

* AGREEMENT FOR SALE OF GAGE CANAL COMPANY SHARES

THIS AGREEMENT made and entered into this _____ day of JUL 30 1965 between
the CITY OF RIVERSIDE, a municipal corporation, herein referred to as the "City" and _____

_____ herein referred to as the "Shareholder".

The City and the Shareholder agree as follows:

1. The Shareholder agrees to sell and the City agrees to purchase _____
_____ share(s) of stock of The Gage Canal Company and the water entitlement
represented by Certificate(s) No.(s) _____

2. The City agrees to pay to Shareholder the total sum of \$400 per share for each share agreed to be sold, payable \$225 per share downpayment at the time of execution of this agreement; \$175 per share final payment shall be made at the time unencumbered legal ownership is conveyed to the City or as specified in this agreement.

3. Ownership of the shares and water entitlements shall pass to the City immediately upon the happening of any one of the following events:

- (a) At request of the Shareholder, or his successor in interest, and tender of final payment by the City;
- (b) Upon expiration of one hundred eighty days' advance written notice from the City to pay and keep current all stock assessments and water charges and a failure of the Shareholder to correct within the one hundred eighty day period and tender of final payment by the City, minus unpaid assessments or charges;
- (c) In the event of any transfer of the shares or water entitlement from the land to which the shares are appurtenant or from the land to which water has been served pursuant to the shares entitlement and tender of final payment by the City;

(d) Upon expiration of a period of time fixed as the lives of all shareholders of The Gage Canal Company in being on the date of this agreement, plus twenty-one years, and tender of final payment by the City.

4. At the time of transfer of ownership of the shares and water entitlement to the City, as provided in Section 3, or by any lawful means, Shareholder agrees to deliver to the City appropriate share certificates properly endorsed and unencumbered together with a deed to the share's water entitlement, and other appropriate instruments required by the City. At the time of transfer of ownership to the City, the Shareholder not in default shall be entitled to domestic water service on the lands previously entitled to receive irrigation water pursuant to the shares ownership, subject to all applicable ordinances, rules and regulations of the City of Riverside including, but not limited to, rate, main extension and joint extraction agreement practices; transfer of shares pursuant to this agreement shall constitute a transfer of shares in accordance with any existing or future ordinances or regulations of the City governing or requiring transfer of shares in water companies as a condition to providing domestic water service.

5. The Shareholder agrees that the City's right of purchase may be endorsed or affixed in the form of pledge or encumbrance to the appropriate share certificates. The Shareholder authorizes the City to notify The Gage Canal Company that no transfer or transaction affecting ownership of the shares or right to receive water may be effected, without the knowledge and consent of the City, if required by this agreement. The City shall have the right to record this document or any document evidencing the rights granted hereby.

6. The Shareholder shall be solely responsible for assessments and water charges applicable to the shares ownership and receipt of water. The Shareholder shall pay all such charges when due and prevent forfeiture.

7. At Shareholder's request, this agreement and shares water entitlement may be converted to a Contract for Delivery of Irrigation Water to other land within the Service Area. The transfer of the right to receive water to other land shall be accomplished by execution of a Contract for Delivery of Irrigation Water identical to the form attached hereto as Exhibit 1. The Contract for Delivery of Irrigation Water shall be between the City and the Shareholder or his successor in interest or persons or entities designated by the Shareholder. The right to receive \$175 per share at the time of transfer to the City of the share ownership and water entitlement shall not apply in case of conversion to contract. The City shall not be obligated to enter into a Contract for Delivery of Irrigation Water to land or any portion thereof from which any water stock or any water right or entitlement has been severed or transferred for use or delivery of water outside the water service area of the City of Riverside. The City shall not be obligated to enter into a Contract for Delivery of Irrigation Water to land or any portion thereof which, at the time of the request for conversion to contract, is entitled to receive irrigation water pursuant to ownership of shares or interest in or agreement with a mutual water company or other private water service company or agency, except the contract shall be available for use on such land for the bona fide purpose of augmenting the existing entitlement for continuing commercial agricultural use.

8. This agreement is not transferrable or assignable without the consent of the City. Consent of the City is not required when there is a bona fide conveyance of the land presently receiving water pursuant to ownership of the shares and the conveyance of the shares is for the purpose of continued agricultural use of the said land, and the purchaser or successor in interest consents to and accepts the terms of this agreement.

9. If Shareholder transfers or conveys, causes transfer or conveyance or acquiesces in the transfer or conveyance of the shares or water entitlement in violation of this agreement, all his rights in this agreement are forfeited, the City reserving all rights and remedies. If a claim or suit by the City is necessary to obtain unencumbered title to the shares and water entitlement, the Shareholder shall pay costs and expenses incurred by the City including reasonable attorneys' fees. If it is necessary for the City to pay any encumbrance or lien to obtain unencumbered ownership, the Shareholder shall reimburse the City in full and pay any costs of collection, including reasonable attorney's fees. If a claim or suit by Shareholder is necessary to collect the purchase price of said shares or any portion thereof, the City agrees to pay reasonable attorney's fees incurred by Shareholder.

10. The execution of this document by the Shareholder constitutes only an offer by the Shareholder to the City and the terms hereof shall become a contract only upon acceptance and execution by the City.

CITY OF RIVERSIDE, a municipal corporation

THIS DOCUMENT IS MEANT
TO INFORM THE NEW BUYER
IF THEY CHOSE NOT TO KEEP
THEIR GAGE SHARES THEY WILL
BE PAID \$ 175.00 per share
AS PART OF THE 1965 AGREE-
MENT

APPROVED AS TO FORM: