

Irrevocable Standby Letter of Credit No. 017-5137

Dated: June 30, 2017

Beneficiary:

City of Riverside
3900 Main Street
Riverside, CA 92522
Attn: Public Works – Land Development Dept.
Chris Scully

Applicant:

58 Magnolia Partnership L.P.
5100 Campus Drive, Suite 300
Newport Beach, CA 92660

RE: Project Name, 58 Magnolia Center, Agreement for Offsite Improvement Bond

Gentlemen:

We hereby issue our Irrevocable Standby Letter of Credit ("Letter of Credit") in your favor for the account of (Applicant) available for draw in the maximum stated amount of Six Hundred Fifty Six Thousand and no/100 United States Dollars (US\$656,000.00) as may be reduced from time to time in accordance with the provisions hereof, effective immediately and expiring at our office at the address indicated above after our close of business of 5:00 PM Walnut Creek time on July 5, 2018. This Letter of Credit is available by sight payment with ourselves only against presentation to this office at the below address with the following documentation:

Beneficiary's signed statement that:

1. Your sight draft drawn on us marked: **"Drawn under Mechanics Bank, Irrevocable Standby Letter of Credit No. 017-5137, dated June 30, 2017."**
2. A dated statement purportedly signed by an authorized representative of Beneficiary stating:
"The undersigned being a duly authorized representative or officer of the City Council of Riverside hereby represents and warrants that the amount of the accompanying draft represents and covers moneys owing to the City of Riverside (the "Beneficiary") by 58 Magnolia Partnership L.P. (the "Applicant") because Applicant has failed to comply with the terms and conditions of the Agreement for Construction of Improvements dated June 8, 2017, (the "Agreement"), by and between the Beneficiary and the Applicant, and any periods, as provided in said Agreement, have expired without such failure to comply having been remedied or cured."
3. Thirty (30) days before the current expiration date, a signed certification purportedly signed by an authorized representative of the City of Riverside (the "Beneficiary") stating that the plans and improvements required by the Agreement for Construction of Improvements dated June 8, 2017 (the "Agreement"), by and between the Beneficiary and the Applicant are not complete.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for additional periods of one year following its current expiration date, unless we notify the Public Works Director of the City of Riverside by certified mail postmarked not less than thirty (30) days prior to the expiration date hereof that we have elected not to renew the Letter of Credit for any such additional period.

Final expiry date of this Letter of Credit is July 5, 2020. In no event shall this Letter of Credit be automatically extended beyond the final expiry date of July 5, 2020.

Partial Drawings are permitted. The amount of each draft shall be indicated on the reverse hereof by us and shall automatically reduce the stated amount of this Letter of Credit by the amount of such partial draw.

This Letter of Credit is irrevocable and the funds pledged herein shall be held in trust to guarantee performance of said Agreement and shall not be subject to levy or attachment by any creditors of Principal, until the obligation secured thereby is performed to the satisfaction of the City of Riverside.

This Letter of Credit is subject to the "International Standby Practices 1998", International Chamber of Commerce Publication No. 590 and, with respect to matters not so covered, this Letter of Credit is subject to and governed by the laws of the State of California.

Dated: June 30, 2017

Mechanics Bank


By: Daniel Boykin

APPROVED AS TO FORM:

BY: 
ASSISTANT CITY ATTORNEY