. The covenants on the part of The Regents herein contained shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of The Regents to take such action and do such things as are required by law in the performance of the official duty of such officials to enable The Regents to carry out and perform the agreements and covenants in this Agreement agreed to be carried out and performed by The Regents.

(d) Continuing Disclosure. Upon the request of the City, The Regents covenant to furnish the following data to the CIEDB in order to enable any underwriter to comply with Rule

15c2-12(b)(5) of the Securities and Exchange Commission in connection with the Bonds secured by the Installment Sales Agreement:

(1) The audited financial statements of the Regents for the prior fiscal year (presently June 30), prepared in accordance with generally accepted accounting principles applicable to public colleges and universities. If such audited financial statements are not available by seven months after the end of the fiscal year for The Regents, The Regents shall provide unaudited financial statements in a format that complies with current Generally Accepted Accounting Principles and the audited financial statements shall be provided when such financial statements become available.

Section 4. Obligation in the Event of Default.

(a) Written Demand. Upon failure of The Regents to (i) make any payment in full when due under this Agreement or (ii) perform any other obligation hereunder, the City shall make written demand upon The Regents. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but The Regents commence remedial action within such thirty (30) day period and diligently pursue such remedial action to completion, such failure shall not constitute a default hereunder.

(b) Remedies Upon Default. Upon the failure of The Regents to make any payment within thirty (30) days from the date of the City's written demand, the City may give notice of termination of the Service Contract insofar as the same entitles The Regents to receive water and/or sewer service through the Facilities. Such notice shall be effective within thirty (30) days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, The Regents shall remain liable to the City to pay the full amount of the Capital Facilities Fee as provided for herein.

(c) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of a default under this Agreement, the City shall be entitled to proceed to protect and enforce the rights vested in the City by this Agreement by such appropriate judicial proceeding as the City shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in the City by this Agreement or by law. The provisions of this Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(d) CIEDB Is Third Party Beneficiary. The City and The Regents agree that the CIEDB shall have the right, as a third party beneficiary of this Agreement, to initiate and maintain suit to enforce this Agreement to the fullest extent allowable under applicable law.

(e) The Regents' Termination Rights. Nothing in the foregoing shall be deemed to limit The Regents' termination right set forth in Section 14(b) of the Service Contract, and on termination of the Service Contract thereunder, this Agreement shall automatically terminate on the same date.

Section 5. Amounts Remaining in University Capital Charge Fund. Following the City's payment in full of all amounts due under the Installment Sale Agreement, any amounts remaining in the University Capital Charge Fund shall be paid to The Regents.

Section 6. Term. The term of this Agreement shall continue until the date on which all amounts due under the Installment Sale Agreement have been paid in full.

Section 7. Assignment. The City may pledge and assign to the CIEDB or any trustee for Bonds, all or any portion of the payments received under this Agreement from The Regents and the City's other rights and interests under this Agreement.

Section 8. Miscellaneous.

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. No counterpart shall be deemed to be an original or presumed delivered unless and until each party is in possession of the counterpart executed by the other party.

(d) Governing Law; Venue. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall be filed and maintained in Sacramento County, California.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by telefacsimile or teletype, and such notices shall be addressed as follows:

If to the City: City of Merced
 678 West 18th Street
 Merced, CA 95430
 Attn: City Manager, with a copy to the City Attorney

If to The Regents: UCM-Vice Chancellor-Administration
 P.O. Box 2039
 Merced, California 95344

With a copy to The Regents of the University of California
1111 Franklin Street, 8th Floor
Oakland, CA 94607
Attn: Office of the General Counsel

If to the CIEDB: California Infrastructure and Economic Development Bank
1102 Q Street, Suite 6000
Sacramento, California 95814
Attn: Credit Support Manager
CIEDB #03-043

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f) Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof. This acknowledgement pertains solely to the matters covered hereunder. It is understood and agreed by the parties that the Service Contract is also an agreement between the parties.

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

(h) Conflict with Service Contract. In the event of any inconsistency between the provisions of this Agreement and the provisions of any other agreement between the City and The Regents, including but not limited to the Service Contract, the provisions of this Agreement shall prevail; and no provision of this Agreement or any other agreement between the City and The Regents shall be construed as permitting The Regents to take any action or to omit to take any action if the effect thereof would be to prevent or to limit in any way the right of the City to receive payment of the Capital Facilities Fee.

(i) Assignment prohibition. Except as provided in Section 7 of this Agreement, neither the City nor The Regents shall assign its rights or responsibilities hereunder without the prior written approval of the other party and CIEDB, which approval shall not unreasonably be withheld.

(j) Inspection and copies.

(1) The City agrees that The Regents or its designees may inspect the City's records and accounts pertaining to the Capital Facilities Fee at all times during business hours.

(2) The City shall provide to The Regents at the same time it provides to CIEDB the audited financing statements and annual certificate required pursuant to Sections 5.03(b) and (c) of the Installment Sale Agreement.

(k) The City to Perform Under Installment Sale Agreement and Indemnify The Regents. City covenants to timely perform all of its obligations under the Installment Sales Agreement and shall indemnify, except as to any claim, loss, or demand resulting from the Regents failure to timely make required payments, The Regents for all claims, losses, damages or expenses which may arise from or be connected in any way with City's failure to perform such obligations, including, without limitation, any payment which may be imposed under the provisions of Section 2.04(f)(2) of the Installment Sales Agreement. The City and The Regents agree that any claim to indemnity is outside the provisions of this Agreement and no rights to indemnity shall result in any offsets or deductions of any kind hereunder.

(l) Effectiveness. This Agreement shall only be effective upon compliance with all conditions to The Regents' obligations to make payment under Section 2 hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

CITY OF MERCED

By: William H. Cabell
Assistant
Its: City Manager (Acting)

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA

By: [Signature]
Its: Vice Chancellor Administration
Univ of California, Merced

APPROVED AS TO FORM:

[Signature]
GREGORY G. DIAZ
City Attorney

Exhibit A
Description of Phase One of UCM Campus

Location: Phase One of the UC Merced Campus ("Phase One UCM Campus") will be sited on a portion of an existing golf course that was built on the southwest corner of the Virginia Smith Trust lands in 1994. Approximately one-half of the existing golf course site is available for Phase One development.

Infrastructure: The Phase One UCM Campus will accommodate all of the buildings needed by the campus to commence the opening of the campus through the 2007/2008 academic year.

On opening day in 2004, the campus is expected to include the following:

- 120,000 square foot library and information technology center.
- 100,000 square foot science and engineering building.
- 60,000 square foot humanities, arts and social sciences building.
- 20,000 square foot central plant to provide for the heating and cooling needs of the campus.
- Housing for approximately 600 students.
- Food service facilities for use by resident and commuter communities.
- Recreational and athletic facilities to meet the needs of the students in these first years of campus operations.
- Temporary and permanent parking facilities.
- Roads, bridges and utility systems to make the campus interconnected.

By the 2007/2008 academic year, the campus will include these additional elements:

- A 67,000 square foot science and engineering building to augment the original facility.
- A 60,000 square foot social sciences building.
- A 20,000 square foot logistics and support building to house healthcare, safety, maintenance, mail and distribution, purchasing and materials management functions.
- Additional recreational and athletic facilities, student housing for 1,600 students and permanent parking.

Exhibit B
Description of Facilities

Water. The Facilities include a sixteen (16) inch water line extended northerly from the present terminus of the City water lines, in North G Street near Cormorant Drive. This water line shall be extended north in G Street to Bellevue Road, and then east along Bellevue Road to a connection point near the boundary of the Phase One UCM Campus near the intersection of Bellevue and Lake Roads.

The City water line shall connect to the Phase One UCM Campus water system through a metered connection, and thence to a UCM storage tank, located on Phase One UCM Campus near the corner of Bellevue and Lake Roads. Said storage tank shall be constructed and owned by UCM as part of its distribution system and the City shall have no maintenance responsibility for the tank. The City water supply line shall discharge to the UCM storage tank through an air gap or double check valve assembly so that the City and UCM water distribution systems are separate from an operational standpoint. UCM shall provide its own on-campus water booster pump to maintain adequate pressures, and such pump shall not be provided as part of this Facilities. A City well shall be located on the UCM campus, and the well site shall be dedicated to the City at no additional charge or cost by The Regents, including value of the real property so dedicated. However, the well is not part of the Facilities nor considered part of Project Costs, but will be developed at the City's expense.

