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**FEES NOT REQUIRED
PER GOVERNMENT CODE
SECTION 6103**

Exempt from Fees Per Gov. Code § 6103

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DEVELOPMENT AGREEMENT

By and Between

CITY OF REDLANDS, a California municipal corporation,

and

REDLANDS LAND HOLDING L.L.C.

a limited liability company

April 15, 2008

San Bernardino County, California

DEVELOPMENT AGREEMENT

This Development Agreement (hereinafter "Agreement") is entered into, effective thirty (30) days after the date of the second reading of the ordinance approving this Agreement (hereinafter the "Effective Date"), by and between the City of Redlands, a California municipal corporation (hereinafter "City"), and Redlands Land Holding L.L.C., a Delaware limited liability company (hereinafter "Owner"). City and Owner are sometimes individually referred to herein as a "Party" and, together, as the "Parties."

RECITALS

WHEREAS, pursuant to Section 65864 et seq. of the Government Code, City is authorized to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property; and

WHEREAS, Owner has a legal and equitable interest in certain real property located in the City of Redlands which is more particularly described in Exhibit "A" attached hereto (the "Property"); and

WHEREAS, Owner proposes to develop an approximate 149,800 to 160,000 square foot commercial/retail center in accordance with the Development Plan (the "Project"), in two phases, at the gateway to City's downtown; and

WHEREAS, Owner has requested City to enter into a development agreement for the Project and proceedings have been undertaken for the same in accordance with state law and the rules and regulations of City; and

WHEREAS, by electing to enter into this Agreement, City shall bind future City Councils of City by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of City; and

WHEREAS, the terms and conditions of this Agreement have undergone extensive review by City and have been found to be fair, just and reasonable; and

WHEREAS, the best interests of the citizens of City and the public health, safety and welfare will be served by entering into this Agreement; and

WHEREAS, all of the procedures of the California Environmental Quality Act ("CEQA") have been met with respect to the Project and this Agreement in that a final environmental impact report has been prepared for the Project (State Clearinghouse No. 2005121029) (the "EIR"), and the City Council of the City and the Redevelopment Agency of City have found and determined that the EIR was prepared in accordance with the requirements of CEQA and adequately describes the impacts of the Project and this Agreement; and

WHEREAS, this Agreement and the Project are consistent with the City's General Plan and Specific Plan No. 45; and

WHEREAS, development of the Property in accordance with this Agreement will provide substantial benefits to City and will further important policies and goals of City; and

WHEREAS, this Agreement will eliminate uncertainty in Owner's planning for the Project and provide for the orderly development of the Property and generally serve the purposes for which development agreements under Section 65864 et seq. of the Government Code are intended; and

WHEREAS, all actions taken and approvals given by City for the Project and this Agreement have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes and other procedural matters;

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

COVENANTS

1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following terms when used in this Agreement shall be defined as follows:

1.1.1 "Agreement" means this Development Agreement.

1.1.2 "City" means the City of Redlands, California, a general law city organized and existing under the laws of the State of California.

1.1.3 "Design Rules" means rules, regulations and official policies of the City governing design, improvement and construction standards and specifications.

1.1.4 "Development" means the improvement of the Property for the purposes of completing the structures, improvements and facilities comprising the Project including, but not limited to: grading; the construction of infrastructure and public facilities related to the Project whether located within or outside the Property; the construction of buildings and structures; and the installation of landscaping. "Development" does not include the maintenance, repair, reconstruction or redevelopment of any building, structure, improvement or facility after the construction and completion thereof.

1.1.5 "Development Approvals" means all permits and other entitlements approved by City in connection with development of the Property including without limitation:

- (a) general plan amendments;
- (b) specific plans and specific plan amendments;
- (c) zoning;

- (d) tentative and final subdivision and parcel maps;
- (e) conditional use permits and variances;
- (f) development site plan review;
- (g) grading and building permits.

Development Approvals specifically exclude this Agreement and the EIR.

1.1.6 "Development Impact Fee" means a monetary exaction, other than a tax or special assessment, established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, and, for purposes of this Agreement only, includes fees collected under development agreements adopted pursuant to Article 2.5 of the Government Code (commencing with Section 65864) of Chapter 4, or fees collected pursuant to agreements with redevelopment agencies that provide for the redevelopment of property in furtherance or for the benefit of a redevelopment project for which a redevelopment plan has been adopted pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code). For purposes of this Agreement only, "Development Impact Fee" shall not include Processing Fees.

1.1.7 "Development Plan" means the Existing Development Approvals and the Existing Land Use Regulations applicable to Development of the Property.

1.1.8 "Existing Development Approvals" means all Development Approvals approved or issued prior to the Effective Date. Existing Development Approvals includes the Approvals incorporated herein as Exhibit "C" and all other Development Approvals which are a matter of public record on the Effective Date.

1.1.9 "Existing Land Use Regulations" means all Land Use Regulations in effect and a matter of public record on the Effective Date.

1.1.10 "Land Use Regulations" means all ordinances, resolutions, codes, rules, regulations and official policies of City governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property. "Land Use Regulations" shall also include Development Impact Fees and Processing Fees in effect as of the Effective Date subject to increases in Processing Fees, in accordance with Section 4.3 of this Agreement. "Land Use Regulations" does not include any City ordinance, resolution, code, rule, regulation or official policy, governing:

- (a) the conduct of businesses, professions, and occupations;

(b) Design Rules, provided, that, notwithstanding anything in this Agreement to the contrary, any change in a Design Rule after the Effective Date of this Agreement shall be applicable to the Project only if (i) such change is a citywide change applying uniformly throughout the City, and (ii) except for update or adoption of uniform codes pursuant to the next sentence, such change does not impose a material adverse financial impact upon the Project or the development thereof as contemplated by the Owner as of the Effective Date of this Agreement; provided, further, that the additional time, if any, necessary to comply with a change in a Design Rule (as opposed to the additional cost or expense of compliance) shall not, if itself, constitute a material adverse financial impact. Notwithstanding anything herein to the contrary, Owner specifically acknowledges and agrees that the construction of the Project shall be subject to any adoption or update of building, electrical, mechanical, fire or other like uniform codes of citywide scope which are based on the recommendations of a multi-state professional organization and become applicable throughout the City.

(c) taxes or assessments;

(d) the control and abatement of nuisances;

(e) the granting of encroachment permits and the conveyance of similar rights and interests that provide for the use of or the entry upon public property;

(f) the exercise of the power of eminent domain.

(g) the procedural requirements of hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure.

1.1.11 "Mortgagee" means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device lender, and their successors and assigns.

1.1.12 "Owner" means Redlands Land Holding LLC and its permitted successors in interest to all or any part of the Property.

1.1.13 "Project" means Owner's proposed 122,000 to 150,000 square foot commercial/retail development of the Property contemplated by the Development Plan as such Development Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.1.14 "Processing Fees" means all processing fees and charges imposed by City to cover the estimated actual costs to City of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued, including, without limitation, fees for zoning variances, zoning changes, use permits, building inspections, building permits, grading permits, certificates of occupancy, the processing of maps under the provisions of the Subdivision Map Act, Division 2 (commencing with Section 66410) of Title 7 of the Government Code, or planning services under the authority of Chapter 3 (commencing with Section 65100) of Division 1 of Title 7 of the Government Code, and fees and charges as described in Sections 51287, 56383, 57004, 65104, 65456, 65863.7, 65909.5, 66013, 66014, and 66451.2 of the Government Code, Sections 17951, 19132.3, and 19852 of the Health and Safety

Code, Section 41901 of the Public Resources Code and Section 21671.5 of the Public Utilities Code, as such codes may be amended or superseded, including by amendment or replacement. Processing fees shall not include Development Impact Fees.

1.1.15 "Reservations of Authority" means the rights and authority excepted from the assurances and rights provided to Owner under this Agreement and reserved to City under Section 3.6 of this Agreement.

1.1.16 "Subsequent Development Approvals" means all Development Approvals required subsequent to the Effective Date in connection with Development of the Property.

1.1.17 "Subsequent Land Use Regulations" means any Land Use Regulations adopted and effective after the Effective Date of this Agreement.

1.2 Exhibits. The following documents are attached to, and by this reference made a part of, this Agreement:

Exhibit "A" — Legal Description of the Property.

Exhibit "B" — Map showing Property and its location.

Exhibit "C" — Existing Development Approvals.

Exhibit "D" — Project Phasing Plan.

Exhibit "E" — Improvement Estimates.

Exhibit "F" — Landscape Maintenance District Property

Exhibit "G" — Development Impact Fees

2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. The Parties acknowledge that Owner may, after execution of this Agreement, acquire ownership of additional real property which is the subject of the Development Plan (the "Additional Property"). As Owner acquires such Additional Property, the Parties shall administratively (executed by the Mayor of City without the need for further approval by the City Council of City) revise Exhibit "A" of this Agreement to identify that Additional Property and shall record a copy of this Agreement, with the revised exhibit, against such Additional Property in the official records of the County of San Bernardino.

2.2 Ownership of Property. Owner represents and covenants that it is the owner of the fee simple title to the Property or a portion thereof.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for an initial term of four (4) years thereafter unless this term is modified or extended pursuant to the provisions of this Agreement. Notwithstanding the foregoing, the term

of this Agreement may be extended for an additional one (1) year following expiration of the initial term, provided the following have occurred:

(a) Owner provides at least one hundred eighty (180) days written notice to City, prior to the expiration of the initial term, of its request to extend the initial term;

(b) Owner has committed to the development of Phase 2 of the Project as described in the Project Phasing Plan; and

(c) Owner is not then in uncured default of this Agreement.

The initial term and, if and upon extension, the one (1) year extension, shall sometimes be referred to herein together as the "Term."

2.4 Assignment.

2.4.1 Right to Assign. Owner shall have the right to sell, transfer or assign the Property in whole or in part (provided that no such partial transfer shall violate the Subdivision Map Act, Government Code Section 66410 et seq.), to any person, partnership, joint venture, firm or corporation at any time during the Term of this Agreement; provided, however, that any such sale, transfer or assignment shall include the assignment and assumption of the rights, duties and obligations arising under or from this Agreement and be made in strict compliance with the following:

(a) No sale, transfer or assignment of any right or interest under this Agreement shall be made unless made together with the sale, transfer or assignment of all or a part of the Property.

(b) Concurrent with any such sale, transfer or assignment, or within fifteen (15) business days thereafter, Owner shall notify City's City Manager, in writing, of such sale, transfer or assignment and shall provide City with: (1) an executed agreement, in a form reasonably acceptable to City, by the purchaser, transferee or assignee and providing therein that the purchaser, transferee or assignee expressly and unconditionally assumes all the duties and obligations of Owner under this Agreement with respect to the portion of the Property so sold, transferred or assigned; and (2) the payment of the applicable processing charge to cover the cost of City's review and consideration of such sale, transfer or assignment.

(c) Any sale, transfer or assignment not made in strict compliance with the foregoing conditions shall constitute a default by Owner under this Agreement. Notwithstanding the failure of any purchaser, transferee or assignee to execute the agreement required by paragraph (b) of this Subsection 2.4.1, the burdens of this Agreement shall be binding upon such purchaser, transferee or assignee, but the benefits of this Agreement shall not inure to such purchaser, transferee or assignee until and unless such agreement is executed. City's City Manager shall have the authority to exercise the rights of City pursuant to the terms of this section 2.4, and any approval required by City shall not be unreasonably withheld, conditioned or delayed.

2.4.2 Release of Transferring Owner. Notwithstanding any sale, transfer or assignment, a transferring Owner shall continue to be obligated under this Agreement unless such transferring Owner is given a release in writing by City, which release shall be provided by City upon the full satisfaction by such transferring Owner of the following conditions:

(a) Owner no longer has a legal or equitable interest in all or any part of the Property sold, transferred or assigned.

(b) Owner is not then in default under this Agreement.

(c) Owner has provided City with the notice and executed agreement required under Paragraph (b) of Subsection 2.4.1 above.

(d) The purchaser, transferee or assignee provides City with security equivalent to any security previously provided by Owner to secure performance of its obligations hereunder.

2.4.3 Effect of Assignment and Release of Obligations. In the event of a sale, transfer or assignment pursuant to the provisions of subsection 2.4.2 above:

(a) The assignee shall be liable for the performance of all obligations of Owner with respect to transferred property, but shall have no obligations with respect to the portions of the Property, if any, not transferred (the "Retained Property") and no breach or default by, or failure of a condition in favor of City which affects the rights of, Owner or any other assignee, shall affect the continued viability and effect of this Agreement as to any assignee.

(b) The owner of the Retained Property shall be liable for the performance of all obligations of Owner with respect to the Retained Property, but shall have no further obligations with respect to the transferred property, and no breach, default or failure of condition by any assignee shall affect the continued viability and effect of this Agreement as to Owner with respect to any Retained Property.

(c) The assignee's exercise, use and enjoyment of the Property or portion thereof shall be subject to the terms of this Agreement to the same extent as if the assignee were the Owner.

2.4.4 Subsequent Assignment. Any subsequent sale, transfer or assignment after an initial sale, transfer or assignment shall be made only in accordance with and subject to the terms and conditions of this Section 2.4.

2.5 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only in the manner provided for in Government Code Section 65868.1. Any amendment of this Agreement which has been requested by Owner, shall be considered by City only upon the payment of the applicable processing charge. This provision shall not limit any remedy of City or Owner as provided by this Agreement. Either Party, or any successor in interest of a Party, may propose an amendment to or cancellation, in whole or in part, of this Agreement. Any amendment or cancellation shall be by mutual consent of the

Parties or their successors in interest except as provided otherwise in this Agreement or in Government Code Section 65865.1. For purposes of this Section, the term "successor in interest" shall mean any person having a legal or equitable interest in the whole of the Property, or any portion thereof as to which such person wishes to amend or cancel this Agreement. The procedure for proposing and adopting an amendment to, or cancellation of, in whole or in part, this Agreement shall be the same as the procedure for adopting and entering into this Agreement in the first instance. Notwithstanding the foregoing sentence, if City initiates the proposed amendment to, or cancellation of, in whole or in part, this Agreement, City shall first give notice to Owner of its intention to initiate such proceedings at least sixty (60) days in advance of the giving the public notice of intention to consider the amendment or cancellation.

2.6 Termination. This Agreement shall be deemed terminated and of no further effect upon the occurrence of any of the following events:

(a) Expiration of the stated Term of this Agreement as set forth in Section 2.3.

(b) Entry of a final judgment setting aside, voiding or annulling the adoption of the ordinance approving this Agreement.

(c) Completion of the Project in accordance with the terms of this Agreement including issuance of all required occupancy permits and acceptance by City or applicable public agency of all required dedications.

Termination of this Agreement shall not constitute termination of any other land use entitlements approved for the Property. Upon the termination of this Agreement, no Party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination or with respect to any default in the performance of the provisions of this Agreement which has occurred prior to such termination or with respect to any obligations which are specifically set forth as surviving this Agreement.

2.7 Notices.

(a) As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

(b) All notices shall be in writing and shall be considered given either: (i) when delivered in person, including, without limitation, by courier, to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below. All notices shall be addressed as follows:

If to City:

N. Enrique Martinez
City Manager

If to Owner:

Redlands Land Holding L.L.C.
c/o General Growth Properties

City of Redlands
Post Office Box 3005
Redlands, California 92373
Tel. (909) 798-7510
Fax (909) 798-7503

110 North Wacker Drive
Chicago, Illinois 60606
Attention: Heath Fear
Fax (312) 960-5476

with a copy to:

And to:

Daniel J. McHugh, Esq.
City Attorney
City of Redlands
Post Office Box 3005
Redlands, California 92373
Tel. (909) 798-7595
Fax (909) 798-7503

Redlands Land Holding L.L.C.
C/O General Growth Properties
110 North Wacker Drive
Chicago, Illinois 60606
Attention: Martin Vahtra
Fax (312) 960-5476

And with a copy to:

Brown Winfield & Canzoneri
300 South Grand Avenue, 15th Floor
Los Angeles, California 90071
Attention: Anthony Canzoneri
Fax (213) 687-1703

(c) Either Party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a Party or an officer or representative of a Party, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

3. DEVELOPMENT OF THE PROPERTY.

3.1 Rights to Develop. Subject to the terms of this Agreement including the Reservations of Authority, Owner shall have a vested right to develop the Property in accordance with, and to the extent of, the Development Plan. The Project shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan. Except as otherwise provided in this Agreement, the permitted uses of the Property, the maximum density and intensity of use, the maximum height and size of proposed buildings, and provisions for reservation and dedication of land for public purposes shall be those set forth in the Development Plan.

3.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided by this Agreement, including the Reservations of Authority, the rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings, and the design, improvement and construction standards and specifications applicable to development of the Property shall be the Existing Land Use Regulations. The adoption of any change in the Existing Land Use Regulations, adopted or becoming effective after the Effective Date of this Agreement, shall not

be applied to the Project, unless the affected Owner gives written notice to the City of its election to have such change in the Existing Land Use Regulations applied to its portion of the Project; provided that, such election by Owner shall not be authorized or accepted if it would materially interfere with completion of the Project by the other Owners as originally contemplated by the terms of this Agreement. In connection with any Subsequent Development Approval, City shall exercise discretion in accordance with the same manner as it exercises its discretion under its police powers, including the Reservations of Authority set forth herein; provided however, that such discretion shall not prevent development of the Property for the uses and to the density or intensity of development set forth in this Agreement.

3.3 Timing of Development. The Parties acknowledge that Owner cannot at this time predict when or the rate at which phases of the Property will be developed. Such decisions depend upon numerous factors which are not within the control of Owner, such as market orientation and demand, interest rates, absorption, completion and other similar factors. Because the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo* (1984) 37 Cal. 3d 465, that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the Parties' intent to cure that deficiency by acknowledging and providing that Owner shall have the right to develop the Property in such order and at such rate and at such times as Owner deems appropriate within the exercise of its subjective business judgment.

3.4 Phasing Plan. Development of the Property shall be subject to all timing and phasing requirements established by the Development Plan.

3.5 Changes and Amendments. The Parties acknowledge that refinement and further development of the Project may require Subsequent Development Approvals and may demonstrate that changes are appropriate and mutually desirable in the Existing Development Approvals. In the event Owner finds that a change in the Existing Development Approvals is necessary or appropriate, Owner shall apply for a Subsequent Development Approval to effectuate such change and City shall process and act on such application in accordance with the Existing Land Use Regulations, except as otherwise provided by this Agreement, including the Reservations of Authority. If approved, any such change in the Existing Development Approvals shall be incorporated herein as an addendum to Exhibit "C," and may be further changed from time to time as provided in this Section. Unless otherwise required by law, as determined in City's reasonable discretion, a change to the Existing Development Approvals shall be deemed "minor" and not require an amendment to this Agreement provided such change does not:

- (a) Alter the permitted uses of the Property as a whole; or,
 - (b) Increase the density or intensity of use of the Property as a whole;
- or,
- (c) Increase the maximum height and size of permitted buildings; or,
 - (d) Delete a requirement for the reservation or dedication of land for public purposes within the Property as a whole; or,

(e) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.

3.6 Reservations of Authority.

3.6.1 Limitations, Reservations and Exceptions. Notwithstanding any other provision of this Agreement, City shall not be prevented from applying new rules, regulations and policies upon Owner, nor shall this Agreement prevent City from denying or conditionally approving any subsequent development project application on the basis of such new rules, regulations and policies where the new rules, regulations and policies consist of the following:

(a) Processing Fees, provided such Processing Fees are applicable City-wide to all developments of similar type or size.

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records and any other matter of procedure, provided such procedural regulations are applicable city-wide to all developments of similar size or type;

(c) Regulations, policies and rules governing engineering and construction standards and specifications applicable to public and private improvements, including all uniform codes adopted by the City and any local amendments to those codes adopted by the City;

(d) Regulations that may conflict with this Agreement and the Development Plan but that are reasonably necessary to protect the businesses within the Project and/or of the immediate community from a condition perilous to their health or safety;

(e) Regulations that do not conflict (i.e., those regulations that are consistent with this Agreement or Development Plan) with those rules, regulations and policies set forth in this Agreement or the Development Plan and do not impose additional fees, exactions, or costs to the Project or delay implementation of the Project;

(f) Regulations that may conflict but to which the Owner consents.

