

PIPELINE LICENSE

THIS LICENSE, made this 10th day of February 1986, between THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, a Delaware corporation (hereinafter called "Licensor"), party of the first part, and CITY OF REDLANDS, a municipal corporation (hereinafter, whether one or more, called "Licensee"), party of the second part.

WITNESSETH, That the parties hereto for the considerations hereinafter expressed covenant and agree as follows:

1. Subject to the terms and conditions hereinafter set forth, Licensor licenses Licensee to construct and maintain one pipeline, 24 inches in diameter (hereinafter, whether one or more pipelines, called the "PIPELINE"), across or along the right of way of Licensor at or near the Station of Nevada Street, County of San Bernardino, State of California, the exact location of the PIPELINE being more particularly shown upon the print hereto attached, No. 1-05147, dated January 28, 1986, marked "Exhibit A" and made a part hereof.
2. Licensee shall use the PIPELINE solely for carrying sewage and shall not use it to carry any other commodity or for any other purpose whatsoever.
3. Licensee shall pay Licensor as compensation for this License the sum of Four hundred and No/100 Dollars (\$400.00).
4. Licensee shall, at its own cost and subject to the supervision and control of Licensor's Assistant General Manager-Engineering, locate, construct and maintain the PIPELINE in such a manner and of such material that it will not at any time be a source of danger to or interference with the present or future tracks, roadbed and property of Licensor, or the safe operation of its railroad. In cases where the Licensee is permitted under Section 2 hereof to use the PIPELINE for oil, gas, petroleum products, or other flammable or highly volatile substances under pressure, the PIPELINE shall be constructed, installed and thereafter maintained in conformity with the plans and specifications shown on print hereto attached in such cases, marked "Exhibit B" and made a part hereof. If at any time Licensee shall, in the judgment of Licensor, fail to perform properly its obligations under this Section, Licensor may, at its option, itself perform such work as it deems necessary for the safe operation of its railroad, and in such event Licensee agrees to pay, within fifteen (15) days after bill shall have been rendered therefor, the cost so incurred by Licensor, but failure on the part of Licensor to perform the obligations of Licensee shall not release Licensee from liability hereunder for loss or damage occasioned thereby.

5. Licensee shall reimburse Licensor for any expense incurred by Licensor for falsework to support Licensor's tracks and for flagman to protect its traffic during installation of the PIPELINE and for any and all other expense incurred by Licensor on account of the PIPELINE.
6. Licensee shall at all times indemnify and save harmless Licensor against and pay in full all loss, damage or expense that Licensor may sustain, incur or become liable for, resulting in any manner from the construction, maintenance, use, state of repair, or presence of the PIPELINE, including any such loss, damage or expense arising out of (a) loss of or damage to property, (b) injury to or death of persons, (c) mechanics' or other liens of any character, or (d) taxes or assessments of any kind.
7. If at any time Licensee shall fail or refuse to comply with or carry out any of the covenants herein contained Licensor may at its election forthwith revoke this License.
8. THIS LICENSE is given by Licensor and accepted by Licensee upon the express condition that the same may be terminated at any time by either party upon ninety (90) days' notice in writing to be served upon the other party, stating therein the date that such termination shall take place, and that upon the termination of this License in this or any other manner herein provided, Licensee, upon demand of Licensor, shall abandon the use of the PIPELINE and remove the same and restore the right of way and tracks of Licensor to the same condition in which they were prior to the placing of the PIPELINE thereunder. In case Licensee shall fail to restore Licensor's premises as aforesaid within ten (10) days after the effective date of termination, Licensor may proceed with such work at the expense of Licensee. No termination hereof shall release Licensee from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date the PIPELINE is removed and the right of way and track of Licensor restored as above provided.
9. In the case of the eviction of Licensee by anyone owning or obtaining title to the premises on which the PIPELINE is located, or the sale or abandonment by Licensor of said premises, Licensor shall not be liable to Licensee for any damage of any nature whatsoever or to refund any payment made by Licensee to Licensor hereunder, except the proportionate part of any recurring rental charge which may have been paid hereunder in advance.
10. All notices to be given hereunder shall be given in writing, by depositing same in the United States mail duly registered or certified, with postage prepaid, and addressed to the Licensee or Licensor as the case may be at the address shown on the signature page hereof, or addressed to such other address as the parties hereto may from time to time designate.
11. In the event that two or more parties execute this Instrument as Licensee, all the covenants and agreements of Licensee in this License shall be the joint and several covenants and agreements of such parties.
12. All the covenants and provisions of this Instrument shall be binding upon and inure to the benefit of the successors, legal representatives and assigns of the parties

to the same extent and effect as the same are binding upon and inure to the benefit of the parties hereto, but no assignment hereof by Licensee, its successors, legal representatives or assigns, or any subsequent assignee, shall be binding upon Licensor without the written consent of Licensor in each instance.

