

B. Declarants are operating a commercial business on the Property known as Silver Arrow Express, Inc., a California corporation ("Silver Arrow"). Silver Arrow paid to Department under protest the sum of \$21,690.69 for connection to Department's water system for its business on the Property in accordance with the rules and regulations of the Department. Silver Arrow had been using an existing on-site well to supply the needs of its commercial business until the well went dry.

C. The closest Department water main to the Property is in Orange Street, and the most economical route to install a new water service to the Property was in the public right-of-way of Garner Road. Garner Road in that area is a "paper street", and the Public Works Department of the City of Riverside has indicated that Garner Road would probably not be built since there is no foreseeable new development abutting such portion of Garner Road.

D. Silver Arrow has requested that the portion of the Distribution System Fee based upon the frontage for Garner Road paid at the time of service connection be refunded. The Distribution System Fee (formerly known as the Frontage Fee) is a charge for facilities which comprise the distribution grid system including water mains, valves, fire hydrants and appurtenances which had been, or will be installed by or for the Water System of Department.

E. On June 7, 1996, the Public Utilities Board of the City of Riverside considered the request of Silver Arrow and determined that the Department may defer the payment of the Distribution System Fee based upon the frontage of Garner Road of 3670 Placentia Lane until such time as water facilities are required within Garner Road and to refund to Silver Arrow the sum of \$11,000.69, all upon the condition that Declarants execute and record a document agreeing to pay such Distribution System Fee then in effect at such time as the water facilities are extended within Garner Road past the Property.

NOW, THEREFORE, for the purpose of complying with a condition imposed by the Public Utilities Board of the City of Riverside for the deferment of the payment of the Distribution System Fee for the Garner Road frontage of 3670 Placentia Lane, and in consideration of such deferment and the refund of the sum of \$11,000.69 previously paid to Department, Declarants for themselves and their heirs, successors and assigns hereby covenant and agree with Department as follows:

1. Declarants shall pay to Department the Distribution System Fee required under the Water Rules and Rate Schedules of Department then in effect for the frontage of the Property on Garner Road at such time as Department extends a water main in Garner Road past the Property. Such payment shall be made by Declarants within thirty

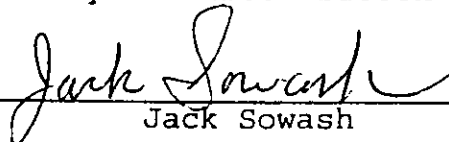
(30) days of issuance of a notice from Department advising that the water main has been installed in Garner Road adjacent to the Property, and stating the amount of the Distribution System Fee now owed. Any amount not paid by the due date shall accrue interest at the highest allowable interest rate established by California law, or if no such rate is so established, at the rate of twelve percent (12%) per annum, until paid in full.

2. If Declarants wish to sell or otherwise convey the Property or any portion thereof prior to the satisfaction of the above condition, Declarants shall notify any potential buyer of the Property of the requirement set forth in Paragraph 1 above.

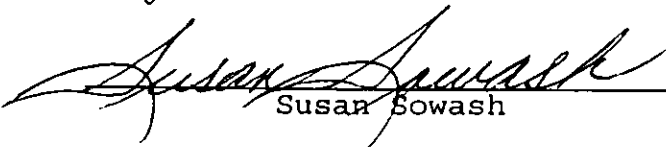
3. The terms of this Covenant and Agreement may be enforced by Department, its successors and assigns. Should the Department bring an action to enforce any of the terms of this Covenant and Agreement, the prevailing party shall be entitled to court costs, including reasonable attorneys' fees.

4. This Covenant and Agreement shall run with the land and each and all of its terms shall be binding upon Declarants and the heirs, successors and assigns of Declarants. This Covenant and Agreement shall automatically terminate at such time as the requirements set forth in Paragraph 1 above are met to the satisfaction of Department. At such time, upon the request of Declarants, the Public Utilities Director of the City of Riverside shall execute a recordable release of this Covenant and Agreement.

IN WITNESS WHEREOF the Declarants have caused this Covenant and Agreement to be executed the day and year first written above.



 Jack Sowash



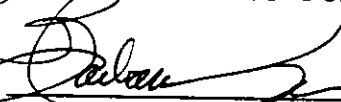
 Susan Sowash

APPROVED AS TO CONTENT:



 Public Utilities Department

APPROVED AS TO FORM:



 Assistant City Attorney

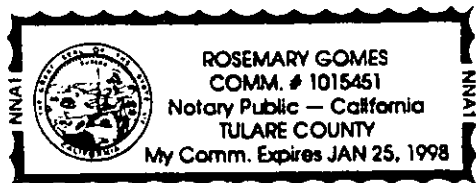
State of California)
County of Tulare) ss

On September 13 1996, before me, the undersigned,
a notary public in and for said State, personally appeared

Jack Sewash

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Rosemary Gomes
Signature

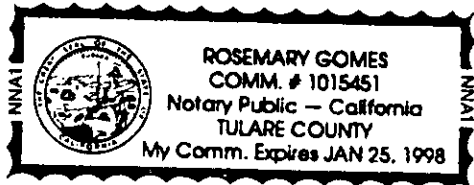
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Rosemary Gomes
Signature