3.6.2 Subsequent Development Approvals. City, in acting on Subsequent Development Approvals, shall apply Existing Land Use Regulations to the extent possible. This Agreement shall not prevent City from denying or conditionally approving any Subsequent Development Approval on the basis of the Existing Land Use Regulations or to the extent allowable herein, any Subsequent Land Use Regulation not in conflict with the Development Plan.

3.6.3 Modification or Suspension by State or Federal Law. In the event that State or Federal laws or regulations, enacted after the Effective Date of this Agreement, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce. In the event

Owner alleges that such State or Federal laws or regulations preclude or prevent compliance with one or more provisions of this Agreement, and City does not agree, Owner may, at its sole cost and expense, seek declaratory relief (or other similar non-monetary remedies); provided, however, that nothing contained in this subsection 3.6.3 shall impose on City any monetary liability for contesting such declaratory relief (or other similar non-monetary relief).

3.6.4 Intent. The Parties acknowledge and agree that City is restricted in its authority to limit its police power by contract and that the foregoing limitations, reservations and exceptions are intended to reserve to City all of its police power which cannot be so limited. This Agreement shall be construed, contrary to its stated terms if necessary, to reserve to City all such power and authority which cannot be restricted by contract.

3.7 Public Works; Utilities. If Owner is required by this Agreement to construct any public works facilities which will be dedicated to City or any other public agency upon completion, and if required by applicable laws to do so, Owner shall perform such work in the same manner and subject to the same requirements as would be applicable to City or such other public agency should it have undertaken such construction. As a condition of development approval, Owner shall connect the Project to all utilities necessary to provide adequate water, sewer, gas, electric, and other utility service to the Project. As a further condition of development approval, Owner shall contract with City for City-owned or operated utilities for this purpose, for such price and on such terms as may be available to similarly situated customers in City.

3.8 City Services. Subject to Owners' installation of infrastructure in accordance with the requirements of the Existing Development Approvals and any Subsequent Development Approvals, and City's installation of the "Regional Improvements" (as defined in Section 5.1), City has determined and hereby finds that it will have sufficient capacity in its infrastructure, services and utility systems, including, without limitation, traffic circulation, storm drainage, sewer collection, sewer treatment, sanitation service and water supply, treatment, distribution and service, to accommodate the Project. To the extent that City renders such services or provides such utilities, City hereby agrees that it will serve the Project and that there shall be no restriction on connections or service for the Project.

3.9 Regulation by Other Public Agencies. It is acknowledged by the Parties that other public agencies not within the control of City may possess authority to regulate aspects of the development of the Property separately from or jointly with City and this Agreement does not limit the authority of such other public agencies. City agrees to cooperate fully, at no out of pocket cost to City, with Owner in obtaining any required permits or compliance with the regulations of other public agencies provided such cooperation is not in conflict with any laws, regulations or policies of City.

3.10 Development Processing. City shall employ all lawful actions capable of being undertaken by City to promptly (i) accept all complete applications for Subsequent Development Approvals (collectively, "Applications") and (ii) process and take action upon the Applications in accordance with applicable law. To the extent that Owner desires that City plan check or process an Application on an expedited basis and to the extent that such plan check requires an additional expense beyond the customary expense applicable to the general public, City shall inform Owner of such additional expense, including the cost of overtime and private consultants

and other third-parties. If acceptable to Owner, Owner shall pay the additional cost and City shall use its reasonable efforts to undertake the most accelerated processing time as lawfully possible utilizing overtime and the services of private consultants and third parties to the extent available.

3.11 Moratorium. No city-imposed moratorium or other limitation (whether relating to the rate, timing or sequencing of the development or construction of all or any part of the Project, whether imposed by ordinance, initiative, resolution, policy, order or otherwise, and whether enacted by the City Council, a board, agency, commission or department of City, the electorate, or otherwise) affecting parcel or subdivision maps (whether tentative, vesting tentative or final), building permits, occupancy certificates or other entitlements to use or service (including, without limitation, water and sewer approved, issued or granted within City, or portions of City) shall apply to the Project to the extent such moratorium or other limitation is in conflict with this Agreement; provided, however, the provisions of this Section shall not affect City's compliance with moratoria or other limitations mandated by other governmental agencies or court imposed moratoria or other limitations, nor shall the provisions of this Section prohibit City from imposing upon the Project water conservation laws or regulations provided such laws or regulations are applicable city-wide to all developments of similar size or type.

3.12 Warranties

(a) City Warranties. The City hereby warrants to Owner as follows:

(1) Entitlement to Develop. City has the authority to permit Owner to develop the Project subject to, and in accordance with: the Land Use Regulations, the Existing Development Approvals, and the terms and conditions of this Agreement.

(2) Consistency with General Plan and Specific Plan. The Project is consistent with the General Plan and Specific Plan No. 45 and the Existing Development Approvals lawfully authorize the construction and use of the Project.

(3) Authority to Enter into Agreement. City has the legal authority to enter into and implement this Agreement.

(b) Owner Warranties. Owner warrants to City that it has the legal authority and financial ability to enter into and implement this Agreement.

3.13 Term of Project Approvals. As provided in California Government Code Sections 66452.6 and 65863.9, the term of any tentative, vesting tentative or parcel map approved with respect to the Project and the term of each of the Existing Development Approvals shall remain in effect and be valid through the scheduled termination date of this Agreement as set forth in Section 2.3 above.

4. DEVELOPMENT IMPACT FEES AND PROCESSING FEES.

4.1 Amount and Components of Development Impact Fees. The Development Impact Fees applicable to the Property and/or the Project shall be those adopted and in effect as of the Effective Date of this Agreement; provided, however, that the Project shall be subject to any annual indexed adjustments in Development Impact Fees imposed pursuant to the provisions of the City ordinances establishing such Development Impact Fees. Subject to the foregoing, City acknowledges and agrees that the Development Impact Fees applicable to the Project are as set forth in Exhibit "G".

4.2 Time of Payment. The Development Impact Fees required pursuant to Section 4.1 shall be paid to City at the time required pursuant to the ordinance or resolution adopting the same, except that traffic signalization fees for each applicable intersection shall be paid within ten (10) days of notification from City to Owner that City has awarded a contract for the design of the traffic signals for such intersection.

4.3 Change in Processing Fees. The Project shall be subject to any increase in Processing Fees imposed by the City, provided that no such change shall be applicable to the Project unless: (a) the City Council shall first hold one public meeting at which oral or written presentations can be made on such matter; and (b) such increased Processing Fees are not imposed in a manner so as to discriminate against Owner or the Project; and (c) the increased Processing Fees do not exceed the estimated reasonable cost of providing the service for which they are imposed.

5. PUBLIC IMPROVEMENTS AND LANDSCAPE MAINTENANCE.

5.1 Public Improvements. City has identified and estimated the types and quantities of the drainage, sewer, street and water improvements (the "Estimated Improvements") required by the conditions of approval for development of the Project in accordance with the Existing Development Approvals. A listing of the Estimated Improvements which also identifies those Estimated Improvements that have been, or will be, constructed by City ("the Regional Improvements") and those to be constructed by Owner ("the Owner Offsite Improvements") is attached hereto as Exhibit "E".

5.1.1 The Regional Improvements. City acknowledges and agrees that the Regional Improvements constructed or to be constructed by City constitute infrastructure of a regional nature, and which was contemplated to be constructed by City without regard to the proposed Project, notwithstanding that some or all of such Regional Improvements may have been required to be constructed as a condition to the development of the Project and identified in the Existing Development Approvals. City agrees to construct the Regional Improvements identified on Exhibit "E" so as to complete the storm drain improvements by December 31, 2008 and the traffic signal and related work for the Eureka and Colton and Eureka and Stuart intersections by April 30, 2009. In the event that City fails to initiate or diligently construct the Regional Improvements to completion within the time set forth above, and if such failure would delay the construction, completion or occupancy of the Project, then Owner shall have the right, by notice to City, in Owner's sole discretion, and without limitation of any other remedy, to undertake or complete, as applicable, such portion of the Regional Improvements as may be

necessary to avoid the delay in the construction, completion or occupancy of the Project, on behalf of and at the expense of the City. If Owner exercises that right, City shall promptly and fully cooperate with Owner, including, issuance of all necessary Development Approvals, assignment of any plans, specifications, contracts or other like matters requested by Owner, and performance of such other actions and execution of such other documents as required to enable Owner to undertake and/or complete such Regional Improvements.

5.1.2 The Owner Offsite Improvements. As set forth in the Existing Development Approvals, it is a condition to construction of the Project that Owner construct the Owner Offsite Improvements.

5.1.3 Reimbursement Procedure. City shall reimburse Owner for all direct hard and soft costs and expenses (including construction costs, direct supervision and management, and construction loan expenses) incurred by Owner in connection with the construction of such Regional Improvements (the "Reimbursement Amount"). The Reimbursement Amount shall be payable in full to Owner not later than sixty (60) days after Developer completes each portion of the Regional Improvements, pursuant to this Section 5.1 (each an "Outside Date"). Prior to each Outside Date, promptly upon City's receipt, the City shall pay to Owner, for application to the Reimbursement Amount, any funds, including development fees or charges or governmental funding, which are a legally permissible source for repayment of the Reimbursement Amount and which are not legally committed to some other City obligation as of the date of the receipt of those funds by the City.

The Reimbursement Amount shall bear interest at an annual rate of interest equal to 10% per annum from the date such costs or expenses were incurred (as evidenced by periodic invoices to be provided by the owner to the City) to the date such amounts are repaid to Owner.

5.2 Design/Development Standards. Notwithstanding the provisions of the Land Use Regulations, easements dedicated for pedestrian use shall be permitted to include easements for underground drainage, water, sewer, gas, electricity, telephone, cable and other utilities and facilities so long as they do not unreasonably interfere with pedestrian use.

