Recorded at request of:)
Clerk, City Council)
City of Perris)
)
When recorded return to:)
City of Perris)
101 North D Street)
Perris, CA 92570)
Attention: Clerk of the Council)
)

Exempt from Filing Fees, Government Code Section 6103

DEVELOPMENT AGREEMENT AMENDMENT NO. 17-05136

A DEVELOPMENT AGREEMENT BETWEEN

CITY OF PERRIS

AND

HIP SO-CAL PROPERTIES, LLC

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DEVELOPMENT AGREEMENT AMENDMENT NO. 17-05136

This Development Agreement ("Agreement") is entered into as of this ___ day of _____, 2026 by and between the City of Perris, a California municipal corporation and general law city ("City") on the one hand, and HIP So-Cal Properties, LLC, a California limited company ("Owner" or "Developer"), on the other hand. City and Owner may be referred to in this Agreement individually as a "Party" or collectively as the "Parties." Initially capitalized terms used in this Agreement shall have the meanings set forth in Section 1 below.

RECITALS

A. 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, pursuant to Article 11, Section 7 of the California Constitution and Section 65864, et seq. ("Development Agreement Law") of the California Government Code ("Government Code").

B. City has adopted procedures and requirements for the consideration of development agreements (the Development Agreement Policies), pursuant to Section 65865 of the Government Code.

C. This Agreement constitutes a current exercise of City's police powers to provide predictability to Owner in the development approval process by vesting the permitted uses, density, intensity of use, timing and phasing of development, and applicable ordinances consistent with the Existing Land Use Regulations in exchange for Owner's commitment to provide public benefits to City.

D. Owner has requested that City enter into this Agreement and proceedings have been taken in accordance with applicable State law and the rules and regulations of City.

E. The best interests of the Citizens and the public health, safety, and welfare will be served by entering into this Agreement.

F. The City Council hereby finds and determines that this Agreement is of major significance because it will provide significant economic benefit to City through additional jobs created by the construction and operation of the Project, property and tax revenue to City, and infrastructure improvements. The Owner will provide substantial acreage for multiple business uses as well as other commercial development areas, resulting in the creation of jobs for Perris's citizens and lessening commuting traffic on the City's existing arterials that would otherwise occur if an area for an employment base were not provided.

G. The provision by Owner of the public benefits as set forth in this Agreement allows City to realize significant economic, recreational, open space, educational, social, and other public benefits to City. These public benefits will advance the interests and meet the needs of residents and visitors to a significantly greater extent than would development of the Property without this Agreement.

H. An Environmental Impact Report (State Clearing House No. 2024080337) ("EIR") was prepared and reviewed for the Project in accordance with CEQA, as detailed in City Council Resolution No. 6770, discussed below.

I. All actions taken and approvals given by City have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters.

J. Owner submitted a development project application to the City requesting the following legislative approvals and entitlements for use and development of the project described in the EIR: Specific Plan Amendment 22-05250 (SPA); General Plan Amendment 24-05175 (GPA); Zone Change 24-05176 (ZC); Development Agreement Amendment (DPR) 17-05136; Tentative Parcel Maps (TPMs) 22-05251 (TPM 38810) and 24-05198 (TPM 38811); Conditional Use Permits 22-05050 and 23-05235; and Development Plan Reviews (DPR) 22-22-05239, 23-00017, 23-00018, 22-00023, 22-00024, 22-00025, 24-00008, and 24-00009.

K. On December 17, 2025, following a duly noticed and conducted public hearing, the City Planning Commission adopted: (i) Resolution No. 25-30, recommending that the City Council certify the EIR, adopt the included Mitigation Monitoring and Reporting Program ("MMRP"), and adopt the Findings of Fact and Statement of Overriding Considerations for Alternative 4 (defined below); and (ii) Resolution No. 25-31, recommending that the City Council approve General Plan Amendment (GPA) 24-05175, Zone Change (ZC) 24-05176, Specific Plan Amendment (SPA) 22-05250, Tentative Parcel Maps 22-05251 (TPM 38810) and 24-05198 (TPM 38811), Development Agreement Amendment (DA) 17-05136 (i.e., this Agreement with the Authorizing Ordinance), Conditional Use Permits (CUPs) 22-05005 and 23-05235, and Development Plan Reviews (DPRs) 22-05239 and 23-00018 for approval of Alternative 4 to the project described in the EIR, as said alternative is described and identified in the EIR ("Alternative 4"), with certain Planning Commission-recommended modifications including reduction of the size of the parcel hub facility from the larger size identified in Alternative 4 to the smaller size identified for the project described in the EIR while retaining the location identified for the parcel hub facility in the project described in the EIR (the "Planning Commission Modifications"), subject to conditions of approval.

L. On February 10, 2026, following a duly noticed and conducted public hearing, the City Council adopted: (i) Resolution No. 6770, certifying the EIR, adopting the included MMRP, and adopting the Findings of Fact and Statement of Overriding Considerations for Alternative 4 with the Council Modifications (defined below); (ii) Ordinance No. 1471 conditionally approving Zone Change (ZC) 24-05176; and (ii) Resolution No. 6771, approving General Plan Amendment (GPA) 24-05175, Specific Plan Amendment (SPA) 22-05250, Tentative Parcel Maps 22-05251 (TPM 38810) and 24-05198 (TPM 38811), Conditional Use Permits (CUPs) 22-05005 and 23-05235, and Development Plan Reviews (DPRs) 22-05239 and 23-00018, all for Alternative 4 with the Planning Commission Modifications except for the smaller parcel hub size, and with additional modifications proposed by the Owner whereby the location of the parcel hub facility would be shifted to the southernmost point of the Specific Plan area, directly north of the intersection of Barrett Avenue and Frontage Road, as shown in Exhibit F to this Agreement (which locational modifications have been incorporated into Alternative 4 via Section 3.0 of the Final EIR) (the

"Council Modifications"), subject to the Conditions of Approval attached hereto as Exhibit E, which Resolution provides that it shall take effect upon effectiveness of the Authorizing Ordinance.

M. On February 10, 2026, following a duly noticed and conducted public hearing, the City Council introduced and conducted a first reading, by title only, of the Authorizing Ordinance.

N. On Month/Day, Year, the City Council adopted the Authorizing Ordinance, a copy of which is on file at the office of the City Clerk, and which includes the findings required by law for adoption of this Agreement, including the Development Agreement Law and Development Agreement Policies.

O. City has engaged in extensive studies and consultations in assessing the potential impacts of the Project as well as the various potential benefits the Project would provide to City and concluded that the development of the Project, as conditioned, is in the best interests of City.

P. In consideration of the substantial public improvements and benefits that will be provided to City by Owner, the strengthening of the planning process by the cooperation of the City and Owner in creating the Project, the certainty and clarity provided by the Agreement, which will allow Owner to develop the Project and the Parties to better understand the costs of the development, the City intends to give the Owner assurances that Owner can proceed with the development of the Project for the Term pursuant to the terms of this Agreement and in accordance with the Existing Land Use Regulations, except as may otherwise be agreed to by the Parties.

Q. This Agreement is being entered into pursuant to and in compliance with the requirements of the Development Agreement Law, including Sections 65867 and 65867.5 thereof.

COVENANTS

NOW, THEREFORE, pursuant to the authority contained in the Development Agreement Law, as it applies to City, pursuant to Article XI, Section 2 of the California Constitution, and in consideration of the foregoing recitals of fact, all of which are expressly incorporated into this Agreement, the mutual covenants set forth in this Agreement and for the further consideration described in this Agreement, the Parties agree as follows:

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 "Authorizing Ordinance" means Ordinance No. 1472 approving this Agreement.

1.1.3 "Bonds" shall mean the Special Tax Bonds, if any, issued on behalf of any District (as defined in Section 1.14 of this Agreement) to be formed as provided herein, with the City or other governmental agency as the lead agency, or otherwise in connection with the Project.

1.1.4 "CEQA" shall mean the California Environmental Quality Act (Public Resources Code §21000 et seq.) and the related California Code of Regulations (the "CEQA Guidelines"), as amended from time to time.

1.1.5 "Citizens" shall mean the residents of the City of Perris as they may exist from time to time during the Term of this Agreement.

1.1.6 "City Council" means the duly elected and constituted city council of City.

1.1.7 "City Laws" shall mean all codified and uncodified enactments of City and all laws, regulations and standards of any governmental body having jurisdiction within City.

1.1.8 "City Manager" means the city manager of the City.