13. Notwithstanding any other provisions of this License, Licensee shall comply with all statutes, ordinances, rules, regulations, orders and decisions (hereinafter referred to as "Standards"), issued by any federal, state or local governmental body or agency established thereby (hereinafter referred to as "Authority"), relating to Licensee's use of Licensor's property hereunder. In its use of the premises, Licensee shall at all times be in full compliance with all Standards, present or future, set by any Authority, including, but not limited to, Standards concerning air quality, water quality, noise, hazardous substances and hazardous waste. In the event Licensee fails to be in full compliance with Standards set by any Authority, Licensor may, after giving reasonable notice of the failure to Licensee, and Licensee, within thirty (30) days of such notice, fails either to correct such noncompliance or to give written notice to the Licensor of its intent to contest the allegation of noncompliance before the Authority establishing the Standard or in any other proper forum, take whatever action is necessary to protect the premises and Licensor's railroad and other adjacent property. Licensee shall reimburse the Licensor for all costs (including but not limited to, consulting, engineering, clean-up and disposal costs, and legal costs) incurred by the Licensor in complying with such Standards, and also such costs incurred by the Licensor in abating a violation of such Standards, protecting against a threatened violation of such Standards, defending any claim of violation of such Standards in any proceeding before any Authority or court, and paying any fines or penalties imposed for such violations. Licensee shall assume liability for and shall save and hold harmless the Licensor from any claim of a violation of such Standards regardless of the nature thereof or the Authority or person asserting such claim, which results from Licensee's use of Licensor's premises, except those claims which arise in whole or in part from the negligence of Licensor. Licensee, at its cost, shall assume the defense of all such claims regardless of whether they are asserted against Licensee or Licensor.

Upon written notice from Licensor, Licensee agrees to assume the defense of any lawsuit, administrative action or other proceeding brought against Licensor by any public body, individual, partnership, corporation, or other legal entity, relating to any matter covered by this License for which Licensee has an obligation to assume liability for and/or to save and hold harmless the Licensor. Licensee shall pay all the costs incident to such defense, including, but not limited to, attorneys' fees, investigators' fees, litigation expenses, settlement payments, and amounts paid in satisfaction of judgments. Any and all lawsuits or administrative actions brought or threatened on any theory of relief available at law, in equity or under the rules of any administrative agency shall be covered by this Section, including, but not limited to, the theories of intentional misconduct, negligence, breach of statute or ordinance, or upon any theory created by statute or ordinance, state or federal.

14. In cases where Licensee is permitted under Section 2 hereof to use the PIPELINE for nonflammable substances, the PIPELINE shall be constructed, installed and thereafter maintained in conformity with plans and specifications set forth in the American Railway Engineering Association, Specification for Pipeline Crossings Under Railway

Track for Non-Flammable Substances, Revised 1964, or Specification for the Placement of Concrete Culvert Pipe, Revised 1966, whichever may apply.