Sewer. The Facilities include a sanitary sewer line to be extended northerly from the present terminus of the City sewer lines, in North G Street near Cormorant Drive. The size of the line at its current terminus is twenty-seven (27) inches. A twenty-seven (27) inch sewer line shall be extended north in G Street to Cardella Road; the line becomes twenty-four (24) inches from Cardella Road to a point on Bellevue Road approximately 2,300 feet east of North G Street, and shall then be twenty-one (21) inches in size along Bellevue Road to a connection point near the boundary of the UCM Campus near the intersection of Bellevue and Lake Roads.

Exhibit C
Capital Facilities Fee

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-May-2004	\$9,000,000						
1-Aug-2004	\$9,000,000		\$71,325	\$71,325	\$27,000	\$98,325	
1-Feb-2005	\$9,000,000		\$142,650	\$142,650		\$142,650	\$240,975
1-Aug-2005	\$8,965,000	\$35,000	\$142,650	\$177,650	\$27,000	\$204,650	
1-Feb-2006	\$8,965,000		\$142,095	\$142,095		\$142,095	\$346,745
1-Aug-2006	\$8,890,000	\$75,000	\$142,095	\$217,095	\$26,895	\$243,990	
1-Feb-2007	\$8,890,000		\$140,907	\$140,907		\$140,907	\$384,897
1-Aug-2007	\$8,790,000	\$100,000	\$140,907	\$240,907	\$26,670	\$267,577	
1-Feb-2008	\$8,790,000		\$139,322	\$139,322		\$139,322	\$406,898
1-Aug-2008	\$8,665,000	\$125,000	\$139,322	\$264,322	\$26,370	\$290,692	
1-Feb-2009	\$8,665,000		\$137,340	\$137,340		\$137,340	\$428,032
1-Aug-2009	\$8,540,000	\$125,000	\$137,340	\$262,340	\$25,995	\$288,335	
1-Feb-2010	\$8,540,000		\$135,359	\$135,359		\$135,359	\$423,694
1-Aug-2010	\$8,350,000	\$190,000	\$135,359	\$325,359	\$25,620	\$350,979	
1-Feb-2011	\$8,350,000		\$132,348	\$132,348		\$132,348	\$483,327
1-Aug-2011	\$8,150,000	\$200,000	\$132,348	\$332,348	\$25,050	\$357,398	
1-Feb-2012	\$8,150,000		\$129,178	\$129,178		\$129,178	\$486,575
1-Aug-2012	\$7,925,000	\$225,000	\$129,178	\$354,178	\$24,450	\$378,628	
1-Feb-2013	\$7,925,000		\$125,611	\$125,611		\$125,611	\$504,239
1-Aug-2013	\$7,700,000	\$225,000	\$125,611	\$350,611	\$23,775	\$374,386	
1-Feb-2014	\$7,700,000		\$122,045	\$122,045		\$122,045	\$496,431
1-Aug-2014	\$7,450,000	\$250,000	\$122,045	\$372,045	\$23,100	\$395,145	
1-Feb-2015	\$7,450,000		\$118,083	\$118,083		\$118,083	\$513,228
1-Aug-2015	\$7,175,000	\$275,000	\$118,083	\$393,083	\$22,350	\$415,433	
1-Feb-2016	\$7,175,000		\$113,724	\$113,724		\$113,724	\$529,156
1-Aug-2016	\$6,875,000	\$300,000	\$113,724	\$413,724	\$21,525	\$435,249	
1-Feb-2017	\$6,875,000		\$108,969	\$108,969		\$108,969	\$544,218
1-Aug-2017	\$6,575,000	\$300,000	\$108,969	\$408,969	\$20,625	\$429,594	
1-Feb-2018	\$6,575,000		\$104,214	\$104,214		\$104,214	\$533,808
1-Aug-2018	\$6,250,000	\$325,000	\$104,214	\$429,214	\$19,725	\$448,939	
1-Feb-2019	\$6,250,000		\$99,063	\$99,063		\$99,063	\$548,001
1-Aug-2019	\$5,925,000	\$325,000	\$99,063	\$424,063	\$18,750	\$442,813	
1-Feb-2020	\$5,925,000		\$93,911	\$93,911		\$93,911	\$536,724
1-Aug-2020	\$5,575,000	\$350,000	\$93,911	\$443,911	\$17,775	\$461,686	
1-Feb-2021	\$5,575,000		\$88,364	\$88,364		\$88,364	\$550,050
1-Aug-2021	\$5,225,000	\$350,000	\$88,364	\$438,364	\$16,725	\$455,089	
1-Feb-2022	\$5,225,000		\$82,816	\$82,816		\$82,816	\$537,905
1-Aug-2022	\$4,850,000	\$375,000	\$82,816	\$457,816	\$15,675	\$473,491	