1.1.9 "Construction Codes" shall mean both the uniform codes governing construction and those adopted by the State of California and binding on City, as may be lawfully amended by City, currently or then applicable to the Project. Examples of Construction Codes include the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, the Uniform Housing Code, and the Uniform Code for the Abatement of Dangerous Buildings.

1.1.10 "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.

1.1.11 "Development Agreement Policies" means those certain development agreement policies established in Chapter 18.19 of the Perris Municipal Code.

1.1.12 "Development Approvals" means all non-legislative, site-specific (meaning specifically applicable to the Property only and not generally applicable to some or all other properties within the City) plans, maps, approvals, permits and other entitlements applicable to the Development of the Property, including, but not limited to: tentative and final subdivision and parcel maps; conditional use permits, public use permits and site plans; zoning; variances; development plan reviews; and, grading and building permits. Without limitation, "Development Approvals" does not include (i) rules, regulations, policies, and other enactments of general application within the City authorized to be applicable to the Property pursuant to this Agreement, or (ii) any matter where City has reserved authority under this Agreement.

1.1.13 "Days" shall mean calendar, not business days.

1.1.14 "Development Agreement Law" means Sections 65864 through 65869.5 of the California Government Code.

1.1.15 "Development Impact Fee" means a monetary payment authorized by Government Code Sections 66001 *et seq.*, whether imposed legislatively on a broad class of development projects or on an ad hoc basis to a specific development project.

1.1.16 "Development Limitation" means proposed Zoning Code Text Amendment 25-00005 (if adopted) or any Moratorium (as defined below) that would temporarily prevent development of the Project in accordance with the Development Plan (as defined below).

1.1.17 "Development Plan" means the Owner's plan for Development of the Project as set forth in Exhibit F to this Agreement to be implemented pursuant to the Existing Development Approvals and Subsequent Development Approvals, in accord with the Existing Land Use Regulations and applicable Subsequent Land Use Regulations, and subject to the Reservations of Authority.

1.1.18 "Director" means the City's Director of Development Services, or his or her designee.

1.1.19 "Effective Date" means the date that the Authorizing Ordinance becomes effective.

1.1.20 "Existing Development Approvals" means all Development Approvals approved or issued by City for the Project prior to the Effective Date, including those described in Exhibit C to this Agreement and all other Development Approvals which are a matter of public record as of the Effective Date, which shall include the Tentative Parcel Maps and all approvals under the Subdivision Map Act.

1.1.21 "Existing Land Use Regulations" means all Land Use Regulations in effect on the Effective Date. Existing Land Use Regulations includes the Land Use Regulations incorporated herein as Exhibit D and all other Land Use Regulations which are in effect and a matter of public record on the Effective Date. For clarification, and for the avoidance of doubt, notwithstanding any other provision of this Agreement, the Existing Land Use Regulations do not allow any warehousing and distribution uses or facilities on the Property. For purposes of this section, "warehousing and distribution" shall have the meaning set forth in Perris Municipal Code Chapter 19.08, except it shall not include the high-cube parcel hub facility identified as Building 1 in the Development Plan ("Parcel Hub").

1.1.22 "General Plan" means the City's General Plan.

1.1.23 "Improvement" or "Improvements" means those public improvements required to support the development of the Project as described in the Conditions of Approval attached hereto as Exhibit E.

1.1.24 "Land Use Regulations" means all ordinances, resolutions, codes, rules, regulations and official policies of City and/or any subsidiary district of the City and/or any joint powers authority or council of governments of which the City is a member which affect, govern, or apply to the development and use of land, including, without limitation, the zoning and permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of proposed buildings, the 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" does not include any City ordinance, resolution, code, rule, regulation or official policy governing:

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

(b) taxes and assessments;

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

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

1.1.25 "Moratorium" means any interim urgency ordinance adopted by the City pursuant to Government Code Section 65858.

1.1.26 "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.

1.1.27 "Owner" means the persons and entities listed as Owner on page 1 of this Agreement and their permitted successors in interest to all or any part of the Property.

1.1.28 "Permitted Delay" means delays in a Party's performance due to: changes in local, state or federal laws or regulations (other than changes expressly permitted by this Development Agreement); strikes or the inability to obtain materials; delays caused by governmental agencies in issuing permits and approvals; Third Party Actions, actions of other public agencies to prohibit Development of the Property according to the Development Plan; civil commotion, fire, acts of God, war, lockouts, riots, floods, earthquakes, epidemic, quarantine, freight embargoes, and/or failure of contractors to perform; or, other circumstances beyond a Party's reasonable control and which substantially interfere with either Party's ability to perform its obligations under this Agreement. "Permitted Delays" do not include delays attributable to Developer's inability to obtain funds or financing or due to changes in market conditions or demands, whether or not foreseeable as of the Effective Date.

1.1.29 "Project" means the Development of the Property in accord with Alternative 4 with the Council Modifications and the Development Plan, as such Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement. For clarification, and for the avoidance of doubt, notwithstanding any other provision of this Agreement, the Project: (i) does not include any Development Approvals for the areas designated as future Phase 1, Phase 2, or residential in the Development Plan, as the Project is limited to programmatic-level planning for future development in such areas; and (ii) does not and shall not include any warehousing and distribution uses or facilities. For purposes of this section, "warehousing and distribution" shall have the meaning set forth in Perris Municipal Code Chapter 19.08, except it shall not include the Parcel Hub.

1.1.30 "Property" means the real property described on Exhibit A and shown on Exhibit B to this Agreement.

1.1.31 "Reservations of Authority" means the rights reserved to City under Section 3.6 of this Agreement.

1.1.32 "Specific Plan" means that certain specific plan adopted by the City Council, and entitled, "Harvest Landing Specific Plan."

1.1.33 "Subsequent Development Approvals" means all Development Approvals approved by the City subsequent to the Effective Date in connection with Development of the Property. Subsequent Development Approvals includes, without limitation, any modifications to Existing Development Approvals.

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

1.1.35 "Term" has the meaning set forth in Section 2.3.

1.1.36 "Third Party Actions" means litigation filed by a third party challenging the City's issuance of any Development Approval, including 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 — Existing Land Use Regulations.

Exhibit E – Conditions of Approval

Exhibit F – Development Plan

2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. Development of the Property shall be carried out in accordance with the terms of this Agreement.

2.2 Ownership of Property. Owner represents and covenants that it is the owner of the fee simple title to the Property, or has the right to acquire fee simple title to the Property from the current owner(s) thereof.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for an initial period of ten (10) years thereafter unless terminated sooner pursuant to applicable provisions of this Agreement or extended pursuant to this Section or Section 11.12 of this Agreement. The term of this Agreement shall be extended for an additional five (5) years

following expiration of the initial ten (10) year term if the City Council reasonably determines that all of the below conditions have been satisfied:

(a) Owner has requested the extension and provided at least one hundred eighty (180) days' written notice of such request to City prior to expiration of the initial term;

(b) Owner has obtained building permits for at least fifty percent (50%) of the gross area of the commercial buildings contemplated by the Project, and overall is acting diligently and making reasonable progress toward completion of the Project considering all relevant circumstances in the Development of the Project; and

(c) Owner is not default of this Agreement and has not violated any of the Conditions of Approval.

If any of the conditions above have not been satisfied, the City Council may grant the requested five (5) year extension, or may grant a shorter extension or no extension, at its discretion. The initial term and all extensions obtained or granted shall be referred to collectively 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, limited liability company, joint venture, firm or corporation at any time during the term of this Agreement ("Transferee"); 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 shall be made in strict compliance with the following conditions precedent:

(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) Owner shall provide City with: (1) an executed agreement, in a form reasonably acceptable to City, by the Transferee and providing therein that the Transferee expressly and unconditionally assumes all the rights, 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 City's review and consideration of such sale, transfer or assignment.

(c) No sale, transfer or assignment shall be made without City's prior written approval, which shall not be unreasonably withheld, after Owner provides City with documentation reasonably necessary for City to verify compliance subsection (a) of this Section 2.4.1, documentation and payment as necessary to comply with subsection (b) of this Section 2.4.1, and documentation and evidence reasonably satisfactory to City demonstrating that the Transferee meets the following criteria: (1) the Transferee has the financial strength and capability to perform the obligations of Owner under this Agreement with respect to any portion of the Property to be sold, transferred or assigned to Transferee; (2) the Transferee has the experience and expertise to operate the Project or applicable portion thereof and experience with operations and projects of a

similar scale as the Project or applicable portion thereof; and (3) the Transferee's business entity is registered and in good standing with the California Secretary of State, to the extent required by law.

Any sale, transfer or assignment not made in strict compliance with the foregoing conditions shall be void and ineffective and shall constitute a default by Owner under this Agreement.

2.4.2 Release of Transferring Owner. Notwithstanding any sale, transfer or assignment made in strict compliance with Section 2.4.1, 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 only be provided by City upon the full satisfaction by such transferring Owner of all the following conditions:

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

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

(c) Owner has strictly complied with 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 Section 2.4.2 above:

(a) The Transferee shall be liable for the performance of all obligations of Owner with respect to the Property or portion thereof sold, transferred or assigned ("Transferred Property") commencing as of the effective date of the sale, transfer or assignment, but shall have no obligations with respect to the portions of the Property, if any, not sold, transferred or assigned(the "Retained Property").

(b) The owner of the Retained Property shall be liable for the performance of all obligations of Owner with respect to Retained Property, but shall have no further obligations with respect to the Transferred Property from and after the effective date of the sale, transfer or assignment.

(c) The Transferee'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.

(d) A default under this Agreement by Owner relating to the Retained Property shall not be considered or acted upon by the City as a default by the Transferee and shall not affect the Transferee's rights or obligations hereunder. Likewise, a default by a Transferee relating to the Transferred Property shall not be considered or acted upon by the City as a default by Owner and shall not affect Owner's rights and obligations hereunder.

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.

2.4.5 [Reserved]

2.5 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part by either Party or successor in interest only in the manner provided for in Government Code Sections 65865.1 or 65868 and the Development Agreement Policies. Any amendment of this Agreement, which amendment has been requested by Owner, shall be considered by the 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. 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. .

2.6 Modifications. Upon written application to the Director, Owner may request City approval of modifications to the Development Plan, which shall be processed as Subsequent Development Approvals in accordance with Section 3.4 of this Agreement.

2.7 Termination.

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

(a) Termination pursuant to Section 6.1.6(c), 6.2, 6.3, 7.4 or 7.5 of this Agreement.

(b) Entry of a final judgment setting aside, voiding or annulling the adoption of the Authorizing Ordinance.

(c) The adoption of a referendum measure overriding or repealing the Authorizing Ordinance.

(d) 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.

(e) Termination of this Agreement based on any default of Owner and following the termination proceedings required by the Development Agreement Policies.

2.7.2 In the event this Agreement is terminated, all rights of the Owner or successors in interest under this Agreement shall terminate. Any and all benefits, including money or land, received by the City shall be retained by the City. Notwithstanding the above provision, any termination of this Agreement shall not prevent the Owner from completing a building or other improvements authorized pursuant to a valid building permit previously approved by the City or

under construction at the time of termination, but the City may take any action permitted by law to prevent, stop or correct any violation of law occurring during and after construction, and the Owner or any tenant shall not occupy any portion of the Project or any building not authorized by a previously issued building permit. As used herein, the term "construction" shall mean work under a valid building permit, and the term "completing" shall mean completion for beneficial occupancy for Owner's use, or if a portion of the Project is intended for use by a lessee or tenant, then for such portion the term "completion" shall mean completion except for interior improvements such as, duct and electrical runouts, floor covering, wall coverings, lighting, furniture, trade fixtures, finished ceilings, and other improvements typically constructed by or for tenants of similar buildings. All such uses shall, to the extent applicable, be deemed nonconforming uses and shall be subject to the nonconforming use provisions of the Perris Municipal Code.

2.8 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:

City of Perris
101 North "D" Street
Perris, CA 92570
Attn: City Manager
Email: cmiramontes@cityofperris.org
Telephone: (951) 943-6100

with a copy to:

Aleshire & Wynder, LLP
1 Park Plaza, Suite 1000
Irvine, CA 92614
Attn.: Sunny Soltani
Email: ssoltani@awattorneys.com
Telephone: (949) 250-5430

If to Owner:

HIP So-Cal Properties, LLC
Attn: Timothy Howard
2244 N Pacific Street
Orange, CA 92865
Email: thoward@hipre.net
Telephone: (714) 637-3333

with a copy to:

Allen Matkins Leck Gamble
Mallory & Natsis LLP
2010 Main Street, 8th Floor
Irvine, CA 92614
Attn: Jonathan Shardlow
Email: jshardlow@allenmatkins.com
Telephone: (949) 851-5422

(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. Notwithstanding the foregoing, any and all Development that is not part of the Project, including Development in the areas depicted as future Phase 1, Phase 2 or residential in Exhibit F attached hereto, will require Owner to apply for and obtain City approval of any and all Development Approvals applicable to such Development. 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. Owner's aforementioned vested right to develop the Property shall be enforceable notwithstanding the adoption by the City of any Development Limitation that becomes effective after the Effective Date. Except as provided herein: (i) the Project shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan; and (ii) the permitted uses of the Property, the 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 under the terms of this Agreement including the Reservations of Authority and Section 3.1 above pertaining to Development Limitations, 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 and any further restrictions in the Existing Development Approvals (including the Conditions of Approval). In connection with any Subsequent Development Approval, City shall exercise discretion in the same manner that it exercises discretion under its police powers including the Reservations of Authority set forth herein and irrespective of the adoption or enactment of any Development Limitation that becomes effective after the Effective Date; 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. However, City shall timely process all applications for Subsequent Development Approvals.

3.3 Timing of Development. The Parties acknowledge that the public benefits to be provided by Owner to City pursuant to this Agreement are in consideration for and reliance upon assurances that City will permit development of the Property in accordance with the terms of this Agreement. Accordingly, City agrees that it will not attempt to restrict or limit the development of the Property in conflict with the provisions of this Agreement, including through the application of any Development Limitation that becomes effective after the Effective Date to the Property during the term of this Agreement. City acknowledges that Owner cannot at this time predict the timing or rate at which the Property will be developed. The timing and rate of development depend on numerous factors such as market completion schedules, and other factors which are not within the control of Owner or City. Except as provided in Section 4.2 pertaining to the requirements for development and construction of the Retail Commercial component of the Project prior to or concurrently with the Parcel Hub, and subject to all other applicable requirements of this Agreement, it is the intent of the Parties to avoid the result reached *Pardee Construction Co. v. City of Camarillo* (1984) 37 Cal.3d 465 and permit Owner to develop the Property in such order and at such rate and at such time as Owner deems appropriate within the exercise of Owner's sole subjective business judgment, notwithstanding the adoption of an initiative after the Effective Date by City's electorate to the contrary.

3.4 Modifications to Existing Development Approvals; Subsequent Development Approvals. The Parties acknowledge that refinement and further development of the Project may necessitate Subsequent Development Approvals, including modifications to the Existing Development Approvals. In the event Owner finds that a modification in the Existing Development Approvals or in a Subsequent Development Approval 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 Subsequent Development Approval shall be incorporated herein as an addendum to Exhibit C, and may be further changed from time to time as provided in this Section. Notwithstanding the foregoing, unless otherwise required by law, as determined in City's reasonable discretion, a change to the Existing Development Approvals that is deemed "minor" by the Director in his or her discretion, subject to the following limitations, may be approved by the Director and shall not require an amendment to this Agreement. Notwithstanding the Existing Land Use Regulations, a change to the Existing Development Approvals may be deemed "minor" by the Director only if such change does not do any of the following:

(a) Alter or contravene the permitted uses of the Property;

(b) Increase the square footage of any Project tenant space by more than 2,500 square-feet, except any such increase that does not comply with all applicable development standards shall not be deemed "minor";

(c) Modify the site layout of any portion of the Project in a manner that substantially alters the intent of the original concept as approved in the Existing Development Approvals;

(d) Increase the height or square footage of any Project building, if such increase in height or square footage would exceed the height or square footage specified in the Existing Development Approvals;

(e) Delete any requirement for the reservation or dedication of land for public purposes within the Property, unless such deletion is warranted due to a decrease in the Project's square footage; or,

(f) Require a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.

3.5 Operating Memoranda. The provisions of this Agreement require a close degree of cooperation between the City and the Owner. It is anticipated due to the term of this Agreement that clarifications to the Development Approvals may be appropriate with respect to the details of performance of the City and the Owner. If and when, from time to time, during the Term, City and Owner agree that such clarifications are necessary or appropriate, the Parties shall effectuate such clarifications through operating memoranda ("Operating Memoranda") approved by the Parties in writing, which reference this Section of the Agreement. Operating Memoranda are not intended to constitute an amendment to this Agreement but mere ministerial clarifications; therefore, public notices and hearings shall not be required. The City Attorney shall be authorized, upon consultation with the Owner, to determine whether a requested clarification may be effectuated pursuant to this Section or whether the requested clarification is of such character to constitute an amendment to the Agreement which requires compliance with the provisions of this Agreement pertaining to amendments. The authority to enter into such Operating Memoranda is hereby delegated to the City Manager, and the City Manager is hereby authorized to execute any Operating Memoranda hereunder without Planning Commission or City Council action and without public hearing.