15. Any work performed on Licensor's right of way by Licensee or Licensee's contractor shall be done in a satisfactory workmanlike manner and in accordance with plans and specifications approved by Licensor, including plans covering any falsework, bracing or cribbing that may be necessary to use over, under or adjacent to Licensor's track, and no work shall be permitted until said plans and specifications have been approved by Licensor.
16. Licensee or Licensee's contractor shall not be permitted to commence work on said Licensor's right of way without having first received written notification from Licensor's Division Superintendent of permission to proceed.
17. Any contractor or subcontractor performing work on or in connection with the PIPELINE shall for the purpose of this Agreement, and particularly for the purposes of Section 6 of this Agreement, be conclusively deemed to be the servant and agent of Licensee acting on behalf and within the scope of such contractor's or subcontractor's employment for Licensee.
18. Licensee agrees to furnish and keep in force or arrange to have furnished and keep in force insurance of all kinds and amounts specified below during the initial term of construction of the PIPELINE and during any subsequent term or terms during which maintenance is performed on the PIPELINE.
 - (a) Licensee shall, with respect to the operations which it performs upon, beneath or adjacent to Licensor's right of way and/or track, furnish or arrange to have furnished (i) regular Contractors' Public Liability Insurance with limits of not less than Five Hundred Thousand Dollars (\$500,000) for all liability arising out of bodily injuries to or death of one person and, subject to that limit for each person, One Million Dollars (\$1,000,000) for all liability arising out of bodily injuries to or death of two or more persons in one accident or occurrence; and (ii) regular Contractors' Property Damage Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) for each occurrence for all liability arising out of damage to or loss or destruction of property. Licensee and all its contractors and subcontractors shall be named insureds either in a single policy of insurance complying with the requirements of this Subsection (a) or in separate policies maintained during such periods as such contractors and/or subcontractors shall perform any work hereunder. The policy or policies insuring Licensee shall insure Licensee's contractual liability in favor of Licensor contained in Section 6 of this License.
 - (b) Licensee shall, with respect to the operations it or any of its contractors or subcontractors perform upon, beneath or adjacent to Licensor's right of way and/or track, furnish or arrange to have furnished in Licensor's favor (i) policy or policies of insurance satisfactory to Licensor which shall protect Licensor against liability for injuries to or death of person or persons, INCLUDING LICENSOR'S EMPLOYEES, occasioned by or resulting, in whole or in part, from the operations of Licensee or any of its subcontractors, on or contiguous to Licensor's property (except liability due solely to Licensor's negligence),

with limits of not less than Five Hundred Thousand Dollars (\$500,000) for all damages arising out of bodily injuries to or death of one person and, subject to such limitation, One Million Dollars (\$1,000,000) for all damages arising out of bodily injuries to or death of two or more persons in any one accident or occurrence; and (ii) policy or policies of insurance satisfactory to Licensor which will protect Licensor against liability for damage to or loss or destruction of property, including property in Licensor's care, custody or control, occasioned by or resulting, in whole or in part, from the operations of Licensee, its contractors or subcontractors (except liability due solely to Licensor's negligence) with limits of not less than One Million Dollars (\$1,000,000) for each occurrence.

19. Licensee agrees to furnish or arrange to have furnished to Licensor certificates reflecting the insurance coverage or certified copy of insurance policy, if requested by Licensor, as required by Subsection (a) of Section 18 hereof, and to furnish, or arrange to have furnished, the original policy required by Subsection (b) of Section 18. Certificates reflecting the coverage required by Subsection (a) shall unqualifiedly require thirty (30) days' written notice to Licensor of cancellation or modification of the insurance referred to in such certificates.
20. Licensee shall not be permitted to exercise the license and permission granted hereunder until notified by Licensor that insurance furnished pursuant to Section 18 hereof is satisfactory.

IN WITNESS WHEREOF, the parties have executed this License, in duplicate, the day and year first above written.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

