

Exhibit 3

COOPERATIVE AGREEMENT FOR CONSTRUCTION AND MAINTENANCE OF IMPROVEMENTS TO RUNKLE CANYON CHANNEL

Agreement No. WP-3-2013-2

This Cooperative Agreement For Construction and Maintenance of Improvements to Runkle Canyon Channel ("Agreement"), dated January 14, 2014, is entered into by and between Ventura County Watershed Protection District ("District") and Runkle Canyon, LLC, developer of Tract No. 5364 ("Developer").

WHEREAS, as a condition of development of Tract No. 5364, Developer was required to construct improvements to reduce and convey the 100-year flood flows within the development; and

WHEREAS, in order to comply with this condition of development, Developer proposes to construct improvements to Runkle Canyon Channel, a District jurisdictional channel ("the Channel Improvements"), the location of which is shown on the map attached as Exhibit A; and

WHEREAS, in order to construct the Channel Improvements, Developer is required to obtain a permit from the District; and

WHEREAS, upon completion of the Channel Improvements, Developer wishes to convey them to the District for operation and maintenance; and

WHEREAS, the District is willing to accept conveyance of the Channel Improvements provided the work is completed to the District's satisfaction, the District is granted adequate right of way, and a funding mechanism is created to cover the cost of ongoing maintenance, repair and eventual replacement of the Channel Improvements; and

WHEREAS, the Channel Improvements will provide flood control benefits to properties located in Tract No. 5364 over and above the benefits provided to properties located elsewhere in the District; and

WHEREAS, the parties acknowledge and agree that a special benefit assessment area is needed to generate sufficient funds to provide for ongoing operation and maintenance of the Channel Improvements and to provide for replacement of the Channel Improvements at the end of the estimated useful life of the facilities; and

WHEREAS, the District is willing to take steps toward establishing a special area of benefit and levying an assessment for the operation and maintenance and eventual reconstruction or replacement of the Channel Improvements, provided Developer satisfies its obligations under this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND COVENANTS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

A. DEVELOPER OBLIGATIONS.

1. Construction of Channel Improvements. Developer shall construct the Channel Improvements in accordance with plans and specifications approved by the District and in conformance with District standards for construction of flood control facilities and appurtenant structures. Developer shall bear all costs of design and construction of the Channel Improvements, including the costs of all mitigation measures imposed by regulatory agencies having jurisdiction over the Channel Improvements. Developer shall complete construction of the Channel Improvements in accordance with a schedule approved by the District.
2. Dedication of Channel Improvements. Developer shall dedicate or otherwise convey the Channel Improvements to the District free of prior encumbrances or superior rights, along with adequate right of way as determined by the District in its sole discretion to allow for the operation and maintenance of the Channel Improvements.
3. Encroachment/Watercourse Permit. Developer shall apply for and obtain an Encroachment Permit and/or a Watercourse Permit from the District prior to initiating construction of the Channel Improvements, shall comply with all terms and conditions of the District permit and shall pay all associated permit fees.
4. Maintenance of Channel Improvements. Developer shall be responsible for all maintenance of the Channel Improvements and associated rights of way prior to acceptance by the District.
5. Payment of District Costs. Developer shall pay all costs for conducting ballot proceedings and preparing an engineer's report in support of the assessment described in section A.7 of this Agreement. Developer's payment shall be due no later than thirty (30) days after District's request for reimbursement.

6. Preparation of Engineer's Report. Developer shall select and retain a qualified engineering firm, approved by the District, to prepare an engineer's report in accordance with legal requirements for the levy of a benefit assessment. The District shall be provided an opportunity to review and provide comments on the draft engineer's report prior to submitting it for approval by the District's governing board. Prior to commencing work, and as requested by the District, the engineer shall coordinate with the District and Developer to finalize a scope of work and budget for the report, which shall conform to the District's established standards and guidelines for such reports. The engineer shall complete the report under the direction of District staff and keep both parties reasonably informed of the status of work on the report.
7. Petition for Levy of Special Benefit Assessment. Developer shall petition and obtain approval from District's governing board to levy an assessment on all taxable real property within Tract No. 5364 in accordance with applicable law. The annual assessment amount shall be sufficient to fund the annual operation and maintenance costs of the Channel Improvements and to fund the replacement or reconstruction of the Channel Improvements, as determined by an appropriate engineer's report prepared in accordance with applicable law (the "Assessment"). Developer's petition to the District's governing board must also constitute a ballot in favor of and unanimous property owner approval of the Assessment.
8. Indemnification of District. Developer shall defend and provide legal representation with attorney(s) reasonably acceptable to the District, indemnify and hold harmless the District, its officials, officers, employees, representatives and agents from and against all claims, lawsuits, costs, liabilities or damages of whatsoever nature arising out of or in connection with or relating in any manner to any wrongful acts or negligence of Developer, its agents, employees, and contractors in connection with performance of this Agreement.