5.3 Alternative Financing for Public Improvements. If deemed appropriate, City and Owner will cooperate in the formation of any special assessment district, community facilities district or alternate financing mechanism to pay for the construction and/or maintenance and operation of public infrastructure facilities required as part of the Development Plan. City also agrees that, to the extent any such district or other financing entity is formed and sells bonds in order to finance such public infrastructure facilities, Owner may be reimbursed to the extent that Owner spends funds or dedicates land for the establishment of such public infrastructure facilities. Notwithstanding the foregoing, it is acknowledged and agreed by the Parties that nothing contained in this Agreement shall be construed as requiring City or City's City Council to form any such district or to issue and sell bonds.

5.4 Landscape Maintenance. At the request of City and pursuant to the provisions of the Mello-Roos Community Facilities District Law Act of 1982 (Government Code section 53311 et seq. (the "Act")), Owner shall petition City and take all appropriate actions to reasonably cooperate in the processing and approval of inclusion of the Property within a City

landscape maintenance Community Facilities District to finance the cost of landscape maintenance for the property described in Exhibit "F."

5.5 Infrastructure Phasing Flexibility. Notwithstanding the provision of any phasing requirements in this Agreement, the Existing Development Approvals or any Subsequent Development Approvals, Owner and City recognize that economic and market conditions may necessitate changing the order in which the infrastructure is constructed. Therefore, City and Owner hereby agree that should it become necessary or desirable to develop any portion of the Project's infrastructure in an order that differs from the order set forth in this Agreement, the Development Approvals or any Subsequent Development Approvals, Owner and City shall collaborate and City shall permit any modification reasonably requested by Owner so long as the modification continues to ensure adequate infrastructure is available to serve that portion of the Project being developed.

6. REVIEW FOR COMPLIANCE.

6.1 Periodic and Special Reviews.

6.1.1 Time for and Initiation of Periodic Review. City and Owner shall review this Agreement every twelve (12) months from and after the Effective Date in order to ascertain the good faith compliance by Owner with the terms of this Agreement in accordance with the provisions of section 18.220.180 of City's Municipal Code.

6.1.2 Initiation of Special Review. A special review may be called either by agreement between the Parties or by initiation in one or more of the following ways:

- (1) Recommendation of City's City Manager or City's Community Development Director;
- (2) Affirmative vote of at least four (4) members of the Planning Commission; or
- (3) Affirmative vote of at least three (3) members of the City Council.

6.1.3 Notice of Special Review. City's City Manager shall begin the special review proceeding by giving notice that the City intends to undertake a special review of this Agreement to the Owner. Such notice shall be given at least ten (10) days in advance of the time at which the matter will be considered by the Planning Commission.

6.1.4 Public Hearing. The Planning Commission shall conduct a hearing at which Owner must demonstrate good faith compliance with the terms of this Agreement. The burden of proof on this issue is upon Owner.

6.1.5 Findings Upon Public Hearing. The Planning Commission shall determine upon the basis of substantial evidence whether or not Owner has, for the period under review, complied in good faith with the terms and conditions of this Agreement.

6.1.6 Procedure Upon Findings.

(a) If the Planning Commission finds and determines on the basis of substantial evidence that Owner has complied in good faith with the terms and conditions of this Agreement during the period under review, the review for that period is concluded.

(b) If the Planning Commission finds and determines on the basis of substantial evidence that the Owner has not complied in good faith with the terms and conditions of this Agreement during the period under review, the Planning Commission may recommend that the City Council consider issuance of a Notice of Default to Developer to the extent applicable.

6.2 Proceedings Upon Modification or Termination. If, upon a finding under Section 6.1.6(b), City determines to proceed with issuance of a Notice of Default, City shall give notice to the Owner of its intention so to do no less than thirty (30) days prior to the hearing. The notice shall contain:

- (a) The time and place of the hearing;
- (b) A statement as to whether or not City proposes to issue a Notice of Default; and
- (c) Other information that City considers necessary to inform Owner of the nature of the proceeding.

6.3 Hearing on Notice of Default. At the time and place set for the hearing on the proposed Notice of Default, Owner shall be given an opportunity to be heard. Owner shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. The burden of proof on this issue shall be on Owner. If the City Council finds, based upon substantial evidence in the administrative record, that Owner has not complied in good faith with the terms and conditions of this Agreement, and that such failure constituted a material unexcused breach of this Agreement, the City Council may direct the issuance of a Notice of Default to Owner.

6.4 Certificate of Agreement Compliance. If, at the conclusion of a Periodic or Special Review, Owner is found to be in compliance with this Agreement, City shall, upon written request by Owner, issue a Certificate of Compliance ("Certificate") to Owner stating that after the most recent Periodic or Special Review and based upon the information known or made known to the Community Development Director and City Council that (1) this Agreement remains in effect and (2) Owner is not in default. The Certificate shall be in recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, shall state whether the Certificate is issued after a Periodic or Special Review and shall state the anticipated date of commencement of the next Periodic Review. Owner may record the Certificate with the County Recorder.

7. DEFAULT AND REMEDIES.

7.1 Remedies in General. It is acknowledged by the Parties that neither Party would have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof. In general, each of the Parties hereto may

pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that neither Party shall be liable in damages to any other Party, or to any successor in interest of any Party, or to any other person, and each Party covenants not to sue for damages or claim any damages:

(a) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or

(b) For the taking, impairment or restriction of any right or interest conveyed or provided under or pursuant to this Agreement; or

(c) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement;

provided, that nothing in the foregoing limitation of remedies shall affect the right of City to collect Development Impact Fees or Processing Fees, or the right of Developer to seek the refund of any Development Impact Fees or Processing Fees required to be paid to City which are not consistent with this Agreement, or prohibit either Party from seeking reimbursement for any legal fees or amounts required to be paid pursuant to any indemnity provision of this Agreement or affect the rights or remedies of Developer for breach by City of its obligations set forth in Section 5.

7.2 Specific Performance. The Parties acknowledge that money damages and remedies at law generally are inadequate and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all Parties for the following reasons:

(a) Money damages are generally unavailable as provided in Section 7.1 above.

(b) Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, Owner may be foreclosed from other choices it may have had to utilize the Property or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Owner for such efforts.

7.3 Release. Except for non-damage remedies, including the remedy of specific performance and judicial review as provided for in Section 7.2 and except as provided in Section 7.1, each Party, for itself, its successors and assignees, hereby releases the other Party, its elected officials, officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon the other Party because it entered into this Agreement or because of the terms of this Agreement.

7.4 Termination of Agreement for Default of Owner. Subject to the provisions contained in Section 7.2 herein, City may terminate this Agreement for any failure of Owner to perform any material duty or obligation of Owner under this Agreement, or to comply in good faith with the terms of this Agreement (hereinafter referred to as "default"); provided, however, City may terminate this Agreement pursuant to this Section only after providing written notice to Owner of default setting forth the nature of the default and the actions, if any, required by Owner to cure such default and, where the default can be cured, Owner has failed to take such actions and cure such default within sixty (60) days after the effective date of such notice or, in the event that such default cannot be cured within such sixty (60) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such (60) day period and to diligently proceed to complete such actions and cure such default.

7.5 Termination of Agreement for Default of City. Owner may terminate this Agreement in the event of a default by City in the performance of a material term of this Agreement but only after providing written notice to City of default setting forth the nature of the default and the actions, if any, required by City to cure such default and, where the default can be cured, City has failed to take such actions and cure such default within sixty (60) days after the effective date of such notice or, in the event that such default cannot be cured within such sixty (60) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such sixty (60) day period and to diligently proceed to complete such actions and cure such default.

8. THIRD PARTY LITIGATION.

8.1 General Plan Litigation. City has determined that this Agreement is consistent with its General Plan, as such General Plan exists as of the Effective Date ("General Plan"), and that the General Plan meets all requirements of law. Owner has reviewed the General Plan and concurs with City's determination. City shall have no liability in damages under this Agreement for any failure of City to perform under this Agreement or the inability of Owner to develop the Property as contemplated by the Development Plan as the result of a judicial determination that on the Effective Date, or at any time thereafter, the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law.

8.2 Third Party Litigation Concerning Agreement. Owner shall defend, at its expense, including attorneys' fees, indemnify, and hold harmless City, its elected officials, officers and employees from any claim, action or proceeding against City, its agents, officers, or employees to attack, set aside, void, or annul the approval of this Agreement or the approval of any permit granted pursuant to this Agreement. City shall promptly notify Owner of any such claim, action or proceeding, and City shall cooperate in the defense. If City fails to promptly notify Owner of any such claim, action or proceeding, or if City fails to cooperate in the defense, Owner shall not thereafter be responsible to defend, indemnify, or hold harmless City. City may in its discretion participate in the defense of any such claim, action or proceeding.

8.3 Indemnity. In addition to the provisions of Section 8.2 above, Owner shall indemnify and hold City and its elected officials, officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted upon any act or omission of Owner, its officers, agents, employees, subcontractors and independent contractors,

for property damage, bodily injury or death (Owner's employees included), including, but not limited to, the study, design, engineering, construction, completion and failure of the Project, save and except claims for damages arising through the negligence or willful misconduct of City. Owner shall defend, at its expense, including attorneys' fees, City, its elected officials, officers, agents, employees and independent contractors in any legal action based upon such alleged acts or omissions. City may in its discretion participate in the defense of any such legal action.

8.4 Environment Assurances. Owner shall indemnify and hold City, its elected officials, officers, agents, and employees free and harmless from any liability, based or asserted, upon any act or omission of Owner, its officers, agents, employees, subcontractors, successors, assigns and independent contractors which give rise to any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, City, its elected officials, officers, agents and employees in any action based or asserted upon any such alleged act or omission. City may in its discretion participate in the defense of any such action.

8.5 Reservation of Rights. With respect to Sections 8.2, 8.3 and 8.4 herein, City reserves the right to either (1) approve the attorney(s) which Owner selects, hires or otherwise engages to defend City hereunder, which approval shall not be unreasonably withheld, or (2) conduct its own defense, provided, however, that Owner shall reimburse City forthwith for any and all reasonable expenses incurred for such defense, including attorneys' fees (including fees for in-house counsel), upon billing and accounting therefor.

