

TWELFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS FOR AUCTION SALES

THIS TWELFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS FOR AUCTION SALES, effective as of the date the last of the parties hereto execute this Agreement (this "TWELFTH Amendment") is entered into by and between San Bernardino County, a body corporate and politic of the State of California ("SELLER") and Watson Land Company, a California corporation ("BUYER"). SELLER and BUYER are, at times, referred to herein as, the "Parties."

W I T N E S S E T H:

WHEREAS, the SELLER and BUYER entered into that certain Purchase and Sale Agreement and Escrow Instructions For Auction Sales, dated June 24, 2014 (the "Agreement"), relating to that certain property (APNs 0218-301-01, 05, 06, 07, 12, 14, 15, 22, 25 and 26; 1055-081-01 and 02) located in the City of Chino, California east of the Chino Airport, north of Kimball Avenue, south of Remington Avenue, and consisting of approximately 60.65 acres (gross) of land (the "Property").

WHEREAS, the Opening of Escrow Date for the Agreement was July 7, 2014.

WHEREAS, the Agreement contemplates the discharge and removal of multiple deed restrictions and a land conservation contract encumbering the title to a portion of the Property.

WHEREAS, both parties previously understood that the discharge and removal of the deed restrictions and land conservation contract are dependent on actions by the State of California Department of Conservation ("DOC") and the United States Department of Agriculture (USDA).

WHEREAS, the parties entered into that certain First Amendment to Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated June 24, 2015 ("First Amendment") extending the Close of Escrow an additional six (6) months commencing July 7, 2015 and ending on January 6, 2016.

WHEREAS, the parties entered into that certain Second Amendment to Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated December 15, 2015 ("Second Amendment") extending the Close of Escrow to take place on or before a date which is no later than twenty six (26) days after the Grant Deed Restriction (as defined in Section 11 (B) of the Agreement, as modified by this Twelfth Amendment) and land conservation contract have been discharged and removed by the SELLER and providing SELLER shall up to twenty (20) months ten (10) days (March 17, 2016) following the Opening of Escrow to remove said deed restrictions and land conservation contract.

WHEREAS, on December 28, 2015 the DOC confirmed the Property is no longer encumbered by the land conservation contract and the County subsequently recorded a Notice of Cancellation on January 25, 2016.

WHEREAS, the parties entered into that Third Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated March 1, 2016 ("Third Amendment") to bifurcate the transaction and extend the Close of Escrow for the sale of 45.84 acres of the larger 60.65 acres located east of Hellman Avenue (APNs 0218-31-01, 05, 06, 07, 12, 14, 15, 22, 25, 26) from March 17, 2016 to April 12, 2016, for a purchase price of \$12,500,000 and extending the Close of Escrow for the sale of the remaining 14.81 acres located west of Hellman Avenue (APNs 1055-081-01 and 02) an additional six months to August 31, 2016, for a purchase price of \$2,835,000 with the option to extend the Close of

Escrow an additional six (6) months to provide the SELLER the time necessary to facilitate the removal of the Grant Deed Restriction.

WHEREAS, on April 4, 2016, the sale of the 45.84 acres closed Escrow.

WHEREAS, the parties entered into that Fourth Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated August 9, 2016 ("Fourth Amendment"), to extend the Close of Escrow for the remaining 14.81 acres from August 31, 2016 to February 23, 2017, to allow the SELLER additional time to remove the Grant Deed Restriction.

WHEREAS, the parties entered into that Fifth Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated February 14, 2017 ("Fifth Amendment"), to extend the Close of Escrow for the remaining 14.81 acres an additional six (6) months from February 14, 2017 to August 13, 2017, with the option to extend the Close of Escrow an additional six (6) months to provide the SELLER the time necessary to facilitate the removal of the Grant Deed Restriction.

WHEREAS, the parties entered into that Sixth Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated August 8, 2017 ("Sixth Amendment"), to extend the Close of Escrow for the remaining 14.81 acres an additional six (6) months from August 14, 2017 to February 13, 2018, to provide the SELLER additional time necessary to facilitate the removal of the Grant Deed Restriction.