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Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Feb-2023	\$4,850,000		\$76,873	\$76,873		\$76,873	\$550,364
1-Aug-2023	\$4,475,000	\$375,000	\$76,873	\$451,873	\$14,550	\$466,423	
1-Feb-2024	\$4,475,000		\$70,929	\$70,929		\$70,929	\$537,351
1-Aug-2024	\$4,075,000	\$400,000	\$70,929	\$470,929	\$13,425	\$484,354	
1-Feb-2025	\$4,075,000		\$64,589	\$64,589		\$64,589	\$548,943
1-Aug-2025	\$3,675,000	\$400,000	\$64,589	\$464,589	\$12,225	\$476,814	
1-Feb-2026	\$3,675,000		\$58,249	\$58,249		\$58,249	\$535,063
1-Aug-2026	\$3,250,000	\$425,000	\$58,249	\$483,249	\$11,025	\$494,274	
1-Feb-2027	\$3,250,000		\$51,513	\$51,513		\$51,513	\$545,786
1-Aug-2027	\$2,825,000	\$425,000	\$51,513	\$476,513	\$9,750	\$486,263	
1-Feb-2028	\$2,825,000		\$44,776	\$44,776		\$44,776	\$531,039
1-Aug-2028	\$2,375,000	\$450,000	\$44,776	\$494,776	\$8,475	\$503,251	
1-Feb-2029	\$2,375,000		\$37,644	\$37,644		\$37,644	\$540,895
1-Aug-2029	\$1,925,000	\$450,000	\$37,644	\$487,644	\$7,125	\$494,769	
1-Feb-2030	\$1,925,000		\$30,511	\$30,511		\$30,511	\$525,280
1-Aug-2030	\$1,450,000	\$475,000	\$30,511	\$505,511	\$5,775	\$511,286	
1-Feb-2031	\$1,450,000		\$22,983	\$22,983		\$22,983	\$534,269
1-Aug-2031	\$975,000	\$475,000	\$22,983	\$497,983	\$4,350	\$502,333	
1-Feb-2032	\$975,000		\$15,454	\$15,454		\$15,454	\$517,786
1-Aug-2032	\$500,000	\$475,000	\$15,454	\$490,454	\$2,925	\$493,379	
1-Feb-2033	\$500,000		\$7,925	\$7,925		\$7,925	\$501,304
1-Aug-2033	\$0	\$500,000	\$7,925	\$507,925	\$1,500	\$509,425	
1-Feb-2034			\$0	\$0		\$0	\$509,425
Total Payments:		\$9,000,000	\$5,346,205	\$14,346,205	\$526,200	\$14,872,405	\$14,872,405

NOTE: This amortization schedule is an estimate only and assumes that the total amount of Project Funds will be disbursed as of May 1, 2004. Please note that prior to the Bond Date during the interest only period, ISA Payments will be calculated on amounts disbursed. Principal shall be due as scheduled below. A replacement amortization schedule will be sent to the Purchaser upon the Bond Date.

Exhibit D
County Bank Release

County Bank entered into a loan agreement with the City of Merced ("City") dated as of October __, 2003 ("Loan Agreement") to provide construction financing ("Loan") for City water and sewer improvements ("Facilities") required for Phase One of the University of California Merced Campus. The Loan Agreement is secured by a capital facility fee agreement obligating The Regent of the University of California ("The Regents") to pay a fee for the availability of the Facilities (County Bank CFFA).

The Loan has been repaid in full and County Bank hereby releases its interest in the County Bank CFFA.

Signed this __ day of ____, 200__.

By: _____

Its: _____