8.6 Survival. The provisions of this Sections 8.1 through 8.6, inclusive, shall survive any termination or expiration of this Agreement.

9. MORTGAGEE PROTECTION.

This Agreement shall not prevent or limit Owner, in any manner, at Owner's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. City acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon written request from Owner, from time to time, to meet with Owner and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. City will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing to the City in the manner specified herein for giving notices, shall be entitled to receive written notification

from City of any default by Owner in the performance of Owner's obligations under this Agreement.

(c) If City timely receives a request from a Mortgagee requesting a copy of any notice of default given to Owner under the terms of this Agreement, City shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to Owner. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement, except that as to a default requiring title or possession of the Property or any portion thereof to effectuate a cure, if the Mortgagee commences foreclosure proceedings to acquire title to the Property or applicable portion thereof within ninety (90) days after receipt from City of the written notice of default, the mortgagee shall be entitled to cure such default after obtaining title or possession provided that such Mortgagee does so promptly and diligently after obtaining title or possession.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of Owner's obligations or other affirmative covenants of Owner hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to be performed by Owner is a condition precedent to the performance of a covenant by City, the performance thereof shall continue to be a condition precedent to City's performance hereunder, and further provided that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of Section 2.4 of this Agreement.

10. MISCELLANEOUS PROVISIONS.

10.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the San Bernardino County Recorder by the City Clerk within ten (10) days after City executes this Agreement, as required by Section 65868.5 of the Government Code. If the Parties or their successors in interest amend or cancel this Agreement as provided for herein and in Government Code Section 65868, or if City terminates this Agreement as provided for herein and in Government Code Section 65865.1 for failure of Owner to comply in good faith with the terms or conditions of this Agreement, the City Clerk shall have notice of such action recorded with the San Bernardino County Recorder.

10.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the Parties as to the matters contained herein, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

10.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be

affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement.

10.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties, and the rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement, all Parties having been represented by counsel in the negotiation and preparation hereof.

10.5 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

10.6 Singular and Plural. As used herein, the singular of any word includes the plural.

10.7 Joint and Several Obligations. Subject to section 2.4, if at any time during the term of this Agreement the Property is owned, in whole or in part, by more than one Owner, all obligations of such Owners under this Agreement shall be joint and several, and the default of any such Owner shall be the default of all such Owners. Notwithstanding the foregoing, no Owner of a single lot which has been finally subdivided and sold to such Owner as a member of the general public or otherwise as an ultimate user shall have any obligation under this Agreement except as provided under Section 4 hereof.

10.8 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

10.9 Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Party, or the failure by a Party to exercise its rights upon the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this Agreement thereafter.

10.10 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

10.11 Force Majeure. Neither Party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the Party's control (including the Party's employment force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the Party's control. If any such events shall occur, the Term of this Agreement and the time for performance by either Party of any of its obligations hereunder shall be extended for the period of time that such events prevented such performance. Notwithstanding any other provisions of this Agreement to the contrary, Owner retains the right to terminate this Agreement upon thirty (30) days written notice to the City in the event that Owner reasonably determines that continued development of the Project has become economically infeasible due to changed market conditions, increased development costs, or burdens imposed, consistent with this Agreement, by

the City or other governmental entity as conditions to subsequent project approvals. In the event Owner exercises this right, it shall nonetheless be responsible for mitigation of impacts to City resulting from development that may have occurred on the Property prior to the notice of termination, on a fair share or nexus basis, and within the thirty (30) day notice period City and the Owner shall meet to identify any such mitigation obligation that may remain to be satisfied. If the Parties are in disagreement at the end of the (30) day notice period, the Agreement shall be terminated as to all matters except for the remaining mitigation obligation in dispute.

10.12 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the Party benefited thereby of the covenants to be performed hereunder by such benefited Party.

10.13 Successors in Interest. The burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest to the Parties to this Agreement. All provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land. Each covenant to do or refrain from doing some act hereunder with regard to development of the Property: (a) is for the benefit of and is a burden upon every portion of the Property; (b) runs with the Property and each portion thereof; and, (c) is binding upon each Party and each successor in interest during ownership of the Property or any portion thereof.

10.14 Counterparts. This Agreement may be executed by the Parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the Parties had executed the same instrument.

10.15 Jurisdiction and Venue. Any action at law or in equity arising under this Agreement or brought by a Party for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of San Bernardino, State of California, and the Parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court.

10.16 Project as a Private Undertaking. It is specifically understood and agreed by and between the Parties that the development of the Project is a private development, that neither Party is acting as the agent of the other in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Owner is that of a government entity regulating the development of private property and the owner of such property.

10.17 Further Actions and Instruments. Each of the Parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of either Party at any time, the other Party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement.

10.18 Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by City or City's Redevelopment Agency of its power of eminent domain.

10.19 Agent for Service of Process. In the event Owner is not a resident of the State of California or it is an association, partnership or joint venture without a member, partner or joint venturer resident of the State of California, or it is a foreign corporation, then in any such event, Owner shall file with City's Community Development Director, upon Owner's execution of this Agreement, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Agreement, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon Owner. If for any reason service of such process upon such agent is not feasible, then in such event Owner may be personally served with such process out of this County and such service shall constitute valid service upon Owner. Owner is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto. Owner for itself, assigns and successors hereby waives the provisions of the Hague Convention (Convention on the Service Abroad of Judicial and Extra Judicial Documents in Civil or Commercial Matters, 20 U.S.T. 361, T.I.A.S. No. 6638).

10.20 Estoppel Certificate. Within thirty (30) business days following a written request by either Party, the other Party shall execute and deliver to the requesting Party a statement certifying that (i) either this Agreement is unmodified and in full force and effect or there have been specified (date and nature) modifications to the Agreement, but it remains in full force and effect as modified; and (ii) either there are no known current uncured defaults under this Agreement or that the responding Party alleges that specified (date and nature) defaults exist. The failure to timely deliver this statement shall constitute a conclusive presumption that this Agreement is in full force and effect without modification except as may be represented by the requesting Party and that there are no uncured defaults in the performance of the requesting Party, except as may be represented by the requesting Party. Owner shall pay to City all costs incurred by City in connection with the issuance of estoppel certificates under this Section 10.20 prior to City's issuance of such certificates.

10.21 Authority to Execute. The person executing this Agreement on behalf of Owner warrants and represents that he has the authority to execute this Agreement on behalf of Owner and warrants and represents that he has the authority to bind Owner to the performance of its obligations hereunder.

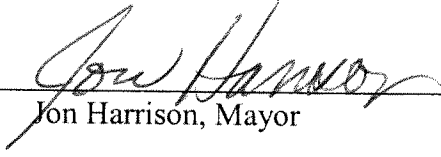
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year set forth below.

REDLANDS LAND HOLDING L.L.C., a
Delaware limited liability company

By: 
Ronald L. Gern
Senior Vice President

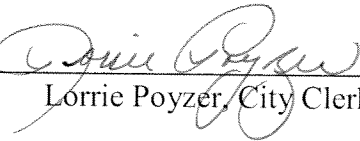
Dated: May 28, 2008

CITY OF REDLANDS, a California municipal
corporation

By: 
Jon Harrison, Mayor

Dated: May 29, 2008

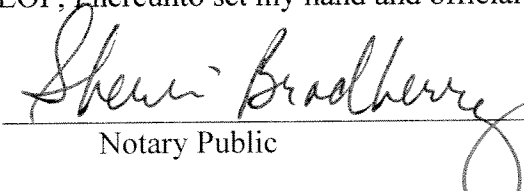
ATTEST:

By: 
Lorrie Poyzer, City Clerk

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 28th day of May, 2008, before me, a Notary Public, in and for the State and County aforesaid, personally appeared Ronald Gern, who is known to me to be the Senior Vice President of Redlands Land Holding L.L.C., a Delaware limited liability company, and acknowledged that as such officer, being authorized so to do, he executed the foregoing instrument on behalf of said company, by subscribing the name of said company himself as such officer as his free and voluntary act, and as the free and voluntary act of said company, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public

(Notarial Seal)

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS
CITY OF REDLANDS)

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on May 29, 2008, before me, Teresa Ballinger, Assistant City Clerk, on behalf of Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Jon Harrison, Mayor and Lorrie Poyzer, City Clerk who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

LORRIE POYZER, CITY CLERK



By:

Teresa Ballinger

Teresa Ballinger, Assistant City Clerk
(909)798-7531

CAPACITY CLAIMED BY SIGNER(S)

☐ **Individual(s) signing for oneself/themselves**

☐ **Corporate Officer(s)**

Title(s) _____

Company _____

☐ **Partner(s)**

Partnership _____

☐ **Attorney-In-Fact**

Principal(s) _____

☐ **Trustee(s)**

Trust _____

☒ **Other**

Title(s): Mayor and City Clerk

Entity Represented: City of Redlands, a municipal corporation

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW:

Title or Type of Document: Development Agreement

Date of Document: April 15, 2008

Signer(s) Other Than Named Above: Redlands Land Holding, LLC, by: Ronald L. Gern, Senior Vice President

EXHIBIT "A"

LEGAL DESCRIPTION

PER FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NO.: NCS-277486RIV, DATED JANUARY 23, 2007:

THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

LOTS 35, 36, 37 AND THE SOUTH 40 FEET OF LOT 38, ROGER'S TERRACE TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 26 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

THE SOUTHERLY 731 FEET OF THE WEST 154 OF THAT PORTION OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTH 1/2 OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, LYING NORTH OF THE NORTH LINE OF STUART AVENUE, AS CONVEYED TO THE CITY OF REDLANDS, AS PER DEED RECORDED JANUARY 27, 1905 AS INSTRUMENT NO. 33, IN BOOK 358, PAGE 91 OF DEEDS IN THE CITY OF REDLANDS, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

EXCEPT THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED APRIL 11, 1960, IN BOOK 5107, PAGE 262, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL ORDER OF CONDEMNATION A CERTIFIED COPY OF WHICH RECORDED JUNE 27, 1991 AS INSTRUMENT NO. 91-242077, OFFICIAL RECORDS.