3.6 Reservations of Authority.

3.6.1 Limitations, Reservations and Exceptions. Notwithstanding any other provision of this Agreement, the City shall not be prevented from applying new rules, regulations and policies (including Subsequent Land Use Regulations) upon the Project or the Property, nor shall a development agreement prevent the City from denying or conditionally approving any subsequent development project application (including for any Subsequent Development Approval) on the basis of such new rules, regulations and policies where the new rules, regulations and policies consist of the following:

(a) Processing fees and charges of every kind and nature imposed by City to cover the costs of processing applications for Development Approvals or Subsequent Land

Use Regulations or for monitoring compliance with any Development Approvals or Land Use Regulations.

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure.

(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 which conflict with this Agreement or the Development Plan but which are reasonably necessary to protect the public health and safety. To the extent possible, any such regulations shall be applied and construed so as to provide Owner with the rights and assurances provided under this Agreement.

(e) Regulations which do not conflict with this Agreement or the Development Plan. To the greatest extent possible, these regulations must be applied and construed to provide Developer with all of the rights and assurances provided under this Agreement. Future changes to the Existing Land Use Regulations shall be deemed to be in conflict with the Development Plan if they: (i) alter or change any permitted or conditionally permitted land use of the Project in a manner that is more restrictive than the Development Plan; (ii) limit or reduce the height or floor area ratio of any of the Project buildings or improvements to a level that is below what is provided for in the Development Plan; (iii) reduce the square footage of any of the buildings of the Project to a level that is below what is provided for in the Development Plan; (v) materially increase (by an amount greater than 15%) the cost of performance of, or preclude compliance with, the Development Plan; (vi) preclude the availability of public utilities, services, infrastructure or facilities to the Project; (vii) impose limits or controls in the rate, timing, phasing or sequencing of development of the Project inconsistently with or more restrictive than limitations included in the Existing Development Approvals and this Agreement; (viii) limit or control the locations of buildings, structures, grading or other improvements of the Project inconsistently with or more restrictive than limitations included in the Existing Development Approvals and this Agreement; or (ix) constitute a Development Limitation that become effective after the Effective Date.

(f) Regulations that conflict with the Development Plan, but which the Owner applies to the City for (e.g., requested Subsequent Land Use Regulations for the Property such as further amendments to the Harvest Landing Specific Plan, which are subject to City Council approval), or to which the Owner consents in writing.

(g) Development Impact Fees, including but not limited to establishment or adjustment of Development Impact Fee amounts pursuant to Perris Municipal Code Section 19.68.020(b)(2).

(h) Fees adopted, imposed or increased pursuant to Perris Municipal Code Chapter 18.32 or Government Code Sections 66483 *et seq.*, including but not limited to any

South Perris Road and Bridge Benefit District (RBBD) that may be formed or established by the City.

3.6.2 Subsequent Development Approvals. This Agreement shall not prevent City, in acting on Subsequent Development Approvals, from applying Subsequent Land Use Regulations that are authorized by Section 3.6.1, nor shall this Agreement prevent City from denying or conditionally approving any Subsequent Development Approval on the basis of the Existing Land Use Regulations or any Subsequent Land Use Regulation that is authorized by Section 3.6.1. Notwithstanding the foregoing or any other provision of this Agreement, no Subsequent Development Approval shall provide or allow for any warehousing and distribution use or development on the Property. For purposes of this section, "warehousing and distribution" shall have the meaning set forth in Perris Municipal Code Chapter 19.08, except it shall not include the Parcel Hub.

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 the City does not agree, the Owner may, seek declaratory relief (or other similar non-monetary remedies); provided, however, that nothing contained in this Section 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 its police power which cannot be limited. This Agreement shall be construed to reserve to City all such power and authority which cannot be restricted by contract. However, unless it is necessary to preserve the City's police power, City agrees that it shall not further restrict or limit Development of the Property in violation of this Agreement except in strict accordance with the Reservations of Authority outlined in this Section 3.6.

3.6.5 If Owner files litigation challenging the application of a Subsequent Land Use Regulations as being in violation of this Agreement or as exceeding the Reservations of Authority, Owner shall bear the burden of proof in establishing that such Subsequent Land Use Regulations is inconsistent with this Agreement, Existing Development Approvals, Subsequent Development Approvals, the Project, or the Intent of the Parties. Once Owner establishes its burden of proof, City shall bear the burden of proof in establishing that such Subsequent Land Use Regulation Law was enacted pursuant to, and in accordance with, the Reservations of Authority and was not applied by City in violation of this Agreement or any other law.

3.7 Public Works. 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.

3.8 Acquisition of Offsite Real Property Interests. Subject to compliance with and the protections provided by Government Code Section 66462.5, in any instance where Owner is required by any Development Approval or Land Use Regulation to construct any public improvement on land not owned by Owner (together, "Offsite Improvements"), Owner shall at its sole cost and expense provide or cause to be provided, the real property interests necessary (generally assumed to be via easement or license rather than fee title ownership) for the construction of such public improvements (the "Offsite Property"). The City and Owner each reserve and retain all rights and protections available to them, respectively, under Government Code Section 66462.5.

3.8.1 Owner's Option to Terminate Proceedings. City shall provide written notice to Owner no later than fifteen (15) days prior to making an offer to the owner of the Offsite Property. At any time within that fifteen (15) day period, Owner may, at its option, notify City that Owner wants City to cease all acquisition proceedings with respect to the Offsite Property. Upon notification, City shall cease all acquisition proceedings relating to the Offsite Property. If the City elects to utilize its power of eminent domain, City shall provide written notice to Owner no later than fifteen (15) days prior to the date of the hearing on City's intent to consider the adoption of a resolution of necessity as to any Offsite Property. At any time within that fifteen (15) day period, Owner may, at its option, notify City that it wants City to cease condemnation proceedings, whereupon City shall cease such proceedings. If Owner does not notify City to cease condemnation proceedings within said fifteen (15) day period, then City may proceed to consider and act upon the Offsite Property resolution of necessity. If City adopts such resolution of necessity, then City shall diligently institute condemnation proceedings and file a complaint in condemnation and seek an order of immediate possession with respect to the Offsite Property.

3.9 Regulation by Other Public Agencies. It is acknowledged by the Parties that other public agencies not within the control of City 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 reasonably cooperate, at no 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 the City.

3.10 Tentative Parcel Maps and Other Development Approvals; Extension. With respect to applications by Owner for tentative parcel or subdivision maps for portions of the Property, City agrees that Owner may file and process tentative parcel and subdivision maps and final maps, which may be processed in phases. The lifespan of all tentative maps and all other Development Approvals shall be coterminous with the Term of this Agreement.

4. PUBLIC BENEFITS.

4.1 Intent. The Parties acknowledge and agree that development of the Property will result in substantial public needs which will not be fully met by the Development Plan and further

acknowledge and agree that this Agreement confers substantial private benefits on Owner which should be balanced by commensurate public benefits. Accordingly, the Parties intend to provide consideration to the public to balance the private benefits conferred on Owner by providing more fully for the satisfaction of the public needs resulting from the Project.

4.2 Retail Commercial Construction and Land Subsidy. Owner agrees that, except as otherwise provided in Section 4.2.1 below: (i) the entire Retail Commercial component of the Project, including the big box Commercial Retail building (165,050 sq. ft.), in-line commercial building (Majors A through K, totaling 202,977 sq. ft.), one outlying building for a sit-down restaurant ~~and all outlying buildings (Pads 1 through 8, and Pads A and B)~~, as shown in Exhibit F, off-site improvements, including drainage, and all parking lot and landscaping improvements for the Retail Commercial component of the Project, shall be constructed prior to or concurrently with construction of the Parcel Hub; and (ii) at least 194,000 square feet of the aforementioned retail commercial space, a family entertainment use, and one sit-down restaurant in the aforementioned outlying building for a sit down restaurant shall be ~~tenanted,~~ open, and fully operational prior to occupancy permits (i.e., issuance of a certificate of occupancy) for the Parcel Hub. In addition to the foregoing, Owner agrees to provide a land subsidy for the Retail Commercial Center in the amount of approximately $22,400,000.00 to allow for the provision of lower rents that will attract a stable of top tier retail tenants ~~with at least one tenant being an entertainment use~~.