B. DISTRICT OBLIGATIONS.

1. Levy of Assessment. In accordance with applicable law, upon receipt of the petition described in Section A.7. of this Agreement, District shall initiate proceedings, prepare, review and approve all documents, and implement all procedures, needed to levy the Assessment. All costs incurred by District in

carrying out the process described in this Section B.1. shall be reimbursed by Developer in accordance with Section A.5. of this Agreement.

2. Acceptance of Channel Improvements. The District shall have no obligation to accept the dedication or conveyance of the Channel Improvements unless and until work has been completed and accepted in accordance with an Encroachment Permit and/or Watercourse Permit issued by the District, the proceedings described in Section B.1. of this Agreement have been completed and the District's governing body has adopted the levy described therein.
3. Release of Developer's Maintenance Responsibility. Upon completion and acceptance of the Channel Improvements, the District shall relieve Developer of any further maintenance responsibility for the Channel Improvements.

C. ENTIRE AGREEMENT. This writing contains the entire agreement between the parties with respect to the Channel Improvements and the Assessment and supersedes any prior agreement or understanding, whether written or oral. This Agreement may not be amended except by writing signed by both parties.

D. ASSIGNMENT. This Agreement may not be assigned without the written consent of the other party. Any assignment without written consent shall be void.

E. SUCCESSORS IN INTEREST. Subject to the provisions of Section D, this Agreement shall inure to the benefit of and be binding on the successors and assigns of the parties. No third party is intended as a beneficiary of this Agreement.

F. INTERPRETATION. The language of this Agreement shall be construed under the laws of the State of California according to its normal and usual meaning, and not strictly for or against either party.

G. EFFECTIVE DATE. This Agreement shall become effective on the date signed by the authorized representative of each of the parties.

H. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which, when taken together, shall constitute one and the same agreement.

I. DEFAULTS.

1. Failure or delay by any party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay.
2. The non-defaulting party shall give written notice of default to the party in default, specifying the nature of the default. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.
3. The cure period for defaults under this Agreement involving the breach of an obligation to pay money shall expire ten (10) calendar days following the giving of notice pursuant to this Section I. The cure period for defaults under this Agreement other than the breach of an obligation to pay money shall expire thirty (30) days following the giving of notice pursuant to this Section I.

J. TIME. Time is of the essence of this Agreement and each and every provision hereof.

K. AUTHORITY TO EXECUTE. The Parties hereby represent and warrant that the individuals signing this Agreement below have been duly authorized to execute this Agreement, and by so doing, to bind their respective principals to all of the terms and conditions set forth herein.

L. TERMINATION. Except as otherwise provided herein, each Party shall have the right to terminate this Agreement if the other Party is in default and such defaulting party fails to promptly cure such default within the time specified in Section I of this Agreement. If a non-monetary breach is not reasonably capable of being cured within the specified period, no party shall be entitled to terminate this Agreement provided the defaulting party has commenced to cure within such specified period and is thereafter diligently and continuously prosecuting such cure to completion.

M. NOTICES. All notices shall be given in writing, delivered in person, by telecopier, commercial courier, or registered or certified mail. All notices shall be deemed given on the date personally delivered or transmitted by telecopier, or 24 hours after delivery to a commercial courier, or 48 hours after deposit into the United States Mail. Notices shall be addressed to the Parties at the following addresses, unless changed by a written notice delivered to the other Party:

To District:

Ventura County Watershed Protection
District
800 South Victoria Avenue
Ventura, California 93009
Attn: District Director
Fax: 805-654-3350

To Developer:

Runkle Canyon, LLC
25152 Springfield Court, Suite 180
Valencia, CA 91355
Attn: Tom DiPrima
Fax: 661-219-6870

N. NO IMPLIED AGENCY. No party to this Agreement is the agent of any other party and nothing in this Agreement shall be construed as permitting or authorizing any party to this Agreement to act in any capacity as an agency of the other. Furthermore, nothing in this Agreement shall be construed as creating a partnership or joint venture between the parties. Notwithstanding the foregoing, the parties agree to execute such further agreements and documents and take such further actions as may be reasonably necessary to implement this Agreement and the intent and purpose hereof.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