PARCEL C:

THAT PORTION OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTH 1/2 OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY. LYING NORTHERLY OF THE NORTH LINE OF STUART AVENUE, AS CONVEYED TO THE CITY OF REDLANDS, BY DEED RECORDED JANUARY 27, 1905 AS INSTRUMENT NO. 33, IN BOOK 358, PAGE 91 OF DEED; AND LYING SOUTHERLY OF THE SOUTHERLY LINE OF THAT PORTION OF THE STATE HIGHWAY AS CONVEYED TO THE STATE OF CALIFORNIA, BY FINAL ORDER OF CONDEMNATION, RECORDED JULY 20, 1961 IN BOOK 5488 PAGE 130 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM THE WESTERLY 154 FEET.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27, 1991 AS INSTRUMENT NO. 91-242077, OFFICIAL RECORDS.

PARCEL D:

THAT PORTION OF THE EAST 1/2 OF THE EAST 1/2 OF THE NORTH 1/2 OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, LYING SOUTH OF THE STATE HIGHWAY, AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED DECEMBER 11, 1961 IN BOOK 5607, PAGE 40, OFFICIAL RECORDS.

EXCEPT THEREFROM ANY PORTION EMBRACED WITHIN THE LINES OF BLOCK "F", OF FAIRBANKS AND WILSON'S SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED FEBRUARY 28, 1905, IN BOOK 358, PAGE 211 OF DEEDS RECORDS OF SAID COUNTY.

ALSO EXCEPTING THAT PORTION CONVEYED TO THE CITY OF REDLANDS RECORDED AUGUST 7, 1972 IN BOOK 7993, PAGE 631, OFFICIAL RECORDS, AND RECORDED JANUARY 5, 1973 IN BOOK 8094, PAGE 1073, OFFICIAL RECORDS.

ALSO EXCEPTING ANY PORTION WITHIN STUART AVENUE, 50 FEET WIDE.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27, 1991 AS INSTRUMENT NO. 91-242078, OFFICIAL RECORDS.

PARCEL E:

LOTS 39 AND 40, TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 26 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL F:

LOT 41 AND THAT PORTION OF LOT 42 OF ROGERS TERRACE, TRACT 2083, AS SHOWN ON MAP RECORDED IN BOOK 30 OF MAPS, PAGE 26, RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID LOT 42; THENCE NORTH 35°14'48" WEST 33.20 FEET; THENCE NORTH 84°56'45" WEST 111.49 FEET TO A POINT IN THE WESTERLY LINE OF SAID LOT, DISTANT ALONG SAID WESTERLY LINE NORTH 0°20'47" WEST 37.84 FEET FROM THE SOUTHWESTERLY CORNER OF SAID LOT; THENCE ALONG SAID WESTERLY LINE SOUTH 0°20'47" EAST 37.84 FEET TO SAID SOUTHWESTERLY CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT, NORTH 89°36'13" EAST TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREIN ABOVE DESCRIBED, WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE THEREOF; AS EXCEPTED IN THE DEED FROM THE STATE OF CALIFORNIA RECORDED FEBRUARY 6, 1963 IN BOOK 5847, PAGE 922, OFFICIAL RECORDS.

PARCEL Q:

THE EAST 45 FEET OF THAT PORTION OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTH 1/2 AND THE WEST 1/2 OF THE NORTHEAST 1/4 OF THE SOUTH 1/2 OF THE LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK "F" OF FAIRBANKS AND WILSON SUBDIVISION IN BOOK 4, PAGE 47 OF MAPS; THENCE WEST 115 FEET; THENCE SOUTH 161.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE EAST 115 FEET; THENCE NORTH 161.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXHIBIT "B"

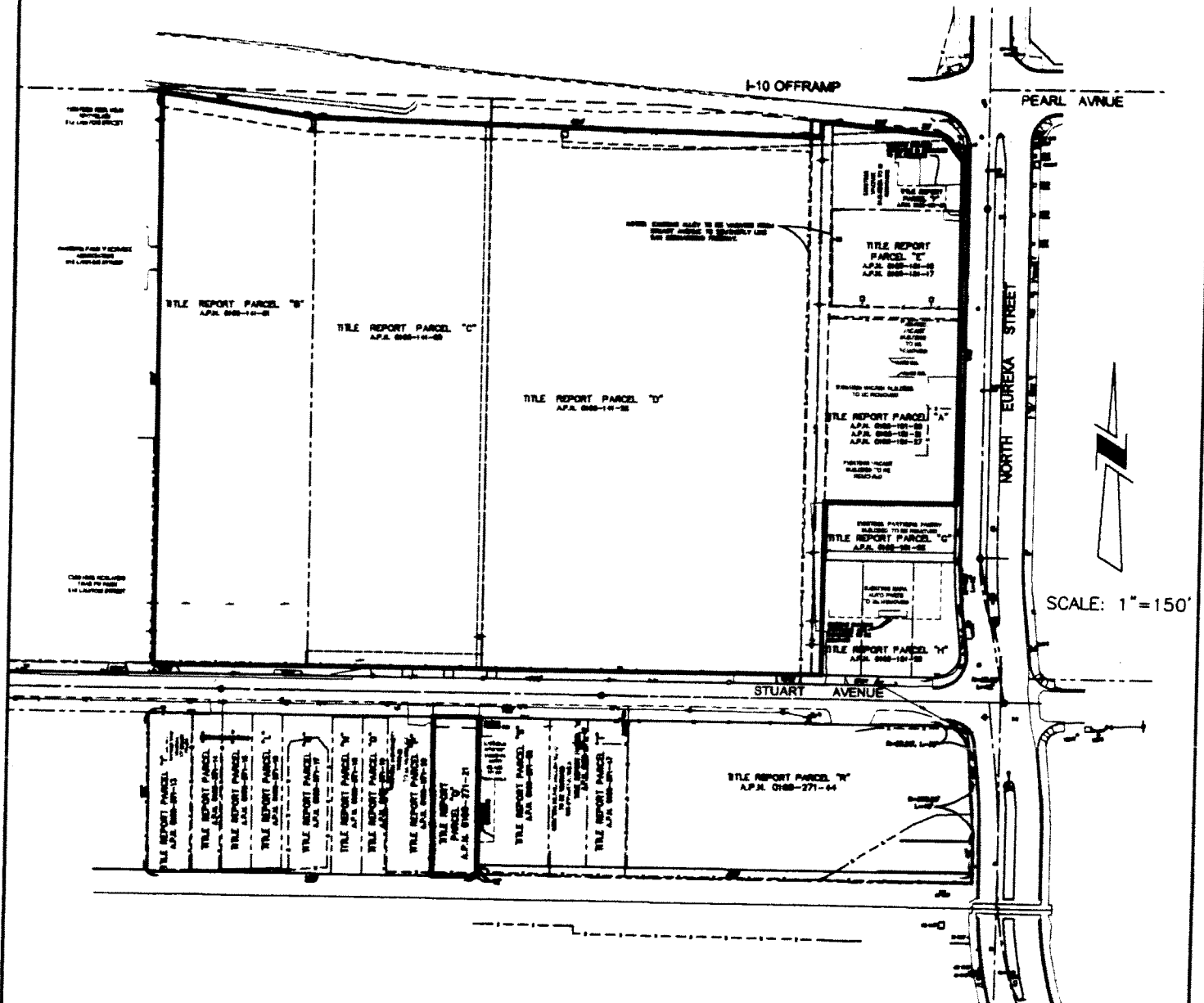
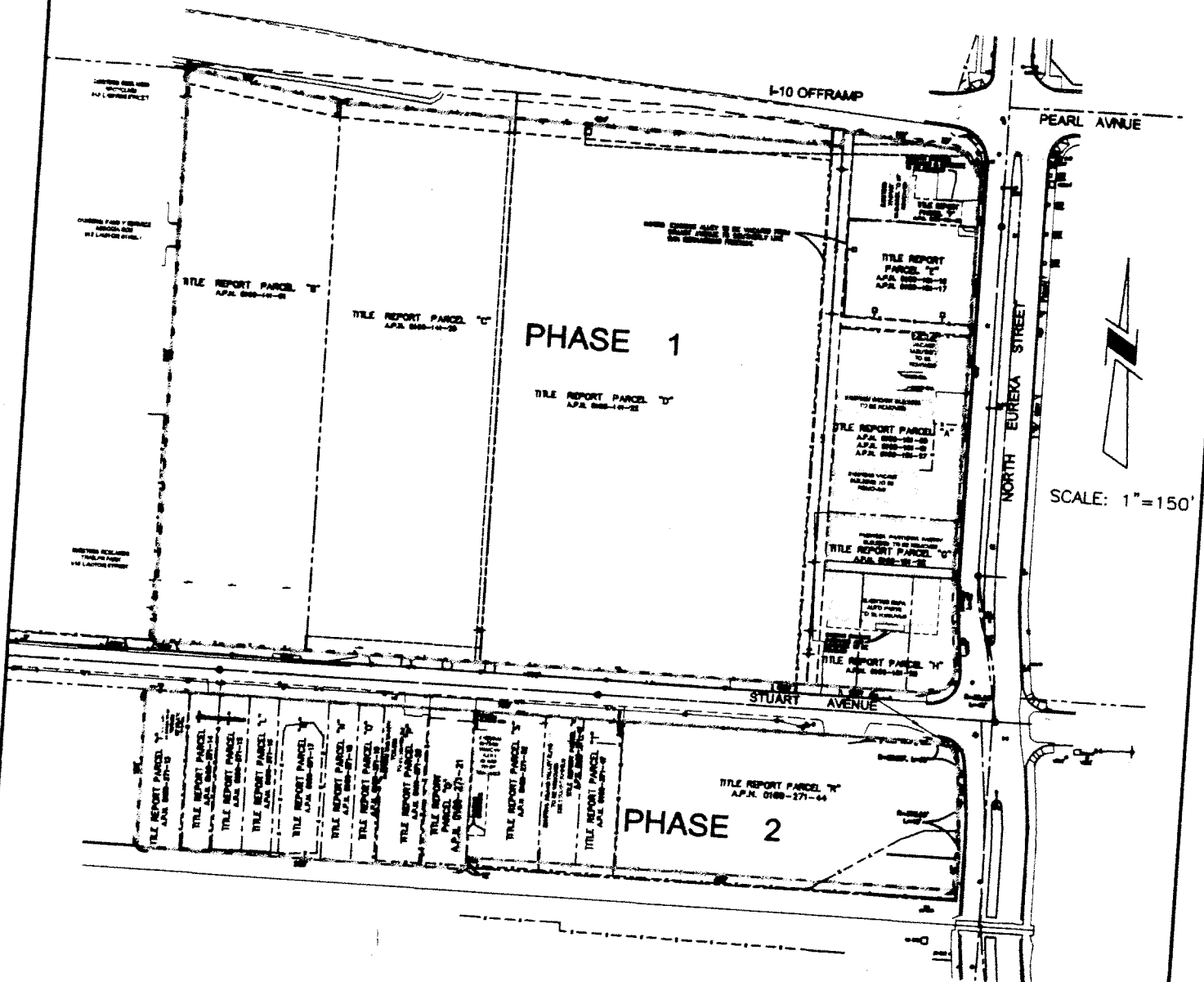