WHEREAS, the parties entered into that Seventh Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales, dated January 23, 2018 ("Seventh Amendment"), to extend the Close of Escrow for the remaining 14.81 acres an additional six (6) months from February 14, 2018 to August 13, 2018, with the option to extend the Close of Escrow an additional six (6) months to provide the SELLER the time necessary to facilitate the removal of the Grant Deed Restriction.

WHEREAS, the parties entered into that Eighth Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated August 9, 2018 ("Eighth Amendment"), to extend the Close of Escrow for the remaining 14.81 acres an additional six (6) months from August 14, 2018 to February 13, 2019, to provide the SELLER additional time necessary to facilitate the removal of the Grant Deed Restriction.

WHEREAS, the parties entered into that Ninth Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated January 29, 2019 ("Ninth Amendment"), to extend the Close of Escrow for the remaining 14.81 acres an additional twelve (12) months from February 14, 2019 to February 13, 2020, to provide the SELLER additional time necessary to facilitate the removal of the Grant Deed Restriction.

WHEREAS, the parties entered into that Tenth Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated January 28, 2020 ("Tenth Amendment"), to extend the Close of Escrow for the remaining 14.81 acres for an additional six (6) months from February 14, 2020 to August 13, 2020 and to permit the further extension of escrow for an additional six (6) months for the period from August 14, 2020 to February 13, 2021.

WHEREAS, the parties entered into that Eleventh Amendment to the Purchase and Sale Agreement and Escrow Instructions for Auction Sales dated February 9, 2021 ("Eleventh Amendment"), to extend the Close of Escrow to extend the Close of Escrow for the remaining 14.81 acres for an additional period from February 14, 2021 to a date not later than thirty (30) days after the removal of the Grant Deed Restriction, but in no event beyond December 31, 2022.

WHEREAS, since 2014, SELLER has had ongoing meetings with USDA NRCS staff to discuss and plan for the completion of SELLER's obligations associated with removal of the Grant Deed Restriction, as currently understood and imposed by the USDA.

WHEREAS, BUYER has recently reviewed with BUYER's attorney(s) the Grant Deed Restriction and is of the opinion that the purported deed restriction is unenforceable.

WHEREAS, SELLER has expressed no position and has made no representations to BUYER on BUYER's position regarding the Grant Deed Restriction.

WHEREAS, BUYER desires to proceed forward with the Close of Escrow and waive any and all conditions and agree to the terms identified in this Twelfth Amendment regarding the Closing/Close of Escrow associated with any removal of the Grant Deed Restriction, and take on all risks and liability associated with SELLER taking no action with respect to the Grant Deed Restriction prior to or after the Close of Escrow.

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

SECTION 1. The recitals set forth above are true and correct and incorporated herein by this reference.

SECTION 2. Capitalized terms used herein that are not otherwise defined shall have the meanings assigned to such terms in the Agreement.

SECTION 3. Section 6(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

(b) BUYER and SELLER agree that the escrow for APN 1054-491-01 (formerly APNs 1055-081-01 and 02)) consisting of approximately 14.81 acres, and located west of Hellman Avenue, shall close as provided in this Agreement no later than November 30, 2022. BUYER waives, releases, and forever discharges SELLER from any requirement to remove the Grant Deed Restriction referenced in Section 11 (B) of the Agreement. BUYER acknowledges and agrees that it will accept the Property with the Grant Deed Restriction. BUYER shall deposit the balance of the purchase price for the approximately 14.81 acres in the amount of \$1,301,500 into escrow at least one day prior to the Close of Escrow for the purchase of said property. The balance of the purchase price in the amount of \$1,301,500 plus the Deposit in the amount of \$1,533,500 equals the portion of the Purchase Price attributable to the purchase of APN 1054-491-01, consisting of approximately 14.81 acres, of \$2,835,000.

SECTION 4. Section 9 (c) is hereby deleted in its entirety and replaced with the following:

Except with respect to SELLER'S conveyance of good title to BUYER (subject to the existence of the Grant Deed Restriction) and subject to BUYER'S right to challenge the validity of the Grant Deed Restriction and any grant agreement in court, or as otherwise may be appropriate or required, BUYER expressly waives any rights or benefits available to it with respect to the foregoing release under any provision of applicable law which generally provides that a general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time the release is agreed to, which, if known to such creditor, would materially affect a settlement. By execution of this Agreement, BUYER acknowledges that it fully understands the foregoing, and with this understanding, nonetheless elects to and

does assume all risk for claims known or unknown, described in this Section 9 without limiting the generality of the foregoing: The undersigned acknowledges that it has been advised by legal counsel and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

The undersigned, being aware of this Code section, hereby expressly waives any rights it may have thereunder, as well as under any other statutes or Common law principles of similar effect.