RUNKLE CANYON, LLC

By: 9L. DL
Thomas C. DiPrima
Title: Executive Vice President

Date: 12/19/12

VENTURA COUNTY WATERSHED PROTECTION DISTRICT

By: Judy Jeff
Director

Date: 1/24/2014

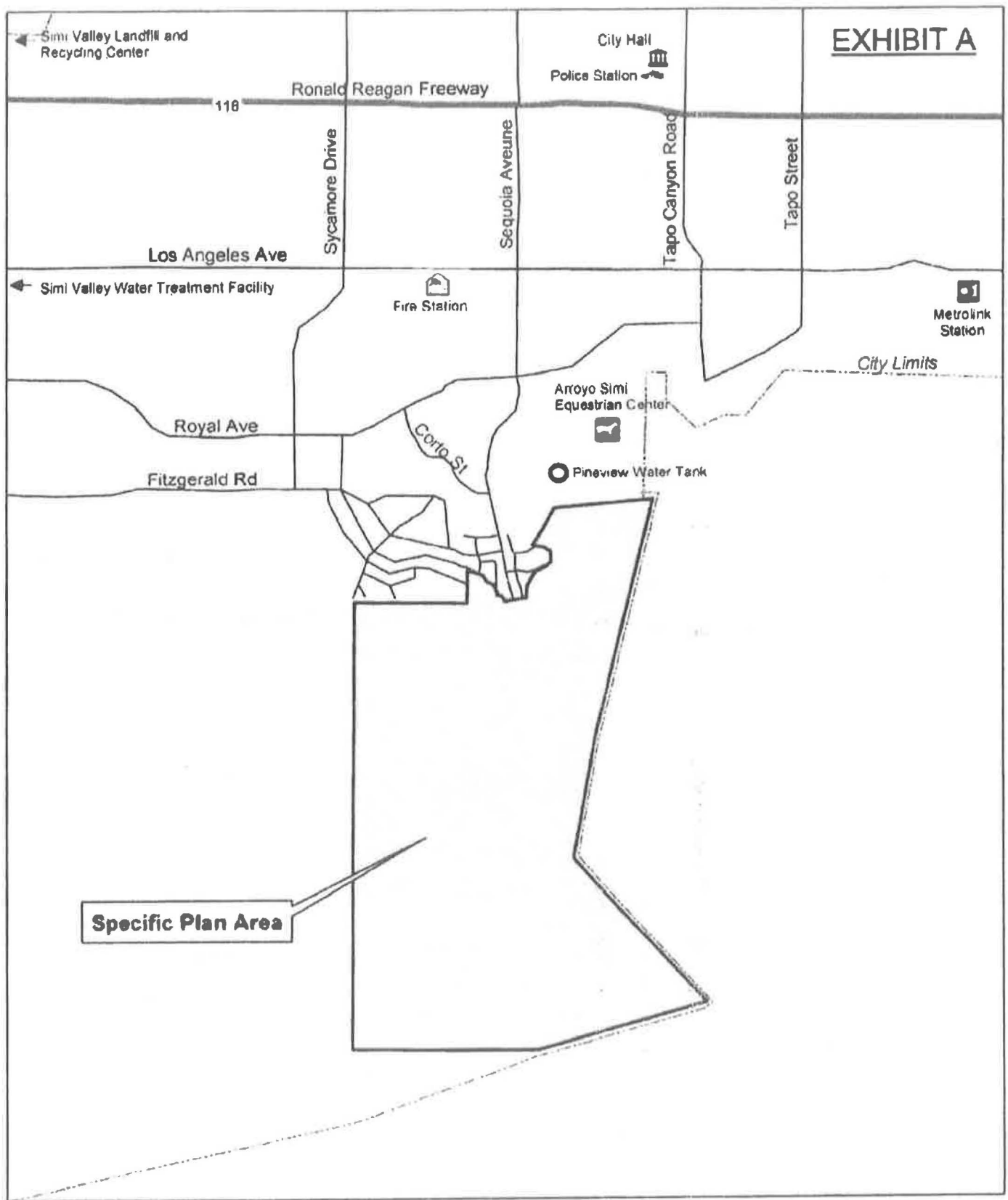


Figure 1.1-2

PROJECT VICINITY MAP
Runkle Canyon Specific Plan



Runkle Canyon, LLC



KRM
February 2004
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