EXHIBIT "C"

Existing Development Approvals

1. General Plan Amendment No. 2007-2-C (City of Redlands Resolution No. 6620)
2. General Plan Amendment No. 2007-2-D (City of Redlands Resolution No. 6620)
3. Specific Plan No. 45, amendment Nos. 12, 13, 14 (City of Redlands Ordinance No. 2671)
4. Street Vacation No. 141 (City of Redlands Resolution No. 6628)
5. Conditional Use Permit No. 905
6. Minor Subdivision No. 312
7. Commission Sign Review No. 319

EXHIBIT "D"



Mar 04, 2008 - 3:28pm by LBL K:\Drawings\SP\SP5820\Survey\Office\Exhibit\Ownership & Phase\SP5820ex.dwg

JVC & ASSOCIATES INC.
701 PARKCENTER DRIVE, SANTA ANA, CALIFORNIA 92705
TEL (714) 580-8200

EXHIBIT "E"

For each of the following improvement requirements, including the required "Regional Improvements", the applicable and excerpted conditions of approval by the City Council, June 19, 2007, are listed followed by the applicable estimated quantities.

The quantities shown are subject to change based on approved improvement plans and their revisions for contingent items.

The time allowed for construction of each of the Regional Improvements shall not begin until the owner has submitted, and secured approval of, applicable improvement plans, until applicable bidding and award procedures are completed under the Public Works Contract Code, until licenses and permits, necessary for construction, can be secured, and subject to allowing for the mutual dependence and sequencing of each improvement on the others.

The requirements for the Project for offsite physical improvements and for regional improvements, and their correlative estimated quantities, are prescribed in this Exhibit. If construction of the portion of the Project south of Stuart Avenue is separated from the construction north of Stuart Avenue, or is a subsequent phase for construction, improvements are required for the north half of Stuart Avenue, for 10' south of centerline on Stuart Avenue, installation of a traffic signal system at the intersection of Stuart Avenue and Eureka Street, and full improvements to the intersection. All improvements and phasing of improvements shall be in accordance with approved engineering improvement plans.

DRAINAGE IMPROVEMENT REQUIREMENTS

"B. The following items are required prior to RECORDATION OF TRACT/PARCEL MAP.

1.
10. Provide adequate drainage facilities, including but not limited to, installation of an adequately sized reinforced concrete storm drain along Stuart Avenue, Eureka Street and Texas Street in accordance with the master storm drain plan, or as required by the City Engineer. The applicant shall provide and submit all necessary hydrology/hydraulic studies and calculations in accordance with the San Bernardino County Hydrology Manual to adequately size the storm drain facility. The reinforced concrete storm drain on Stuart Avenue shall extend out to the eastside of Eureka Street."

Table E-1 Drainage Construction Estimate

Pearl Avenue

Item No.	Item Description	Estimated Quantity	Unit
*1	54" RCP		
*2	Transition Structure	237	LF
*3	24" RCP	1	Ea
*4	Pavement Rehabilitation	25	LF
		3,555	SF

Eureka Street

Item No.	Item Description	Estimated Quantity	Unit
*1	54" RCP		
*2	18" Elliptical RCP	607	LF
*3	24" RCP	48	LF
*4	Manhole	12	LF
*5	Catch Basin	1	Ea
*6	Remove Existing Catch Basin	1	Ea
*7	Pavement Rehabilitation	1	Ea
		4,820	SF

Stuart Avenue

Item No.	Item Description	Estimated Quantity	Unit
*1	72" RCP		
*2	66" RCP	784	LF
*3	54" RCP	643	LF
*4	24" RCP	16	LF
*5	Pavement Rehabilitation	668	LF
*6	Remove and Replace AC Dike	22,850	SF
*7	Manholes	1,425	LF
*8	Minor Transition Structures	2	Ea
*9	Major Transition Structures	3	Ea
*10	Relocate Existing Power Pole	1	Ea
		9	Ea

Texas Street

Item No.	Item Description	Estimated Quantity	Unit
*1	72" RCP		
*2	42" RCP	776	LF
*3	24" RCP	9	LF
*4	18" RCP	55	LF
*5	12" RCP	10	LF
*6	10'x12' RCB	40	LF
*7	Pavement Rehabilitation	321	LF
		12,140	SF

*8	Remove Existing Storm Drain		
*9	Remove Existing Manhole	550	Ea
*10	Manholes	3	Ea
*11	Junction Structures	3	Ea
*12	Open Cut Trench Across Tracks	6	Ea
*13	Drop Inlets	80	LF
*14	Catch Basins	1	Ea
*15	Relocate Existing Power Pole	2	Ea
*16	Remove and Replace Curb and Gutter	1	Ea
*17	Zanja Channel Headwall	20	LF
*18	Remove and Replace Traffic Signal Loop	1	Ea
		2	Ea

* All of the listed improvements will be designed and constructed by City as part of its master-planned storm drainage program.

SEWER IMPROVEMENT REQUIREMENTS

"SEWER SECTION"

THE DEVELOPER SHALL:

1. Install 8 inch diameter Sewer Main in Stuart Avenue across the frontage of the property, as approved by the Municipal Utilities Director.
....."

Table E-2 Sewer Construction Estimate

Stuart Avenue

Item No.	Item Description	Estimated Quantity	Unit
1	8" Sewer		
2	Pavement Rehabilitation (In street construction est.)	840	LF
3	Manholes	N/A	SF
4	Remove Existing Sewer	3	Ea
5	Traffic Control	840	LF
		1	LS

WATER IMPROVEMENT REQUIREMENTS

"WATER SECTION

THE DEVELOPER SHALL:

1.
4. Abandon existing 2 inch water main in the alley, parallel to, and approximately 200 feet west of, Eureka Street, as required by the Municipal Utilities Department.
5. Install separate building and non-building master meters on the north side and the south side of Stuart Avenue, as required by the Municipal Utilities Department.
6. Install separate services for building and non-building water use, as required by the Municipal Utilities Department.
7. Install commercial fire hydrants as required by the Redlands Fire Department.
8. Install reduced pressure principle backflow devices on all water services as approved by the Municipal Utilities Department and double detector check valve backflow devices on any separate fire service for fire sprinklers or fire hydrants.

....."

Table E-3 Water Construction Estimate

Stuart Avenue

Item No.	Item Description	Estimated Quantity	Unit
*1	12" PVC Pipe		
*2	Pavement Rehabilitation	1,520	LF
*3	Fire Hydrants	12,160	SF
*4	Gate Valves	2	Ea
*5	Traffic Control	2	Ea
6	Abandon 2" Steel Pipe and Service in alley	1	LS
7	Fire Service Connection	1	LS
8	Water Service Connection	4	Ea
9	Off-Site Commercial Fire Hydrants	4	Ea
		5	Ea

*These improvements have been completed by City as part of a master-planned water project.

STREET AND TRAFFIC IMPROVEMENT REQUIREMENTS

"B. The following items are required prior to RECORDATION OF TRACT/PARCEL MAP.

1.

8. Requirements for Eureka Street.

- a. Dedicate to provide for a 40 foot half street right-of-way width including 28 foot radii at property line return.
- b. Repair/replace altered, broken or substandard existing off-site improvements to the project boundary.
- c. Construct standard sidewalk along the entire street frontage and ramps at all curb returns.
- d. Lengthen the southbound and northbound left turn lanes at Stuart Avenue based on approved traffic volumes. Relocate existing street lightings as required to accommodate the left turn lane length. Prepare and submit a separate street light plan for City Approval.
- e. Construct underwalk drain, if necessary.
- f. Use traffic index of 9.0.

9. Requirements for Stuart Avenue.

- a. Dedicate to provide for a 27 foot half street right-of-way width including 28 foot radii at property line return from the westerly project boundary to the easterly most driveway.
- b. Construct standard curb and gutter 20 feet on both sides of street centerline from the westerly project boundary to the easterly most driveway.
- c. Dedicate to provide for a 38 foot half street right-of-way width including 28 foot radii at property line return from the most easterly driveway to the easterly project boundary and including a standard right-of way transition from 27 feet to 38 feet.
- d. Construct standard curb and gutter 31 feet north side and 20 feet south side of centerline from the most easterly driveway to the easterly project boundary including a standard pavement transition from 20 feet to 31 feet.
- e. Construct standard street section between new curbs consistent with the City Standard verified through a geotechnical report.
- f. Construct standard sidewalk along the entire north side street frontage and ramps at all curb returns.
- g. Install three 150 watt sodium vapor ornamental street lights. Prepare and submit a separate street lighting plan for City approval.
- h. Construct standard pavement transition from the westerly property boundary to the west.

- i. Construct underwalk drain, if necessary.
- j. Use traffic index of 5.5.
11. All irrigation lines that exist within any street right-of-way shall be replaced with C900 PVC or approved equivalent.
12. Re-stripe Sixth Street between the Terrace and the I-10 eastbound on-ramp with a two-way left turn lane.
13. Design and install a traffic signal at the intersection of Eureka Street and Colton Avenue.
14. Design and install a traffic signal at the intersection of the I-10 off-ramp and Pearl Avenue.
15. Design and install a traffic signal at the intersection of Eureka Street and Stuart Avenue.
16. Design and install a traffic signal at the intersection of Sixth Street and the I-10 on-ramp.
17. All off-site utilities shall be placed underground. The undergrounding shall include power poles located along the project site's street frontage(s) and may include power poles beyond the site's boundary as determined by Southern California Edison. Those power poles that are 66KV or greater will not be required to be undergrounded. Any power pole(s) that contain a street light may be required to install a standard street light, in accordance with the Public Works Department's standards. Plans shall be submitted that detail the undergrounding of all off-site utilities, subject to review and approval by the Public Works Director.

.....”

Table E-4 Street and Traffic Construction Estimate

Stuart Avenue

Item No.	Item Description	Estimated Quantity	Unit
1	Pavement Removal		
2	8" Curb and Gutter	20,800	SF
3	5" Asphalt Concrete Pavement over 12" Agg. Base	1,600	LF
4	4' Wide PCC Sidewalk	32,500	SF
5	Traffic Control	6,400	SF
6	Fill Existing Box Structure	800	LF
7	Signing and Striping	470	CY
8	Relocate Existing Utilities	800	LF
9	Street Lights	1	LS
10	Underground Exist. Overhead Utilities (except 66 kV and larger)	16	Ea
		1	LS

6th Street and I-10 East

*3	New Traffic Signal	1	LS

Eureka and Colton

*9	New Traffic Signal	1	LS
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Eureka and Pearl

*10	New Traffic Signal	1	LS
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Stuart and Eureka

*11	New Traffic Signal	1	LS
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Alley West of Eureka

1	Underground Exist. Overhead Utilities (except 66 kV and larger)	1	LS
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Along the North Property Line

1	Underground Exist. Overhead Utilities (except 66 kV and larger)	1	LS
---	---	---	----

*These improvements will be constructed by City.

“COMMUNITY DEVELOPMENT DEPARTMENT CONDITIONS INVOLVING OFF-SITE IMPROVEMENTS

1.

52. The cut stone curbing along Stuart Avenue shall be saved after removal.

.....”

Stuart Avenue

Item No.	Item Description	Estimated Quantity	Unit
1	Cut Stone Curbing	1	LS

Exhibit F CFD for Landscape Maintenance

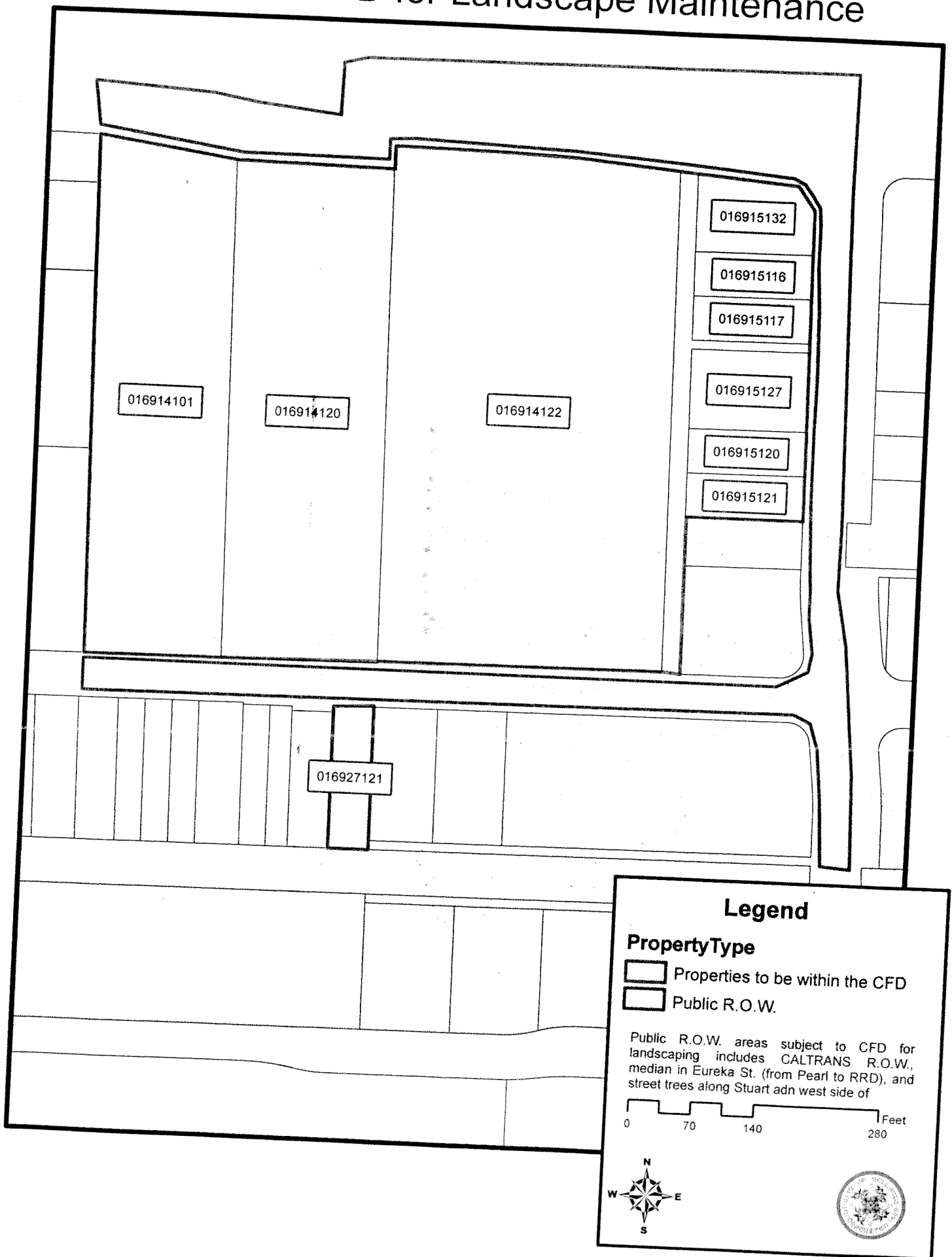


EXHIBIT "G"

MUNICIPAL UTILITIES & ENGINEERING DEPARTMENT
Development Impact Fees

TRANSPORTATION FACILITIES FEE

\$260.00 multiplied by Average Daily Traffic generated by the building(s) to be constructed. The Traffic Generation Rate is based on the data published in the Trip Generation book issued by the Institute of Traffic Engineers.

FIRE FACILITIES FEE

Single Family Residential - \$996.00 multiplied by number of dwelling units
Multi-family Residential - \$700.00 multiplied by number of dwelling units
Commercial Building - \$0.50 multiplied by total building square footage
Office Building - \$0.72 multiplied by total building square footage
Industrial Building - \$0.24 multiplied by total building square footage

GENERAL GOVERNMENT FACILITIES FEE

Single Family Residential - \$2,644.00 multiplied by number of dwelling units
Multi-family Residential - \$1,859.00 multiplied by number of dwelling units
Commercial Building - \$0.46 multiplied by total building square footage
Office Building - \$0.67 multiplied by total building square footage
Industrial Building - \$0.22 multiplied by total building square footage

LIBRARY FACILITIES FEE

Single Family Residential - \$764.00 multiplied by number of dwelling units
Multi-family Residential - \$538.00 multiplied by number of dwelling units
Commercial Building - \$0.11 multiplied by total building square footage
Office Building - \$0.15 multiplied by total building square footage
Industrial Building - \$0.05 multiplied by total building square footage

OPEN SPACE/PARK FEE

Single Family Residential - \$4,482.00 multiplied by number of dwelling units
Multi-family Residential - \$3,151.00 multiplied by number of dwelling units
Commercial Building - \$0.62 multiplied by total building square footage
Office Building - \$0.89 multiplied by total building square footage
Industrial Building - \$0.29 multiplied by total building square footage

POLICE FACILITIES FEE

Single Family Residential - \$1,806.00 multiplied by number of dwelling units
Multi-family Residential - \$1,270.00 multiplied by number of dwelling units
Commercial Building - \$0.31 multiplied by total building square footage
Office Building - \$0.46 multiplied by total building square footage
Industrial Building - \$0.15 multiplied by total building square footage

STORM DRAIN FACILITIES FEE

Single Family Residential - \$700.00 multiplied by number of dwelling units
Multi-family Residential - \$343.00 multiplied by number of dwelling units
Commercial Building - \$0.17 multiplied by total building square footage
Office Building - \$0.17 multiplied by total building square footage
Industrial Building - \$0.15 multiplied by total building square footage

Time of Payment Acceptance: All fees above are required to be paid as a condition of issuance of a **Building Permit**. The Development Impact Fee rates are subject to revision on July first of every year in accordance with the Title 3 of the Redlands Municipal Code.

MUNICIPAL UTILITIES & ENGINEERING DEPARTMENT WATER, WASTEWATER AND SOLID WASTE CHARGES

WATER CAPITAL IMPROVEMENT CHARGE

Non-Residential \$220.00/100 cu.ft.est. flow per month
Time of Payment Acceptance: as a condition of approval of an **Application for Water Connection**

WATER SOURCE ACQUISITION CHARGE

Non-Residential \$33.70/100 cu.ft. est. flow per month
Time of Payment Acceptance: as a condition of **Final Approval** of the project

SEWER CAPITAL IMPROVEMENT CHARGE

Non-Residential \$2,210/100 gpd est. flow
Time of Payment Acceptance: a condition of issuance of a **Building Permit**

SOLID WASTE CAPITAL IMPROVEMENT CHARGE

Non-Residential Development \$52/ppd estimated waste stream
Time of Payment Acceptance: a condition of issuance of a **Building Permit**

FRONTAGE CHARGES

Non-Potable Water (6") \$23/front foot (each)
Water or Sewer (8") \$30/front foot (each)

Water (12")

\$46/front foot

Time of Payment Acceptance: as a condition of **Final Approval** of the project

WATER METERS

$\frac{3}{4}$ inch =	\$175
1 inch =	\$225
1½ inch =	\$430
2 inch =	\$595

Time of Payment Acceptance: a condition of approval of an **Application for Water Connection**