4.2.1 Exception. In the event that clause (i) and/or clause (ii) in Section 4.2 above have not been fully satisfied by Owner at the time when all other requirements for issuance of a certificate of occupancy for the Parcel Hub are met, then if Owner requests issuance of the certificate of occupancy for the Parcel Hub without first fully satisfying these requirements and demonstrates to the Director's satisfaction that at minimum, construction of the Commercial Retail building (165,050 sq. ft.) and the in-line commercial building (Majors A through K, totaling 202,977 sq. ft.), as shown in Exhibit F, with one unit for a family entertainment use, and one sit down restaurant in the outlying Pads and all off-site improvements, and all parking lot improvements, and landscaping has been completed, the City shall issue a Certificate of Occupancy for the Parcel Hub provided Owner makes a payment to the City as follows: (i) Fifteen Million Dollars ($15,000,000) prior to issuance of a certificate of occupancy for the Parcel Hub; and (ii) One Million Dollars ($1,000,000) monthly thereafter until ~~the outlying buildings (Pads 1 through 8, and Pads A and B) is completed and~~ one outlying building for a sit-down restaurant is constructed and restaurant is fully operational, at least 194,000 square feet of the constructed commercial retail space is fully operational, and ~~is tenanted~~ one family entertainment use is fully operational. If Owner utilizes the foregoing exception to obtain Parcel Hub occupancy permits, then in addition to making the aforementioned payments to the City, Owner shall have a continuing obligation to diligently complete construction ~~the outlying buildings (Pads 1 through 8, and Pads A and B)) and tenanting and open and operational status for~~ of the outlying sit-down restaurant building and be fully operational, and to have 194,000 square feet of retail commercial space and one family entertainment use fully operational. No Permitted Delay or other occurrence of Force Majeure shall apply to the payment obligations set forth in this Section 4.2.1

4.3 Public Art Installation. In addition to paying the applicable public art fee pursuant to Perris Municipal Code Chapter 5.60, Owner agrees to construct a minimum of five (5) public art installations within the public right-of-way or privately-owned common area spaces of the Project from which such art installations can be viewed and enjoyed by the public with a total estimated value of approximately $2,500,000.00. Owner agrees to work cooperatively and coordinate with the City, including obtaining approval from an applicable City Council subcommittee, and the City of Perris Historical Society on the specific nature and locations of such art installations. All such art installations shall be complete prior to issuance of any certificate of occupancy for the Project. Individual art valuations shall be submitted by Developer to the Director for each such art installation. Should the value of Developer's art installations collectively be less than $2,500,000 as reasonably determined by the Director, then Developer shall pay the City the difference between $2,500,000 and the collective value of the Developer's art installations as reasonably determined by the Director prior to issuance of any certificate of occupancy for the Project.

4.4 Park Features Around the Regional Water Quality Basin. Prior to the issuance of occupancy permits for any of the Retail Commercial buildings (including the big box and shopping center buildings), and in consultation with the City, Owner agrees to construct and install certain park features and amenities, as substantially illustrated in the concept plan submitted to and approved by the City Council in connection with its approval of the Project, in and around the proposed Regional Water Quality Basin ("Park Features"). Such Park Features may include, without limitation, outdoor open space gathering areas, trails, exercise equipment, water features, and public art. The present estimated cost of the Park Features to be installed by Owner pursuant to this provision is approximately $9,000,000.00.

4.5 Sports Park. Owner agrees to construct a 16-acre Sports Park for the benefit of local residents in Phase 1 of the Project, prior to issuance of a certificate of occupancy for the Parcel Hub, substantially in the area depicted in green and labeled "Harvest Landing Sports Park" in the Development Plan included as Exhibit F to this Agreement, subject to the City's approval of an Administrative Development Plan Review application for the development, which shall be submitted by Owner within 60 days after the Effective Date and diligently pursued thereafter. The Sports Park shall include the following amenities, subject to the City's final approval: up to four (4) grass or artificial grass soccer fields, a tot-lot or playground area, perimeter fencing, a soccer pro-shop, restrooms, and designated storage area. La Academia, Soccer Club ("La Academia, S.C.") shall be entitled to a right of first refusal to lease or license the use of the Sports Park from Owner, including all maintenance, security and other responsibilities associated therewith. In the event that La Academia, S.C. fails to adequately maintain or secure the Sports Park, and at any other time when there is no lessee or licensee adequately performing such obligations, Owner (as landowner) shall be held responsible for such security and maintenance obligations. Nothing herein shall be construed to relieve Owner of any of its obligations as a landowner to maintain the property free of nuisances at all times in compliance with Title 7 of the Perris Municipal Code. If La Academia, S.C. fails to exercise its right of first refusal or ceases to lease, license or operate the Sports Park at any point in the future, City shall have a right of first refusal to acquire fee title to the Sports Park from Owner at no cost to City. City shall be required to exercise such right of first refusal within ninety (90) days after receiving formal notice from Owner of the failure to exercise, termination or expiration of La Academia, S.C's lease or license to use the Sports Park, which notice shall specify the City's right of first refusal and the 90-day period to act.

4.6 Hospital Use. For a period of 10 years, Owner agrees to reserve and set aside the 40.42 acre parcel within the Phase 2 MBU designation for a hospital, and agrees to make reasonable and diligent good faith efforts to procure such a hospital development and use occupying all or most of the reserved land.

4.7 Development Impact Fees and Assessment Districts.

4.7.1 Amount and Components of Fee. Notwithstanding any other provision of this Agreement, Development Impact Fees shall be paid by Owner in accordance with the City's Development Impact Fee Program pursuant to Perris Municipal Code Section 19.68.020 and applicable City resolutions and policies adopted thereunder, as the same may be amended. The Development Impact Fee amounts to be paid by Owner shall be determined according to the fees/rates in effect at the time of building permit issuance for each portion or portions of the Project.

4.7.2 Time of Payment. The Development Impact Fees required pursuant to Subsection 4.5.1 shall be paid to City prior to building permits for each portion or portions of the Project. No fees shall be payable for building permits issued prior to the Effective Date of this Agreement, but the fees required pursuant to Subsection 4.5.1 shall be paid prior to the re-issuance or extension of any building permit for the Project for which such fees have not previously been paid. Notwithstanding the foregoing, deferral of the payment of any Development Impact Fees may be granted pursuant to a separate agreement approved by City pursuant to City policy.

4.7.3 Credits. To the extent that the Owner constructs qualifying public facilities as part of the Project, the Owner shall be entitled to credit and/or reimbursement to offset the Development Impact Fees required pursuant to Subsection 4.5.1 in accordance with Perris Municipal Code Section 19.68.020 and the City's applicable policies and procedures adopted or amended by resolution thereunder from time to time. City shall issue any DIF Credit in accordance with the provisions of a separate Fee Credit Agreement to be entered into between City and Owner. City and Owner agree that the Fee Credit Agreement between City and Owner shall comply with City's adopted policies applicable to such agreements, as such policies may be amended from time to time.

4.7.4 Assessment Districts. The Project shall be annexed into any assessment, community facilities, or similar district that provides funding for maintenance, services, or public improvements that benefit the Project. The costs and benefits shall be described in the applicable district and annexation documents. Owner shall complete all actions required to complete such annexation prior to approval or recordation of a Final Map or issuance of any grading permit for the Project, whichever occurs first. This requirement shall apply to districts existing as of the Effective Date and any later-formed districts existing prior to approval or recordation of a Final Map or issuance of any grading permit for the Project, whichever occurs first.

4.8 Responsibility for Construction of Public Improvements. Developer shall construct all Improvements as required by the Conditions of Approval attached hereto as Exhibit E, as may be modified by a Subsequent Development Approval, at the times specified in the relevant Conditions of Approval.

4.8.1 Timely Construction of Public Infrastructure. The phasing of any areawide infrastructure construction will be as approved by the City. Owner shall be responsible for the timely construction and completion of all Improvements required for the Project and for compliance with this Agreement including Section 4.2 hereof.

4.8.2 Completed Infrastructure. In the event that any condition imposed by the City on the Project has been satisfied by another developer or other source in the City prior to the time that Owner is required to satisfy same, then upon satisfaction of that condition by the third party, Owner's conditions shall be deemed satisfied, and no further or additional condition shall be added by City to replace or supplement same.

4.8.3 Scope and Timing. Except as expressly provided herein, Owner shall construct all on and off-site improvements in accordance with the Existing Development Approvals and Subsequent Development Approvals. The timing and phasing of the on and off-site improvements shall be in accordance with the Conditions of Approval (attached hereto as Exhibit E) applicable to the phase of the Project being developed, unless a contrary time is specified in this Agreement.

