

**REIMBURSEMENT AGREEMENT
BETWEEN THE SAUGUS UNION SCHOOL DISTRICT
AND KB HOME CALIFORNIA LLC**

This **REIMBURSEMENT AGREEMENT BETWEEN THE SAUGUS UNION SCHOOL DISTRICT AND KB HOME CALIFORNIA LLC** ("Reimbursement Agreement"), is made and entered into as of March 27th, 2017, by and between the **SAUGUS UNION SCHOOL DISTRICT** ("School District") and **KB HOME CALIFORNIA LLC** ("Property Owner"). School District and Property Owner may hereafter individually be referred to as "Party" and collectively as "Parties."

RECITALS

A. Government Code Section 65995.7(a) allows a school district to impose Level III Alternative School Fees ("Level III Fees") if: (i) the school district complies with the requirements of Government Code Section 65995.5, and (ii) State Funds for new school facility construction are not available. State Funds are not available if the State Allocation Board ("SAB") makes a determination that the SAB is not approving apportionments for new construction due to a lack of funds available.

B. On Wednesday May 25, 2016, the SAB represents that it has made a determination that: (i) State Funds are not available for new construction, and (ii) that as of September 2015, the SAB is no longer approving apportionments for construction due to a lack of funds available.

C. School District represents that it has met the requirements of Government Code Sections 65995.5, 65995.6, and 65995.7 and on September 6, 2016 adopted a School Facilities Needs Analysis adopting Level II Alternative School Fees ("Level II Fees") and Level III Fees (collectively, "Alternative School Fees").

D. Pursuant to Government Code Section 65995.7(b), the governing board of a school district may offer a reimbursement election to the person subject to the fee, charge,

dedication, or other requirement that provides that person with the right to monetary reimbursement of Level III Fees in the amount that exceeds the school district's Level II Fee to the extent that the school district receives funds from State sources for construction of the facilities for which the Alternative School Fees are imposed, less any amount expended for interim housing. At the option of the person subject to the fee, charge, dedication, or other requirement the reimbursement election may be made on a tract or lot basis.

E. Reimbursement of available funds shall be paid with State Funds received by the school district for the purpose of constructing the facilities for which the Level III Fees are imposed, less costs of interim housing. Such Reimbursement of State Funds shall be made within thirty (30) days as such State Funds are received by the school district.

F. Property Owner is seeking Certificates of Compliance ("COC") for development of Canyon Heights & Canyon Crest at Plum Canyon Ranch (Tr. 46018-08, -09, -10) ("Project"). The District represents that such COCs may only be obtained upon Property Owner's payment of Statutory School Fees and/or Alternative School Fees to School District.

G. School District and Property Owner desire to enter into this Reimbursement Agreement for the purpose of providing for a potential future reimbursement of a portion of Level III Fees paid as provided by applicable law.

NOW, THEREFORE, in consideration of the promises, mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby covenant, declare and agree as set forth below:

1. Incorporation of Recitals. All of the foregoing Recitals are true and correct and are hereby incorporated in this Reimbursement Agreement by reference.

2. Terms of Agreement. The following terms apply:

a. School District shall reimburse, without interest, to Property Owner the Level III Fees paid by Property Owner to School District in the amount by which, at the time of payment, the Level III Fees exceeded School District's Level II Fee, less any costs expended by School District for interim housing of students generated from development of the Project. Such reimbursement shall be paid by School District solely from State Funding received by School District for the purpose of constructing the facilities required to house students generated from the development of the Project, and shall be made within thirty (30) days of receipt of such State Funding and shall be made only to the extent of such State Funding received.

b. If State Funding is allocated to School District on a tract or lot basis, any reimbursements of available State Funds so received shall be made on a tract or lot basis.

3. Assignment. This Reimbursement Agreement shall be binding upon and shall inure to the benefit of the Parties and each Party's respective successors, assigns, agents, and representatives. Property Owner agrees that School District shall receive written notice of any proposed assignment of rights under this Reimbursement Agreement within ten (10) days of such assignment.

4. Authority to Execute Agreement. The representative of each Party signing this Reimbursement Agreement warrants and represents that he/she has the full authority to execute the Reimbursement Agreement on behalf of the Party on whose signature he/she so executes and he/she is acting within the express scope of such authority.

5. Severability. If by operation of law, order of a court of competent jurisdiction, or other reason, it is determined that any Section, Subsection, clause or other provision of this Reimbursement Agreement is illegal, null, void, invalid, unenforceable or in violation of public policy, the remaining Sections, Subsections, clauses and other provisions of this Reimbursement Agreement shall not be affected thereby and shall continue in full force and effect, to the extent

that the invalidity or unenforceability does not impair the application of this Reimbursement Agreement as intended by the parties.

6. Entire Agreement. This Reimbursement Agreement contains the entire understanding and agreement between the Parties with respect to the terms set forth herein, except for the protest letter attached hereto as Exhibit A, which clarifies that KB is paying Level III fees under protest, and is not waiving its legal rights to protest the Level III fees imposed by the District. No other representations, covenants, undertakings or other prior or contemporaneous oral agreements respecting such matters which are not specifically incorporated herein shall be deemed in any way to exist or bind any of the Parties. The Parties, and each of them, acknowledge that they have not executed this Reimbursement Agreement in reliance on any such promises, representations, or warranties.

7. Modification of Agreement. This Reimbursement Agreement shall not be modified by any Party by oral representation made before or after the execution of this Reimbursement Agreement. All modifications must be in writing and signed by the Parties.

8. Fees and Costs. Each Party shall bear its own legal fees and costs, including attorney fees, associated with this Reimbursement Agreement or any litigation related thereto.

9. Notices. All written notices to be given hereunder shall be given to the Party entitled thereto at the address set forth below, or at such other address as such Party may provide to the other Parties in writing from time to time, namely:

If to School District:

Saugus Union School District
24930 Avenue Stanford
Santa Clarita, CA 91355
Attention: Superintendent
Telephone: 661-294-5300
Fax: 661-294-3111

If to Property Owner:

KB HOME California LLC
25152 Springfield Court Ste. 180
Valencia, CA 91355
Attention: Ron Mertzel
Vice President, Forward Planning
Telephone: 661-219-6880
Email: rmertzel@kbhome.com

KB HOME California LLC
10990 Wilshire Blvd., 7th Floor
Los Angeles, CA 90024
Attention: Phil Darrow, Esq.
Telephone: 310-231-4039
Email: pdarrow@kbhome.com

10. Governing Law. This Reimbursement Agreement is entered into, and shall be construed and interpreted, in accordance with the laws of the State of California.

11. Titles and Captions. Paragraph titles and captions in this Reimbursement Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Reimbursement Agreement of the intent of any provision thereof.

12. Counterparts. This Reimbursement Agreement may be executed in counterparts, and facsimile or electronic signatures shall have the same force and effect as original signatures.

13. Term of Agreement. This Reimbursement Agreement shall continue in effect until Level III Fees paid to School District have been reimbursed as provided in this Reimbursement Agreement, or until School District no longer receives State Funding for the purpose of constructing the facilities required to house students generated by the development of the Project. However, in no circumstance will the Term of this Reimbursement Agreement continue beyond ten (10) years from the date of signature.

IN WITNESS WHEREOF, the Parties have executed this Reimbursement Agreement as of

March 27th, 2017.

SAUGUS UNION SCHOOL DISTRICT

By: _____

Its: _____

KB HOME CALIFORNIA LLC

By: 

Its: Vice President, Forward Planning