August 24, 2016

VIA Email
Chairman Ron Roberts
Supervisor Bill Horn
Supervisor Dianne Jacob
Supervisor Greg Cox
Supervisor Dave Roberts
1600 Pacific Highway
San Diego, CA 92101

RE: LILAC HILLS RANCH Supplemental Traffic Mitigation Agreement

Chairman Roberts and Members of the Board;

Accretive Investments, Inc. ("Accretive") is currently processing land use entitlements to develop a master-planned community, known as Lilac Hills Ranch ("Lilac Hills Ranch Project") through the County of San Diego ("County"). The Lilac Hills Ranch Project is also the subject of a ballot measure appearing on the November 2016 San Diego ballot entitled "Lilac Hills Ranch Specific Plan Initiative for an Eco-Smart Village" ("Initiative").

This letter has been prepared to provide the County with additional assurance that if the Initiative is approved by the voters, the Lilac Hills Ranch Project will unequivocally mitigate its impacts related to traffic to alleviate any concerns the County may have regarding this matter. The Initiative currently obligates the Lilac Hills Ranch Project to mitigate all of its direct traffic impacts which include constructing over $5,000,000.00 (five million dollars) of road improvements and paying over $5,000,000.00 (five million dollars) in Transportation Impact Fees to the County. In addition to the obligations described in the Initiative, the undersigned entities agree to pay the County upon issuance of the first building permit for the Lilac Hills Ranch Project, $1,000,000.00 (one million dollars) to be used by the County for traffic and road improvements in the surrounding Lilac Hills Ranch Project area. If, after exhausting the additional $1,000,000.00 (one million dollars) described above, and after taking into account amounts already required by the Initiative, additional funds are needed to complete the traffic and road improvements in the surrounding Lilac Hills Ranch Project area, the undersigned entities agree to pay such additional amounts needed to complete said improvements up to an additional aggregate $1,000,000 (one million dollars) within 90 days of being requested to do so by the County.

This payment obligation will become effective and shall be binding upon the effective date of the Initiative after approval by the voters and the favorable resolution of any related litigation.
APPROVED BY:

SHIREY FALLS, LP, a California limited partnership
RITSON ROAD, LP, a California limited partnership
GOPHER CANYON, LP, a California limited partnership
ALLIGATOR PEARS, LP, a California limited partnership
LILAC CREEK ESTATES, LP, a California limited partnership

By: Accretive Investments, Inc.,
California Corporation, Authorized Representative

[Signature]

By:
Name: R. Randy Goodson
Title: CEO