4.9 Relocation of School Site; Future Development of Existing School Site. Prior to the construction of any building within the MBU-designated area located north of Orange Avenue, Owner agrees to use reasonable good faith efforts to purchase the current Val Verde Elementary School site, and shall offer to the Val Verde Unified School District, as a proposed relocation school site in connection with Owner's proposed purchase of the current Val Verde Elementary School site, an alternative site comprised of at least eleven (11) acres suitable for the proposed relocation of Val Verde Elementary School, which eleven (11) acres shall be located on Owner's property identified as Riverside County Assessor's Parcel Numbers 300-190-001, 300-190-002, 300-190-003, and/or 300-190-004 ("Relocation School Site"). In the event the Relocation School Site is not deemed acceptable to the Val Verde Unified School District, Owner shall make reasonable efforts to identify an alternative site of at least eleven (11) acres suitable for the proposed relocation of Val Verde Elementary School, which site shall be owned or subject to acquisition by Owner within a reasonable period of time not to exceed one (1) year following the effective date of this Agreement. In the event that Owner complies with the foregoing and Val Verde Unified School District fails to approve such Relocation School Site or alternative site prior to the commencement of construction of any building within the MBU-designated area north of Orange Avenue, this provision shall not preclude the development of any such building nor otherwise prevent or delay the construction of the Project in accordance with the Development Plan. In addition to and notwithstanding the foregoing, Owner agrees that any future development on the former Val Verde Elementary School site shall not consist primarily of a heavy truck-intensive use or operation.

4.10 Job Fair. Owner will coordinate with the Perris Chamber of Commerce to hold a job fair for local residents for the Project's Retail Commercial Center and Parcel Hub facilities.

4.11 Toy Drive. Owner will agree to participate as a "Christmas Miracle" Lifetime Annual Partner for the Perris Trolley Toy Drive commencing in 2026.

4.12 EMWD Well Service. Owner will agree to coordinate with Eastern Municipal Water District for the provision of potable water well service for up to 3,000 new residential units in the area surrounding the Project.

4.13 Project Labor Agreements. Owner will agree to enter into Project Labor Agreements with at least three (3) local union organizations for the construction of Project backbone infrastructure and other site improvements contemplated for the Project.

5. FINANCING OF PUBLIC IMPROVEMENTS.

If deemed appropriate by City to form 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 or Improvements required as part of the Development Plan, Owner will cooperate in such formation as may be requested by City. City acknowledges the possibility that, to the extent any such district or other financing entity is formed and sells bonds in order to finance such infrastructure or Improvements, such district or other financing entity may allow for Owner to be reimbursed to the extent that Owner spends funds or dedicates land for the establishment of public 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 the City Council to form any such district or to issue and sell bonds, or to allow any reimbursement for Owner.

6. REVIEW FOR COMPLIANCE.

6.1 Periodic and Special Reviews.

6.1.1 Time for and Initiation of Periodic Review. The Director, on behalf of the City, shall review this Agreement annually at Owner's expense, on or before the anniversary of the Effective Date, in order to ascertain the good faith compliance by Owner with the terms of this Agreement. Owner shall submit an Annual Monitoring Report to City, in a form acceptable to the Director, along with the applicable processing charge, within ten (10) days after each anniversary date of the Effective Date of this Agreement. The applicable processing charge shall be based upon the actual costs incurred by City to process this Annual Monitoring Report. Issuance of a notice of continuing compliance may be issued by the Director. The amount of the annual review and administration fee shall be set by resolution of the City Council. Failure of City to conduct an annual review will not constitute a waiver by City of its rights to otherwise enforce the provisions of this Agreement nor will Developer have or assert any defense to such enforcement by reason of any such failure to conduct any annual review(s).

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

(a) Recommendation of the Director;

(b) Affirmative vote of at least three (3) members of the Planning Commission; or

(c) Affirmative vote of at least three (3) members of the City Council.

6.1.3 Notice of Special Review. The Director shall begin the special review proceeding by giving notice to Owner that the City intends to undertake a special review of this Agreement. 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 Special Review Public Hearing. The Planning Commission shall conduct a hearing for the special review at which Owner must demonstrate good faith compliance with the terms of this Agreement. The burden of proof on this issue shall be on Owner.

6.1.5 Findings Upon Special Review Public Hearing. The Planning Commission shall determine, upon the basis of substantial evidence, whether Owner has, for the period under review, complied in good faith with the terms and conditions of this Agreement.

6.1.6 Procedure.

(a) During either a periodic review or a special review, Developer will be required to demonstrate good faith compliance with this Agreement.

(b) Upon completion of a periodic review or special review, if the Director (based on the Planning Commission's determination for a special review) finds good faith compliance by the Owner with the terms of this Agreement, the Director shall issue a Certificate of Compliance in accordance with Section 6.4. The issuance of a Certificate of Compliance and the expiration of the appeal period hereinafter specified without appeal, or the confirmation by the City Council of the issuance of the certificate on such appeal, shall conclude the review for the applicable period and such determination shall be final.

(c) If the Director, on basis of substantial evidence, finds the Owner has not complied in good faith with the terms of this Agreement, the Director shall specify in writing to the Owner the respects in which Owner has failed to comply. The Director shall also specify a reasonable time for the Owner to meet the terms of compliance. If such areas of noncompliance are not corrected within the reasonable time limits as prescribed by the Director, this Agreement may be terminated in accordance with Section 6.2 and Section 6.3.

(d) Any interested person may file an appeal of the issuance of a Certificate of Compliance to the City Council within ten days after the certificate's issuance. The Owner may also file an appeal to the City Council of the finding of the Director of noncompliance within ten days after the giving of notice of such determination. All appeals before the City Council shall be conducted pursuant to a noticed hearing in the same manner as any other appeal before the City Council, at which evidence shall be taken and findings thereon made.

6.2 Proceedings Upon Modification or Termination. If Owner fails to timely cure any of the matters constituting the basis for the Director's finding under Section 6.1.6(c), then City may proceed to terminate this Agreement following the procedures set forth in this Section 6.2 and in Section 6.3. In accordance with Perris Municipal Code Section 18.19.250, the Director shall pursuant to the notice provisions of Perris Municipal Code Chapter 18.19 request that the City Council conduct a public hearing as provided in Section 6.3.

6.3 Hearing on Modification or Termination. At the time and place set for the hearing on modification or termination, 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 by substantial evidence of compliance by Owner 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 or conditions of the Agreement, the City Council may either terminate this Agreement upon 60 days' notice to Owner, or in its discretion, may allow this Agreement to be continued by imposition of new terms and conditions intended to remedy such noncompliance. The City Council may impose such conditions to the action it takes as it considers necessary to protect the interests of the City. The decision of the City Council shall be final.

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, the Director shall issue a Certificate of Agreement 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 Director and City Council, (i) this Agreement remains in effect and (ii) 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 City would not 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, and subject to those procedural prerequisites required under the Development Agreement Law or this Agreement, each of the Parties may pursue any remedy at law or equity available for the breach of this Agreement, except that neither Party will be liable in monetary damages (other than attorneys' fees under Section 7.6) to the other Party, or to any successor in interest of that Party, or to any other person, entity, organization or association. Each Party covenants not to sue for monetary damages or claim any monetary damages related to any of the following:

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

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

(c) Any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

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 unavailable against City 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 Sections 7.2 and 6.3, respectively, Owner, for itself, its successors and assignees, hereby releases the City, its elected and appointed 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 City because it entered into this Agreement or because of the terms of this Agreement.

7.4 Termination or Modification of Agreement for Default of Owner. Subject to the provisions contained in Subsection 6.3 herein, City may terminate or modify 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 or modify 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 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within the first 30 days of 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 only in the event of a default by City in the performance of a material term of this Agreement and 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 60 days after the effective date of such notice or, in the event that such default cannot be cured within such 60 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within the first 30 days of such 60 day period and to diligently proceed to complete such actions and cure such default.

7.6 Attorneys' Fees. Should any legal action be brought by either Party against the other for default under this Agreement or to enforce or interpret any provision hereof, the Party prevailing in such action shall be entitled to recover against the non-prevailing Party its reasonable attorneys' fees and costs incurred in such action.

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.

Neither City, nor any of its agents, elected and appointed officials, officers, employees or independent contractors, shall have any liability in damages to Owner or any other person or entity 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 or this Agreement 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 agents, elected and appointed officials, officers, employees, and independent contractors, and each of them, from and against any claim, action or proceeding against City, its agents, elected and appointed officials, officers, employees, or independent contractors to attack, set aside, void, or annul the approval of this Agreement or the approval of any permit, entitlement or approval granted pursuant to or in connection with this Agreement or the Project, and from and against any associated liabilities, costs, fees, or expenses. City shall promptly notify Owner of any such claim, action or proceeding, and City shall cooperate reasonably in the defense. 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 Sections 8.1 and 8.2 above, Owner shall indemnify and hold City, its officers, agents, elected and appointed officials, employees and independent contractors, and each of them, free and harmless from and against any claims and liabilities whatsoever, based or asserted upon any act or omission of Owner, its directors, officers, owners, agents, elected or appointed officials, employees, subcontractors and/or independent contractors, for property damage, bodily injury, or death (Owner's employees included) or any other element of damage of any kind or nature, relating to or in any way connected with or arising from the work, operations or activities contemplated hereunder, including, but not limited to, the study, design, engineering, Development, construction, completion, failure and conveyance of the Project and/or the Improvements, save and except for damages which are finally determined by a court of competent jurisdiction to have resulted from the sole active negligence or sole willful

misconduct of City. Owner shall defend, at its expense, including attorneys' fees, City, its officers, agents, elected and appointed officials, employees and independent contractors, and each of them, in any action or proceeding based upon such alleged acts or omissions. City may in its discretion participate in the defense of any such action or proceeding.

8.4 Environmental Assurances. Owner shall indemnify and hold City, its officers, agents, elected and appointed officials, and employees free and harmless from and against any claims and liabilities whatsoever, based or asserted upon any act or omission of Owner, its directors, officers, owners, agents, elected or appointed officials, employees, subcontractors, predecessors in interest, successors, assigns and/or independent contractors for 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 officers, agents, elected and appointed officials, and employees in any claim, action or proceeding based or asserted upon any such alleged act or omissions. City may in its discretion participate in the defense of any such action or proceeding.

8.5 Reservation of Rights. With respect to Sections 8.2, 8.3 and 8.4 herein, City reserves the right to 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, upon billing and accounting therefor.

8.6 Loss and Damage. To the fullest extent allowable by law, City shall not be liable for any damage to property of Owner or of others located on the Property, nor for the loss of or damage to any property of Owner or of others by theft or otherwise. To the fullest extent allowable by law, City shall not be liable for any injury or damage to persons or property resulting from fire, explosion, steam, gas, electricity, water, rain, dampness or leaks from any part of the Property or from the pipes or plumbing, or from the street, or from any environmental or soil contamination or hazard, or from any other latent or patent defect in the soil, subsurface or physical condition of the Property, or by any other cause of whatsoever nature.

8.7 Survival. The provisions of Sections 8.1 through 8.6, inclusive, shall survive the termination or expiration of this Agreement. The provisions of Sections 8.1 through 8.6, inclusive, which begin upon the Effective Date, are in addition to the indemnification, defense and hold harmless obligations of Owner set forth in the Conditions of Approval, which begin upon effectiveness of City's approval of the applicable Development Approvals unless otherwise provided in the applicable Conditions of Approval. In the event of any conflict between the provisions of Sections 8.1 through 8.6, inclusive, and the indemnification, defense and hold harmless obligations of Owner set forth in the Conditions of Approval, the stricter provisions/obligations (i.e., those that are most protective of the City and its officers, agents, elected and appointed officials, employees and/or independent contractors) shall prevail.

9. MORTGAGEE PROTECTION.

The Parties hereto agree that 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 request, 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) 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.

(c) 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. INSURANCE

10.1 Types of Insurance.

10.1.1 Public Liability Insurance. Prior to commencement and until completion of construction by Developer on the Property, Developer shall at its sole cost and expense keep or cause to be kept in force for the mutual benefit of City and Developer broad form commercial general public liability insurance against claims and liability for personal injury or death arising from the use, occupancy, disuse or condition of the Property, improvements or adjoining areas or ways, affected by such use of the Property or for property damage, providing protection of a least Five Million Dollars ($5,000,000) per occurrence for bodily injury, death or property damage combined for any one accident or occurrence, which limits shall be subject to reasonable increases in amount as City may reasonably require from time to time.

10.1.2 Builder's Risk Insurance. Prior to commencement and until completion of construction by Developer on the Property, Developer shall procure and shall maintain in force, or caused to be maintained in force, "all risks" builder's risk insurance including vandalism and malicious mischief, covering improvements in place and all material and equipment at the job site

furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees, with the replacement cost value of the Project, or on a project by project basis.

10.1.3 Worker's Compensation. Developer shall also furnish or cause to be furnished to City evidence reasonably satisfactory to it that any contractor with whom Developer has contracted for the performance of any work for which Developer is responsible hereunder carries workers' compensation insurance as required by law.

10.1.4 Other Insurance. Developer may procure and maintain any insurance not required by this Agreement, but all such insurance shall be subject to all of the provisions hereof pertaining to insurance and shall be for the benefit of City (to the extent applicable) and Developer.

10.1.5 Insurance Policy Form, Sufficiency, Content and Insurer. All insurance required by express provisions hereof shall be carried only by responsible insurance companies licensed and admitted to do business by California, rated "A-" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VIII or better, unless waived by City. All such policies shall contain language, to the extent obtainable, to the effect that (i) any loss shall be payable notwithstanding any act of negligence (excepting willful and intentional violations of law) of City or Developer that might otherwise result in the forfeiture of the insurance, (ii) the insurer waives the right of subrogation against City and against City's agents and representatives; (iii) the policies are primary and noncontributing with any insurance that may be carried by City; and (iv) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to City or City's designated representative. Developer shall furnish City with copies of all such policies promptly on receipt of them or with certificates evidencing the insurance. City shall be named as an additional insured on all policies of insurance (other than Workers' Compensation) required to be procured by the terms of this Agreement. The City's Risk Manager acknowledges and agrees that the insurance requirements above have been established based on anticipated use, activities, and conditions of the Property. In the event the City's Risk Manager reasonably determines that a new or unreasonable use, activity, or condition of the Property, improvements or adjoining areas or ways, affected by such use of the Property under this Agreement creates an increased or decreased risk of loss to the City than what the Parties hereby acknowledge to be duly satisfied by the insurance requirements above, Developer agrees that the minimum limits of the insurance policies required by this Section 10 may be changed accordingly upon receipt of written notice from the City's Risk Manager; provided that Developer shall have the right to appeal a determination of increased coverage to the City Manager of City within twenty (20) days of receipt of notice from the City's Risk Manager.

10.1.6 Failure to Maintain Insurance and Proof of Compliance. Developer shall deliver to City, in the manner required for notices, copies of certificates of all insurance policies required hereunder together with evidence satisfactory to City of payment required for procurement and maintenance of each policy within the following time limits:

(a) For insurance required above, within thirty (30) days after the Effective Date.

(b) For any renewal or replacement of a policy already in existence, at least ten (10) days before the expiration or replacement of the existing policy.

(c) If Developer fails or refuses to procure or maintain insurance as required hereby or fails or refuses to furnish City with required proof that that insurance has been procured and is in force and paid for, such failure or refusal shall be a default hereunder.

11. MISCELLANEOUS PROVISIONS.

11.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the Riverside County Recorder by the City Clerk within ten (10) days of City's entry into this Agreement, as required by Section 65868.5 of the Government Code. If the Parties to this Agreement or their successors in interest amend or cancel this Agreement as provided for herein and in Government Code Section 65868, or if the City terminates or modifies the agreement as provided for herein and in Government Code Section 65865.1 for failure of the applicant 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 Riverside County Recorder.

11.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the Parties, 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.

11.3 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. Notwithstanding the foregoing, the provision of the Public Benefits set forth in Section 4 of this Agreement, including the payment of the fees set forth therein, are essential elements of this Agreement and City would not have entered into this Agreement but for such provisions, and therefore in the event such provisions are determined to be invalid, void or unenforceable, this entire Agreement shall be null and void and of no force and effect whatsoever.

11.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed 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 hereto, 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.

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

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

11.7 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.

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

11.9 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.

11.10 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.

11.11 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 a Permitted Delay. Each Party shall promptly notify the other Party to this Agreement upon learning of a Permitted Delay. If any Party to this Agreement is prevented by a Permitted Delay from performing its obligations under this Agreement, then on the condition that the Party claiming a Permitted Delay (i) did not cause said event(s) and (ii) said event(s) was beyond said Party's reasonable control, the time for performance by said Party of its obligations under this Agreement shall be extended day for day by a number of days equal to the number of days of that said Permitted Delay continued in effect or when the circumstances giving rise to the Permitted Delay are eliminated or mitigated, whichever is sooner. The Party alleging the Permitted Delay shall exercise commercially reasonable efforts to eliminate or mitigate the circumstances giving rise to the Permitted Delay.

11.12 Extension of Term. The Term (and any extension thereof under Section 2.3) will automatically be extended by the number of days in the period commencing on the date of filing of any Third Party Action and ending on the date that it is either settled or fully and finally resolved in City's and Owner's favor, as evidenced by the expiration of all appeal periods with no further appeal being filed or the issuance of a full, final, and non-appealable judgment or decision.

11.13 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.

11.14 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.

11.15 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.

11.16 Jurisdiction and Venue. Any action at law or in equity arising under this Agreement or brought by a Party hereto 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 Riverside, 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.

11.17 Project as a Private Undertaking. It is specifically understood and agreed by and between the Parties hereto 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.

11.18 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 those instruments, and take any reasonable actions, necessary to evidence or consummate the transactions expressly described, or which are a logical extension of the transactions described, in this Agreement. The City Manager may delegate his or her powers and duties under this Agreement to an Assistant City Manager or other management level employee of the City.

11.19 Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by City of its power of eminent domain.

11.20 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 the Director, upon its 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 such Owner has filed a designation of agent for service of process in connection with registration of its foreign business entity with the California of Secretary of State, the Owner's designation filed with the City pursuant to this Section shall match the Owner's designation on file with the California Secretary of State. If for any reason service of such process upon such agent is not feasible, then in such event, without limitation as to any other means of service available to the City under applicable law, Owner may be personally served with

such process out of this Country 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).

11.21 Estoppel Certificate. Within thirty (30) days following a written request by any of the Parties, 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 there are known current uncured defaults under this Agreement, in which case such defaults shall be specified, including the date and nature thereof. The statement shall also provide any other reasonable information requested. The City Manager is authorized to approve and execute estoppel certificates under this Section 11.21 on behalf of the City, but may, in his or her sole discretion, refer the approval to the City Council. Owner shall pay to City all costs actually incurred by City in connection with the issuance of estoppel certificates under this Section 11.21 prior to City's issuance of such certificates.

11.22 Authority to Execute. The person or persons executing this Agreement on behalf of Owner warrants and represents that he or she/they have the authority to execute this Agreement on behalf of his or her/their corporation, partnership or business entity and warrants and represents that he or she/they has/have the authority to bind Owner to the performance of its obligations hereunder.

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

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

SIGNATURE PAGE

TO DEVELOPMENT AGREEMENT NO. _____

"OWNER"

HIP SO-CAL PROPERTIES, LLC,
a California limited company

By: _____
Name:
Its: _____
Date: _____

"City"

CITY OF PERRIS,
a California municipal corporation

By: _____
[Name]:
Its: Mayor
Date: _____

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

_____
City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[to be attached]

EXHIBIT B

MAP SHOWING PROPERTY AND ITS LOCATION

Harvest Landing
City of Perris

EXHIBIT C

EXISTING DEVELOPMENT APPROVALS

Item	Case No.	Details	Approval Date
EIR	SCH No. 2024080337	Certified Environmental Impact Report for the Project (Alternative 4 with Council Modifications)	TBD
TPMs, CUPs, and DPRs	Tentative Parcel Maps 22-05251 (TPM 38810) and 24-05198 (TPM 38811), CUPs 22-05005 and 23-05235, and DPRs 22-05239 and 23-00018	Entitlements Approved for the Project (Alternative 4 with Council Modifications)	TBD

EXHIBIT D

EXISTING LAND USE REGULATIONS

1. City of Perris General Plan, including as amended by GPA 24-05175 for the Project (Alternative 4 with Council Modifications).

2. Harvest Landing Specific Plan (adopted by Ordinance No. 1276 and dated May 10, 2011), as amended by SPA 12-04-0010 (Amendment No. 1), SPA 11-12-0005 (Amendment No. 2), and SPA 22-05250 (Amendment No. 3) for the Project (Alternative 4 with Council Modifications).

3. The Ordinances of the City that are formally in effect on the Effective Date, governing all aspects of the development or use of real property.

4. The Resolutions of the City that are formally in effect on the Effective Date, governing or affecting the development or use of real property, including Zone Change (ZC) 24-05176 for the Project (Alternative 4 with Council Modifications).

5. Other policies of the City that are formally in effect on the Effective Date, governing or affecting the development or use of real property.

6. The prior Harvest Landing Development Agreement (recorded as Instrument No. 2013-0240661), which is scheduled to expire in May 2026. Nothing in this Agreement shall be construed to extend the prior Harvest Landing Development Agreement.

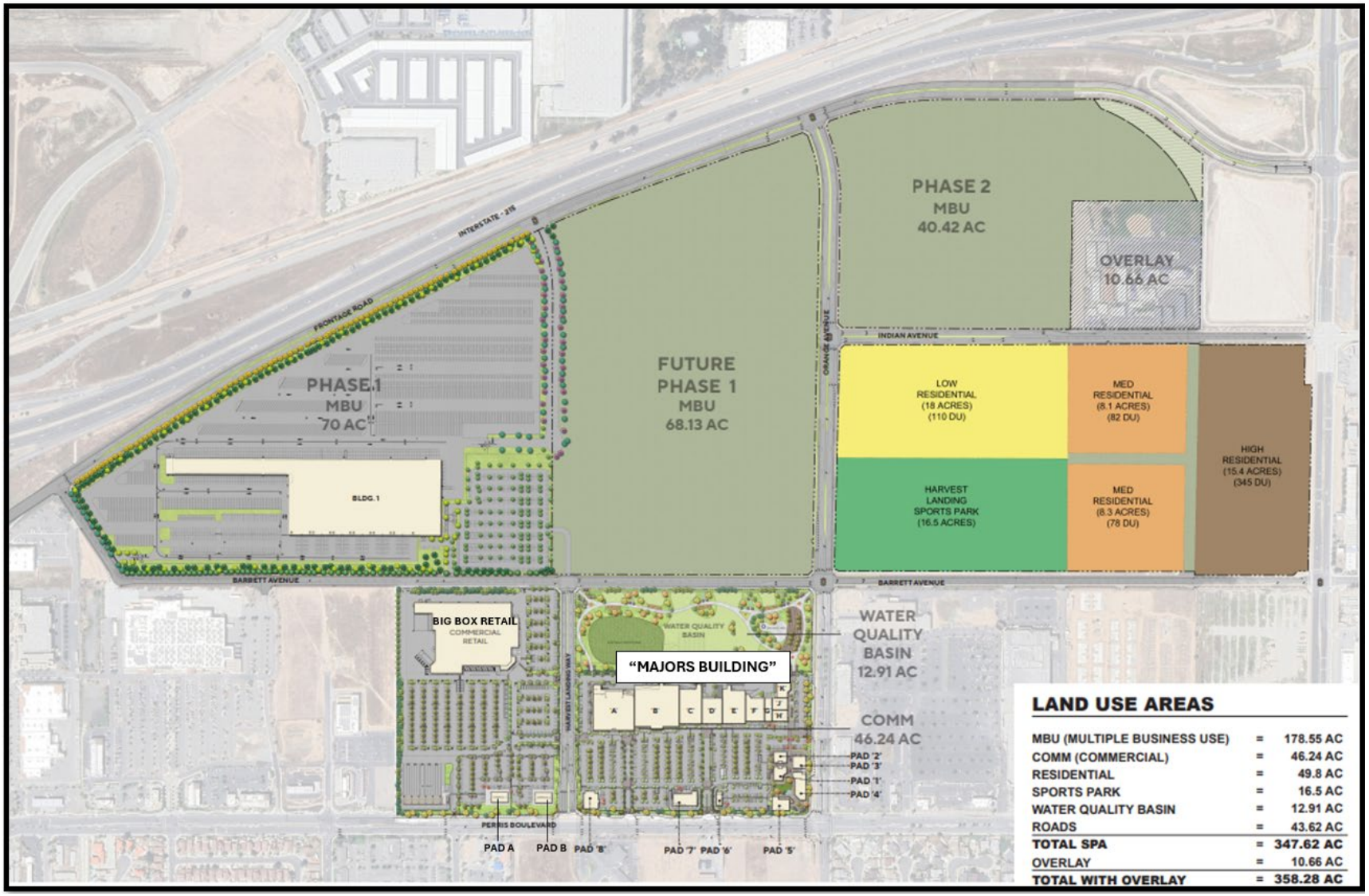
EXHIBIT E

CONDITIONS OF APPROVAL

[to be inserted]

EXHIBIT F

DEVELOPMENT PLAN



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)
Notary Public, personally appeared _____, 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.

Signature_____ (Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)
Notary Public, personally appeared _____, 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.

Signature_____ (Seal)