One Santa Fe Plaza
5200 E. Sheila Street
Los Angeles, CA 90040

By

Its

Manager of Contracts

CITY OF REDLANDS

30 Cajon Street,
Redlands, CA 92373

By

Its

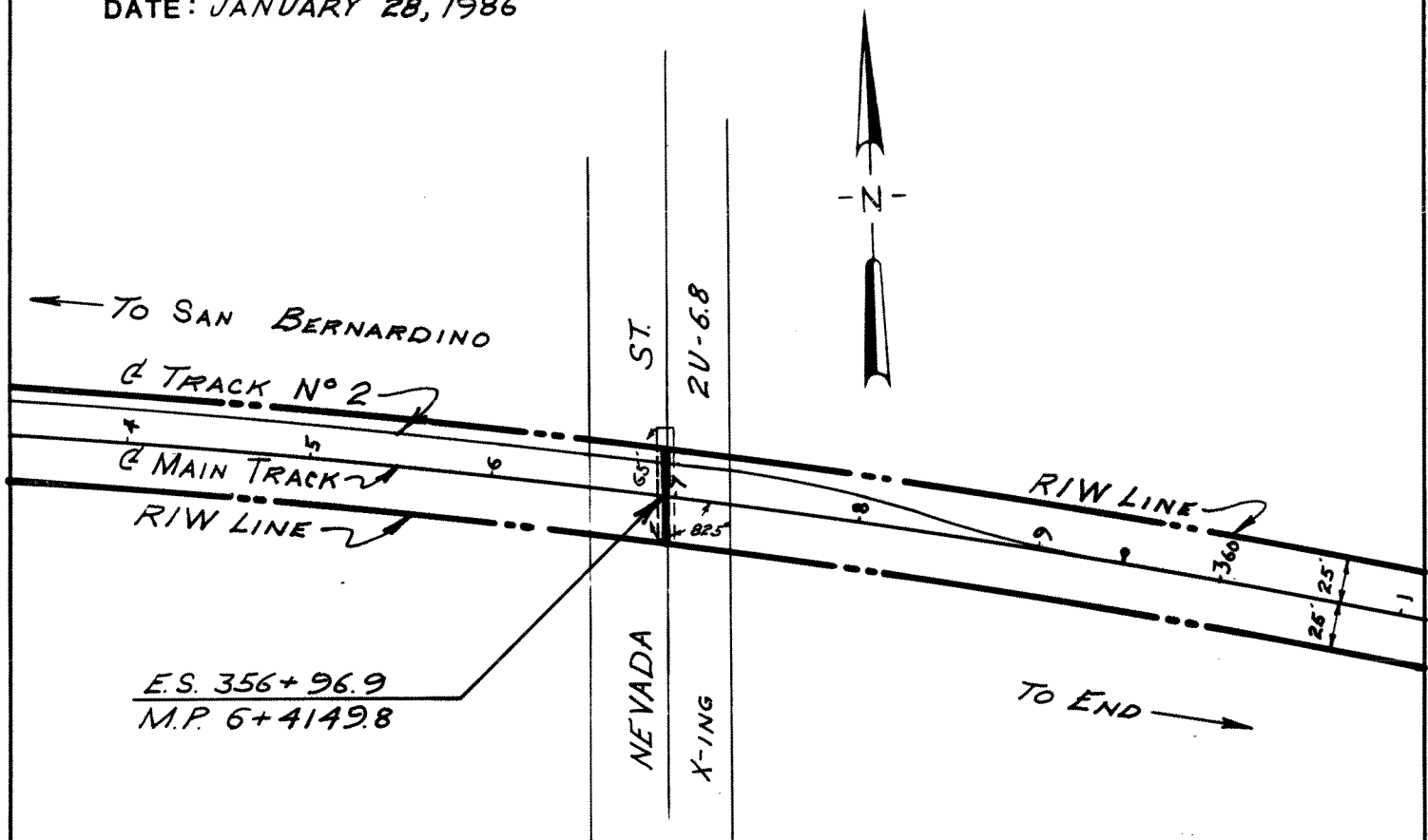
(Licensee)

EXHIBIT "A"

ATTACHED TO CONTRACT BETWEEN
THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY
 AND
CITY OF REDLANDS

CHICAGO, ILLINOIS
 SCALE: 1 IN. TO 100 FT.
LOS ANGELES DIV.
REDLANDS DIST.
 DATE: JANUARY 28, 1986

H.G. WEBB
 CHIEF ENGINEER
 DESCRIPTION APPROVED



DESCRIPTION OF PIPELINE
PIPELINE SHOWN BOLD

	CARRIER PIPE	CASING PIPE		CARRIER PIPE	CASING PIPE
SIZE:	<u>24"</u>	<u>40"</u>	LENGTH ON R/W:	<u>50.4'</u>	<u>50.4'</u>
CONTENTS:	<u>SEWAGE</u>	<u>-</u>	WORKING PRESSURE:	<u>GRAVITY</u>	<u>-</u>
PIPE MATERIAL:	<u>V.C.P.</u>	<u>STEEL</u>	BURY: BASE/RAIL TO TOP OF CASING	<u>5'-6" MIN.</u>	<u>-</u>
SPECIFICATION / GRADE:	<u>A.S.T.M. C-200</u>	<u>GRADE B</u>	BURY: NATURAL GROUND	<u>3'-0"</u>	<u>-</u>
WALL THICKNESS:	<u>2.5"</u>	<u>0.562"</u>	BURY: ROADWAY DITCHES	<u>3'-0"</u>	<u>-</u>
COATING:	<u>N/A</u>	<u>NONE</u>	CATHODIC PROTECTION	<u>NONE</u>	<u>-</u>

VENTS: NUMBER N/A SIZE _____ HEIGHT OF VENT ABOVE GROUND _____

AT NEVADA STREET,

NOTE: CASING TO BE JACKED OR
 DRY BORED ONLY.

SAN BERNARDINO COUNTY, CALIFORNIA C.E. DRAWING NO. 1-05147