Initials of BUYER: _____

In addition to the foregoing and Section 9(b) above, except with respect to SELLER’S conveyance of good title to BUYER (subject to the existence of the Grant Deed Restriction) and subject to BUYER’S right to challenge the validity of the Grant Deed Restriction and any grant agreement in court, or as otherwise may be appropriate or required, BUYER, on behalf of itself and its successors, waives and releases SELLER, any board member, officer, employee, person, firm, agent and representative acting or purporting to act on behalf of SELLER and their successors and assigns from any and all costs or expenses whatsoever (including, without limitation, attorneys’ fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or relating to any of the matters and conditions relating to the Property that exist as of the date of the Close of Escrow, including, without limitation, the Grant Deed Restriction.

SECTION 5. Section 9 (e) is hereby deleted in its entirety and replaced with the following:

(e) SELLER shall assist and cooperate with BUYER in endeavoring to remove title exceptions unacceptable to BUYER, but SELLER shall have no obligation to cause such objections to be removed or to expend any sums in such endeavor, except that SELLER shall remove the SB 1124 Deed Restriction, the County Deed Restrictions as defined in and pursuant to Section 11 (C), and the Land Conservation Contract as described in and pursuant to Section 11 (D), and all monetary liens, encumbrances, and deed restrictions created by or as a result of SELLER’s activities. BUYER acknowledges and agrees that SELLER shall not remove the Grant Deed Restriction, as defined in and pursuant to Section 11 (B).

SECTION 6. Section 11 B is hereby deleted in its entirety and replaced with the following:

B. The BUYER acknowledges that SELLER’s Grant Deed for APN 1055-081-02 contains a purported deed restriction with contingent enforcement rights in favor of the United States of America, a copy of which is attached hereto as Exhibit “F” (the “Grant Deed Restriction”). The BUYER acknowledges and agrees that it will accept the Property with the Grant Deed Restriction (APN 1055-081-02).

SECTION 7. Section 17 is hereby deleted in its entirety and replaced with the following:

Section 17. Indemnification.

BUYER agrees to indemnify, defend (with counsel reasonably approved by SELLER) and hold harmless SELLER and its authorized officers, employees, agents and volunteers from and against all damages, judgments, costs, expenses and attorney’s fees to the extent arising from or related to (i) any act or omission of BUYER in performing its obligations hereunder, including such that arise as a result of

BUYER's investigation of the Property, (ii) the Grant Deed Restriction and (iii) any grant agreement that serves as the underlying basis for the Grant Deed Restriction. SELLER shall give BUYER written notice of the occurrence of a claim, litigation or other matters for which SELLER seeks indemnity under this Section as promptly as practicable following SELLER's knowledge of the occurrence of such matter and SELLER shall reasonably cooperate with BUYER in the defense of any such claim or matter and shall not take any action that would adversely affect BUYER's defense of such matter. The provisions of this Section 17 shall survive the Close of Escrow, and shall be binding upon BUYER.

SECTION 8. This TWELFTH Amendment may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute the same document

All other provisions of the Agreement shall remain in full force and effect.

[Signatures of parties on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this TWELFTH Amendment as of the date first above written.

SAN BERNARDINO COUNTY

By: _____
Curt Hagman, Chairman
Board of Supervisors

Date
: _____

SIGNED AND CERTIFIED THAT
A COPY OF THIS DOCUMENT
HAS BEEN DELIVERED TO THE
CHAIR OF THE BOARD

LYNNA MONELL, Clerk of the Board of
Supervisors

By: _____
Deputy

Date
: _____

Approved as to Legal Form:

TOM BUNTON, County Counsel
San Bernardino County, California

By: _____
Scott Runyan,
Principal Assistant County Counsel

Date
: _____

WATSON LAND COMPANY
a California corporation

By: _____
Craig B. Halverson

Title: Executive Vice President

Date: _____