

Recorded in Official Records
 County of Riverside
 Peter Aldana
 Assessor-County Clerk-Recorder



Recording Requested by And
 When Recorded Return to:

City of Moreno Valley
 14177 Frederick Street
 Moreno Valley, CA 92552
 Attn: City Clerk

9					R	A	Exam: 771		
Page 48	DA	PCOR	Misc	Long	RFD	1st Pg	Adtl Pg	Cert	CC
SIZE	NCOR	SMF	NCHG	T:	CC NCHG				

[Exempt From Recording Fee Per Gov. Code § 27383]

DEVELOPMENT AGREEMENT

(World Logistics Center)

This DEVELOPMENT AGREEMENT ("Agreement") is entered into as of this 27th day of August, 2015, by and between the CITY OF MORENO VALLEY, a California general law municipal corporation ("City"), and HF PROPERTIES, a California general partnership, SUNNYMEAD PROPERTIES, a Delaware general partnership, THEODORE PROPERTIES PARTNERS, a Delaware general partnership, 13451 THEODORE, LLC, a California limited liability company, and HL PROPERTY PARTNERS, a Delaware general partnership (collectively "HF"). The City and HF hereafter are referred to collectively as the "Parties" and individually as a "Party."

RECITALS

A. Consistent with the City's economic development and general plan, the City and HF have agreed to enter into this Agreement because the World Logistics Center will be a master planned business park specifically designed to support large global companies and their business and logistics operations which will be a significant revenue generating, job creating and training/education project as further detailed in Exhibit A-3.

B. The City is authorized to enter into development agreements with persons having legal or equitable interests in real property for the development of such property pursuant to California State general laws: Article 2.5 of Chapter 4 of Division I of Title 7 of the California Government Code commencing with section 65864 (the "Development Agreement Law"), and Article XI, Section 7, of the California Constitution, together with City ordinances.

C. The City has enacted an ordinance, codified and set forth in the Moreno Valley Municipal Code as Title 9, Section 9.02.110 (the "Development Agreement Ordinance") that establishes the procedures and requirements for its consideration of such development agreements upon application by, or on behalf of, persons having legal or equitable interests in real property pursuant to the Development Agreement Law.

D. HF represents and hereby warrants that it has a legal and equitable interests in approximately two thousand, two hundred sixty three (2263) acres of real property located in the region commonly referenced as the Rancho Belago area of the City, as described in the legal

description set forth in Exhibit "A-1" and as illustrated in the depiction set forth in Exhibit "A-2" (the "Subject Property"). The City has been provided proof of the records HF relies upon for the representation and warranty by HF. City is relying upon this evidence and considers it to be an element of HF's consideration for this Agreement.

E. In clarification of the foregoing the Subject Property includes approximately 85 acres, as described on Exhibit "A-1" and depicted in Exhibit "A-2" that is currently located in an unincorporated area of Riverside County but is proposed by HF to be annexed to the City within five years, subject to the process and approval of the Riverside County Local Area Formation Commission (the "Annexation").

F. The World Logistics Center Specific Plan ("WLCSP") allows the development of approximately forty million, six hundred thousand (40,600,000) square feet of industrial, logistics, warehouse and support use on the land subject to the WLCSP. The Development, as hereinafter defined, includes both HF improvements to the subject property and City entitlements, including but not limited to, a General Plan Amendment, adoption of the WLCSP, a Zone Change, Tentative Parcel Map 36457 and annexation of an 85-acre parcel along Gilman Springs Road. The Development, including the Project, as defined herein, will also include subdivision maps and other approvals needed to construct the facilities proposed for the Subject Property. The permitted uses of the Subject Property, including a plan of development, the density and intensity of use, the maximum height and size of proposed buildings are set forth in the WLCSP, as it may be amended from time to time, and are hereby incorporated by reference. The City's certification of the Environmental Impact Report, approval of the General Plan Amendment, adoption of the WLCSP, adoption of the Zone Change, approval of the Tentative Parcel map are conditions precedent to this Agreement.

G. The development of the Subject Property will generate a variety of public benefits to the City, its residents, property owners, taxpayers and surrounding communities. The Project is believed to substantially advance the goals of the City's adopted Economic Development Action Plan, expand and improve the City's property and sales tax base, invest significant private capital into the local economy, generate extensive construction employment and new permanent employment opportunities for Moreno Valley and the region, and help to reduce the severe jobs to housing imbalance that currently exists in the City. Among the public benefits, the development of this Project pursuant to the WLCSP will implement goals, objectives and policies of the City's General Plan, and the WLCSP, which will provide logistics development, public utility and open space uses for the Subject Property and for the City. In exchange for the duties and obligations imposed by this Agreement, HF will receive the vested right to develop the Subject Property for the Term in accordance with the terms of this Agreement.

H. The City has previously adopted the Economic Development Action Plan ("EDAP"). The WLCSP responds to a portion of the EDAP. The eastern portion of Moreno Valley is deficient in the infrastructure necessary to support and implement the City's EDAP. To allow for the development of the World Logistics Center and the WLCSP, HF is willing to provide and assist the City in the development of infrastructure in support of the City's economic plan which may be in excess of HF's fair share and therefore may provide broader benefits. The City and HF desire to ensure that all beneficiaries of the Infrastructure Improvements will pay their fair share per the Municipal Code. Therefore this Agreement includes reference to the

City's usual method for reimbursement to an owner for the amount of the costs of such Infrastructure Improvements which exceeds the fair share of those costs and accrues to the benefit of other owners.

I. On June 30, 2015, the Planning Commission of the City, at a duly noticed public hearing, recommended, in Resolution 2015-12, that the City Council certify the Environmental Impact Report (SCH # 2012021045) (the "EIR"). The Planning Commission also recommended that the City Council approve General Plan Amendment PA12-0010, the WLCSP, the Annexation, Zone Change No. PA12-0012 and Tentative Parcel Map 36457.

J. On August 19, 2015, the City Council of the City, at a duly noticed public hearing held pursuant to all legal preconditions, adopted Resolution No. 2015-56 certifying the EIR for the Project and the related Mitigation Monitoring and Reporting Program and also (i) adopted Resolution 2015-57 approving General Plan Amendment No. PA12-0010, (ii) adopted Resolution 2015-58 approving Tentative Parcel Map 36457, (iii) adopted Resolution 2015-59 approving the Annexation, (iv) introduced for first reading Ordinance No. 900 approving the WLCSP, and (v) introduced, for first reading Ordinance No. 900 approving Zone Change No. PA12-0012. The WLCSP and Zone Change No. PA12-0012 were subsequently adopted on August 25, 2015 and effective on September 24, 2015.

K. The Planning Commission of the City, at a duly noticed public hearing held pursuant to the Development Agreement Law and the Development Agreement Ordinance, recommended that the City Council find and determine, among other things, that this Agreement is consistent with the goals, objectives, policies, general land uses and programs specified in the City General Plan, as amended by the Project Approvals; is compatible with the uses authorized in and the land use regulations prescribed by the City in its Zoning Code; and will promote and encourage the development of the Subject Property by providing a greater degree of certainty with respect thereto, while also providing specified public benefits to the City.

L. On August 19, 2015, after a duly noticed public hearing held pursuant to the Development Agreement Law and the Development Agreement Ordinance, the City Council of the City approved the introduction of Ordinance No. 901 (the "Enacting Ordinance") that would approve and adopt this Agreement and authorize its execution on behalf of the City. On August 25, 2015, the City Council of the City adopted the Enacting Ordinance.

M. The Parties intend that HF will proceed with the Development upon the Subject Property pursuant to this Agreement within the Term.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals which are incorporated herein and intended to assist with the interpretation of this Agreement, and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and HF agree as follows:

ARTICLE 1 DEFINITIONS.

The following terms when used in this Agreement shall, unless defined elsewhere in this Agreement, have the meanings set forth below:

1.1 "Agreement" shall mean this Development Agreement by and between the City and HF and any subsequent amendments.

1.2 "City" shall mean the City of Moreno Valley, a municipal corporation, organized and existing under the general laws of the State of California.

1.3 "City Council" shall mean the governing body of the City.

1.4 "Development" shall mean the improvement of the Subject Property for the purposes of completing the structures, improvements and facilities composing the Project, including but not limited to: grading; the construction of infrastructure related to the Project whether located within or outside the Subject Property; the construction of buildings and structures; construction of post-development storm drain related improvements and the installation of landscaping and public facilities and improvements. "Development" also includes the maintenance, repair, reconstruction, modification, or redevelopment of any building, structure, improvement, landscaping, or facility after the construction and completion thereof on the Subject Property. The Development shall at all times conform to the Agreement.

1.5 "Development Impact Fee," "Development Impact Fees" or "DIF" means for purposes of this Agreement only those fees imposed pursuant to Moreno Valley Municipal Code Sections 3.42.070 (police facilities), 3.42.080 (City hall facilities), 3.42.090 (corporate yard facilities) and 3.42.100 (maintenance equipment). The term "Development Impact Fees" (or "DIF") does not include those fees imposed by Moreno Valley Municipal Code Sections 3.42.030 (arterial streets), 3.42.040 (traffic signals), 3.42.050 (interchange improvements) and 3.42.060 (fire facilities).

1.6 "Development Plan" shall mean the plan for Development of the Subject Property pursuant to the Existing Regulations and including the Infrastructure Improvements.

1.7 "Development Requirement(s)" shall mean any fees or requirement(s) of the City imposed in connection with or pursuant to the Project Approvals such as the construction or improvement of public facilities or the payment of fees or assessments in order to lessen, offset, mitigate or compensate for the impacts of the Development.

1.8 "Effective Date" shall mean the date that is ninety (90) days after the date the City Council adopts the Enacting Ordinance unless litigation is commenced in which case the Effective Date shall mean the date on which the litigation is finally terminated, whether by dismissal which leaves all of the Project Approvals in place or by the entry of a final judgment, free from further appellate review, which upholds the Project Approvals. Notwithstanding the forgoing, Article 7 shall be immediately effective thirty one (31) days after the date the City Council adopts the enacting ordinance.

1.9 “Enacting Ordinance” shall mean the City Council adopted ordinance described in Recital K of this Agreement.

1.10 “Existing Regulations” shall mean the Project Approvals, Development Requirements, and all ordinances, resolutions, codes, rules, regulations and official policies of City, adopted and effective on the date of the adoption of the Enacting Ordinance governing Development and use of the Subject Property, including but not limited to the permitted use of land, the density or intensity of use, the maximum height and size of proposed building, and the architectural design, improvement and construction standards and specifications applicable to the Development of the Subject Property. The City shall compile two sets of the Existing Regulations. Once that compilation has been completed by the City, one set will be stored with the Agreement by the City Clerk for future use and certainty of requirements and the other set will be given to HF.

1.11 “HF” shall mean HF PROPERTIES, SUNNYMEAD PROPERTIES, THEODORE PROPERTIES PARTNERS, 13451 THEODORE, LLC and HL PROPERTY PARTNERS, and/or its successors or assigns to all or any portion of the Subject Property

1.12 “Infrastructure Improvements” shall mean all public infrastructure improvements on and off the Subject Property.

1.13 “Judgment(s)” shall mean one or more final or interim judgment(s) of a court of competent jurisdiction affecting the rights of the Parties hereunder.

1.14 “Moreno Valley Municipal Code” shall mean the City’s Municipal Code in effect on the date of the adoption of the Enacting Ordinance.

1.15 “Mortgagee” shall mean a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security device, a lender, or each of their respective successors and assigns.

1.16 “Parcel” shall mean any lot created by a recorded subdivision or parcel map.

1.17 “Project” shall mean the Development and operation of the Subject Property pursuant to and consistent with the Development Plan and the provisions of this Agreement.

1.18 “Project Approvals” shall mean, collectively, General Plan Amendment No. PA12-0010, the WLCSP, Zone Change No. PA12-0012, the Annexation and Tentative Parcel Map 36457.

1.19 “Subject Property” shall mean that certain real property consisting of the property more particularly described in Exhibit “A-1” attached hereto and depicted on Exhibit “A-2” attached hereto, any real property subject to the WLCSP acquired by HF after the date on which the Enacting Ordinance is adopted and all real property intended to be included by the Annexation. Until the Annexation is finally accomplished by HF at its sole cost and expense, nothing in this Agreement shall apply to the property to be annexed.

1.20 “Subsequent Development Approvals” shall mean any and all ministerial and/or discretionary permits, licenses, consents, rights and privileges, and other ministerial and/or

discretionary actions approved or issued by City in connection with Development of the Subject Property after the date of the adoption of the Enacting Ordinance, including all associated environmental documentation and mitigation measures pursuant to the California Environmental Quality Act.

1.21 "Subsequent Regulations" shall mean any ordinances, resolutions, codes, rules, regulations and official policies of the City adopted and effective after the date of the adoption of the Enacting Ordinance.

1.22 "Term" shall mean the period of time during which this Agreement shall be in effect, enforceable and bind the Parties, as set forth below in Section 3.5 of this Agreement.

ARTICLE 2 EXHIBITS.

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

Exhibit "A-1"	Legal Description of the Subject Property
Exhibit "A-2"	Depiction of the Subject Property
Exhibit "A-3"	Public Benefits

ARTICLE 3 GENERAL PROVISIONS.

3.1 Binding Effect of Agreement. From and following the Effective Date of this Agreement and throughout the Term, Development of the Subject Property and the City's actions on applications for Subsequent Development Approvals affecting the Subject Property and the Development of the Subject Property shall be governed by the terms and conditions of this Agreement, all Project Approvals and all Subsequent Development Approvals. Any matter not addressed in the foregoing documents shall be regulated pursuant to then applied routine City practices and ordinances.

3.2 Ownership of Subject Property. HF represents and warrants that it is the holder of legal and equitable interests to all of the property described and shown in Exhibits "A-1" and "A-2" and thus is qualified to enter into and to be a party to this Agreement in accordance with Government Code section 65865(b), as set forth in documentation HF provided to City and upon which City relies as part of the consideration for this Agreement.

3.3 Addition of Parcels to This Agreement. The terms of this Agreement shall apply to the 85 acre Parcel described in Recital E upon its annexation into the City which process is intended to be completed within five years by HF at HF's sole cost and to any real property subject to the WLCSP acquired by HF after the date on which the Enacting Ordinance is adopted.

3.4 Assignment Rights. From time to time HF may sell or otherwise transfer title to buildings or property in the WLC. HF shall have the right subject to City's prior written approval to sell, transfer, or assign the Subject Property, in whole or in part (provided that no such parcel

transfer shall violate the Subdivision Map Act, Government Code Section 66410, et seq.) to any person, partnership, joint venture, firm or corporation at any time during the Term of this Agreement; provided, however, that any such sale, transfer or assignment (collectively, "Assignment") shall include the assignment and assumption of the rights, duties and obligations arising under or from this Agreement be made in strict compliance with the following conditions:

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

(b) Prior to any such Assignment, HF shall provide City with an executed agreement, in a form reasonably acceptable to City, by the purchaser, transferee or assignee (collectively, "Assignee") and providing therein that the Assignee expressly and unconditionally assumes all the duties and obligations of HF under this Agreement with respect to the portion of the Subject Property being transferred. City shall have the sole power to allocate, prorate, or otherwise apportion any term, provision, fee, contribution, or similar duty or obligation of HF, so that City, HF, and assignee have a specific agreement as to the duties and obligations, of all Parties after the Transfer.

(c) Any Assignment of this Agreement will require the prior written consent of the City, which will not be unreasonably withheld or delayed. The City's approval will be based upon the City's reasonable determination, in accordance with the standard set forth in Section 3.4.1(d) as to whether or not such Assignee has the requisite ability to complete the portion of the Subject Property being transferred. Within thirty (30) days following receipt by the City of written notice regarding Assignment (such notice must include development experience information regarding the Assignee sufficient to allow the City to make the above determination) the City will notify HF regarding its approval or disapproval of such Assignment. Failure of the City to respond in writing within thirty (30) days of receipt of the notice of the Assignment shall constitute approval of the assignment.

Any Assignment not made in compliance with the foregoing conditions shall result in HF continuing to be responsible for all obligations under this Agreement. Notwithstanding the failure of any Assignee to receive City approval and/or execute the Agreement required by subparagraph (c) above, the burdens of this Agreement shall be binding upon such Assignee, but the benefits of this Agreement including but not limited to DIF, shall not inure to such Assignee until and unless such Assignment is approved by the City and executed.

3.4.1 Release of HF. Notwithstanding any Assignment, HF shall continue to be obligated under this Agreement unless HF is given a release in writing by City, which release shall be provided by City upon the full satisfaction by HF of the following conditions:

(d) HF no longer has a legal or equitable interest in the portion of the Subject Property being transferred other than a lien on the portion of the Subject Property being transferred to secure the payment of the purchase price to HF. HF shall provide the City written notice to the City of the party to which the lien is to be transferred, upon transfer of the lien, pursuant to this Article 3.

(e) HF is not then in default under this Agreement in City's sole reasonable determination, subject to procedure set forth in Section 5.2 of this Agreement.

(f) HF has provided City with the notice and executed agreement and other information required under subparagraphs (b) and (c) of Subsection 3.4 above.

(g) The City has reviewed and approved the Assignee and the Assignment, such approval to include a determination by the City that the Assignee has the requisite ability to complete the portion of the Subject Property being transferred.

(h) The Assignee provides City with security equivalent to any security previously provided by HF to secure performance of its obligations hereunder with respect to the portion of the Subject Property being transferred. The City shall cooperate with HF to effectuate the substitution of security provided by HF to that to be provided by the Assignee with respect to the portion of the Subject Property being transferred.

(i) HF has paid City all monies then due and owing to City under this Agreement.

3.4.2. Subsequent Assignment. Any subsequent Assignment after an initial Assignment shall be made only in accordance with and subject to the terms and conditions of this Article. All subsequent Assignors must deliver written acknowledgement of this Agreement, and the Assignees duties under the Agreement or the City may, in its sole discretion, terminate this Agreement as to that owner's parcel(s).

3.4.3. Termination of Agreement With Respect to Individual Parcels upon Sale and Completion of Construction. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate with respect to any Parcel and such Parcel shall be released and no longer be subject to this Agreement without the execution or recordation of any further document upon satisfaction of the following conditions:

(a) The Parcel has been finally subdivided and sold or leased for a period longer than one year to a member of the public or other ultimate user; and,

(b) A Certificate of Occupancy has been issued for each structure on the Parcel shown on the plot plan required by Section 11.3.2 of the WLCSP, and the fees set forth under this Agreement have been paid.

(c) The Parcel has no duty to contribute monies or render performance under this Agreement.

3.5 Term. Unless earlier terminated as provided in this Agreement, this Agreement shall continue in full force and effect until the earlier of (i) the date of completion of the last portion of the Development, or (ii) the date that is fifteen (15) years from and after the Effective Date of this Agreement unless Certificates of Occupancy have been granted by the City for buildings on the Subject Property consistent with the Development Plan for not less than twelve-million (12,000,000) square feet (gross floor area as defined by Moreno Valley Municipal Code 9.15.030) in which event the Term shall be extended for an additional ten (10) years, subject to

extension pursuant to Section 11.9 below (the "Term"). Alternatively, if HF is, for any reason, unable to obtain Certificates of Occupancy for not less than eight (8) million square feet, and up to twelve million (12,000,000) square feet within the original fifteen (15) year Term, it shall be entitled to have this Agreement extended for an additional ten (10) years, subject to extension pursuant to Section 11.9 below, upon the payment to the City of one million dollars (\$1,000,000) prior to the expiration of the original fifteen (15) year term.

3.6 City Cooperation.

(a) In anticipation of the effort necessary to facilitate the timely processing and permitting of project improvements, HF may request the City to designate a mutually agreeable individual (the "City's WLC Coordinator") who shall have the authority to facilitate and coordinate development services within the City and with HF for all actions to be taken by the City which are needed for the development of the Project, including, but not limited to, discretionary approvals, entitlements, site plans, grading, building and occupancy permit applications and inspections through the City's review and approval processes, all at the full cost of HF, which HF shall pay in advance and replenish upon City's request, from time to time. If any payments are not received by City when requested, the WLC coordinator shall cease acting until the funds are received and normal City protocols shall govern. All applications submitted to the City shall be evaluated for completeness within twelve (12) working days of receipt by the City. If not complete, the City shall immediately ensure that HF is notified of what additional information is required.

(b) Upon receipt of an application deemed complete pursuant to subsection 3.6(a) above for a site, grading, building, occupancy, or similar permit, the City shall process, review and approve or disapprove the application within ten (10) working days for the first submittal and within ten (10) working days of any subsequent submittals.

(c) It shall be the City's WLC Coordinator's responsibility to ensure that all of the time limits set forth above are met.

(d) The Project shall, pursuant to ordinary procedures, participate in the City's "Time and Materials Fee Program" which is designed to ensure that the City is reimbursed by HF for its actual costs of providing discretionary approvals, entitlements, planning, grading, and building permits and inspections and fire prevention services. For convenience this shall include the payments due under sub sections 3.6(a) and 3.6(e).

(e) The City shall, pursuant to City's standard contracting procedures, maintain on-call contracts with at least three qualified entities or persons, mutually acceptable to both the City and HF, who can be called upon to immediately provide the services set forth above when the City's WLC Coordinator determines that the City, utilizing typical city staff resources, is unlikely to be able to meet the time limits set forth above. HF shall be solely responsible for the cost of using the qualified private entities or persons. HF shall deposit with City a sum City then determines necessary for such consultants, immediately upon written request from City. HF shall replenish such funds, from time to time, upon written request from City. If any funds are not received per City's request, the consultants shall, without liability, cease work until such money is received.

(f) The City's WLC Coordinator shall cooperate with HF in obtaining any permits or approvals needed from any other agency at full cost to HF.

(g) The City, at HF's request, shall meet with HF to consider in good faith, economic incentives sought by HF similar to those approved for logistics projects in other areas of the City after the Effective Date.

3.7 Time of the Essence. The Parties expressly acknowledge and agree that time is of the essence in the performance of the provisions of this Agreement.

3.8 Mutual Waiver of Estoppel Defenses by Parties. Notwithstanding any legal authorities to the contrary concerning the doctrines of waiver and estoppel as applied to public entities and the actions or inactions of public agencies or public agency officers and officials, the Parties acknowledge and agree that each party and its successors and assigns to all or any interest in the Subject Property are relying upon the contents of this Agreement and the Parties' execution of this Agreement and the recordation hereof, and that in consideration of such material reliance, each party shall now be estopped from denying the underlying validity of this Agreement and each party knowingly and expressly waives any such claim or defense.

ARTICLE 4 DEVELOPMENT OF THE PROPERTY.

4.1 Vested Right to Develop. During the Term, HF or its Assignee, shall have a vested right to develop the Subject Property in accordance with the Existing Regulations, and as subject to the provisions of this Agreement.

4.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided under the terms of this Agreement, the rules, regulations and official policies governing permitted uses of the Subject Property, the density and intensity of use of the Subject Property, the maximum height and size of proposed buildings, and the design, improvement, and construction standards and specifications applicable to Development of the Subject Property, shall be only the Existing Regulations and those contained in the Development Plan.

4.3 Subsequent Development Approvals. When required by the Moreno Valley Municipal Code, the City shall accept for processing, review and take action upon all properly filed applications for Subsequent Development Approvals. The City further agrees that, unless otherwise requested by HF, the City shall not amend or rescind any Subsequent Development Approvals after such approvals have been granted by the City except as otherwise provided for in Title 9 of the City Municipal Code, or as directed by court order, or as related to approvals not granted by the City. Any Subsequent Development Approval, when granted, shall be deemed to be part of the Existing Regulations from the date of approval except as mandated by court order, or as specified in approvals not granted by the City.

4.4 Timing of Development. HF represents that it intends to commence and complete the physical improvements specified in the Development Plan for the Project. HF cannot specify the specific timing of development. HF will use its best efforts to commence construction at the earliest possible date consistent with market conditions. Because the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo* (1984) 37 Cal.3d 455, that the failure of the parties therein to provide for the timing of development resulted in a latter adopted initiative

restricting the timing of development to prevail over such parties' agreement, it is the Parties' intent to cure that deficiency by expressly acknowledging and providing that HF shall have the right to develop the Subject Property at its own timing. In addition, to the extent HF decides to proceed with the Development of the Subject Property, City shall cooperate with HF with respect to the improvement of the Development of the Subject Property. If HF determines, in its sole and absolute discretion, to develop portions or phases of the Project, the City shall allow the phasing of public improvements unless the City determines that generally applied City of Moreno Valley Municipal engineering or planning requirements demand that additional or complete public improvements be made. The public improvements to be provided would be only those needed to serve the portion or phase being developed consistent with the environmental analysis which shall demonstrate to the City that the public improvements to be provided would be only those needed to serve the portion or phase being developed.

4.5 Terms of Maps and Other Project Approvals. Pursuant to California Government Code Sections 66452.6(1) and 65863.9, the term of any subdivision or parcel map that may be processed on all or any portion of the Subject Property and the term of each of the development approvals, including Tentative Parcel Map 36457, and any Subsequent Development Approvals, shall be extended until the expiration of the Term.

4.6 Changes and Amendments. The Parties acknowledge that although Development of the Project may require Subsequent Development Approvals, such Development shall be in compliance with this Agreement including the Development Plan. The above notwithstanding, HF may determine that changes are appropriate and desirable in the existing Project Approvals or Development Plan. In the event HF finds that such a change is appropriate or desirable, HF may apply in writing for an amendment to the existing Project Approvals or the Development Plan to effectuate such change. The City shall review and process any request for an amendment in the same manner that it would review and process a similar request for an amendment from any other owner of commercial or industrial land in similar circumstances. Any amendment to the Project Approvals or the Development Plan, when granted, shall be deemed to be part of the Existing Regulations from the date of the grant. Such amendments shall not be unreasonably withheld.

4.7 Reservation of Authority.

4.7.1. Limitations, Reservations and Exceptions. Notwithstanding any other provision of this Agreement, the following Subsequent Regulations shall apply:

(a) Procedural regulations consistent with this Agreement relating to hearing bodies, petitions, applications, notices, findings, records, hearing, reports, recommendations, appeals and any other matter of procedure subject to the City's obligations under Section 3.6, and as may be the subject to future general law enactments by the State of California.

(b) Changes adopted by the International Code Council, or other similar body, as part of the then most current versions of the California Building Code, Uniform Fire Code, Uniform Plumbing Code, Uniform Mechanical Code, or National Electrical Code, and also adopted by the City as Subsequent Regulations.

(c) Subsequent Regulations, not otherwise specified under this Section 4.7.1, that are not in conflict with the Existing Regulations and the Development Plan.

(d) Subsequent Regulations, not otherwise specified under this Section 4.7.1, that are in conflict with the Existing Regulations or the Development Plan provided HF has given written consent to the application of such regulations to Development of the Subject Property at HF's sole and absolute discretion.

(e) Increased DIF, as defined in Section 1.5 of this Agreement, which shall be paid in the amount of the DIF in effect at the time that they are to be paid.

(f) Judgment(s) and/or federal, state and county laws and regulations which the City is required to enforce as against the Subject Property or the Development of the Subject Property.

4.7.2. Further Future Discretion of City. This Agreement shall not prevent the City, in acting on Subsequent Development Approvals, from applying Subsequent Regulations allowed under Section 4.7.1. Further, it is also understood and acknowledged by the Parties that the Project Approvals contemplate that the City may be required, in certain circumstances, to undertake further environmental review of Subsequent Development Approvals. If the circumstances set forth in CEQA Guideline Section 15162 occur in the context of the City considering Subsequent Development Approvals, or if otherwise required by the EIR, the City is required to, and shall, without being subject to claim, assertion of breach or other challenge by HF or Assignee exercise the maximum discretion authorized by law, consistent with the terms of CEQA and this Agreement.

4.7.3. Modification or Suspension by Federal or State, County, or Multi-Jurisdictional Law. In the event that any Judgment(s) or federal, state, county, or multi-jurisdictional 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 Judgment(s) or federal, state, county, or multi-jurisdictional laws or regulations, and 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 provision impractical to enforce.

4.8 Payment of, and Reimbursement for, the Cost of Improvements Paid for by HF Which Are in Excess of HF's Fair Share. HF shall satisfy the requirements imposed by Mitigation Measure 4.15.7.4.A, as set forth in the EIR, to ensure that all of the Development's impacts on the City's circulation system, including, but not limited to, improvements to arterial streets, traffic signals and interchanges, are mitigated. Because HF will be responsible for paying for or constructing all circulation-related improvements, it shall not pay the fees imposed by Moreno Valley Municipal Code Sections 3.42.030 (arterial streets), 3.42.040 (traffic signals) and 3.42.050 (interchange improvements). City will provide to HF the reimbursement agreement(s) in the form and type as specified in Chapter 9.14 of Title 9 of the Moreno Valley Municipal Code.

4.9 Provision of a "turnkey" Fire Station. HF shall, at its own cost, provide a fully constructed, fully equipped fire station and fire station site, including fire trucks, as specified by the City's Fire Chief. The fire station's furniture and fixtures shall be reasonably comparable to those of the most recently completed fire station within the City. The fire station, equipment and trucks shall be provided as and when directed by the Fire Chief. Because HF will be responsible for the provision of the fire station, fire station site, equipment, and trucks, it shall not pay the fee imposed by Moreno Valley Municipal Code Section 3.42. 060 (fire facilities). City will provide to HF the reimbursement agreement(s) in the form and type as specified in Chapter 9.14 of Title 9 of the Moreno Valley Municipal Code.

4.10 City's Provision of Public Infrastructure and Services. Except as otherwise prescribed in this Agreement and/or as required of the development through existing or future mitigation measures, development standards, and conditions of approval, the City shall provide the public infrastructure and services which are not HF's responsibility as determined by the City with timing at the sole and absolute discretion of the City.

4.11 Local Hiring Program. HF will establish a WLC Local Hiring Program, at HF's cost to identify, align, and facilitate educational interests and programs with workforce development programs that facilitate the hiring of Moreno Valley residents for job opportunities at the World Logistics Center, and associated jobs not directly at WLC, but in industries that support WLC. HF will require its contractors, suppliers and tenants to be active participants in Moreno Valley Employment Resource Center ("ERC") programs including, but not limited to, the job opportunity announcement program. World Logistics Center employers will be requested to submit all job announcements to the ERC at least one week prior to providing such announcements to other agencies or to the general public. Potential employers will be requested to provide information regarding job opportunities to the ERC including details regarding job titles, minimum qualifications, application processes, and employer contact information. HF shall request that subsequent users to make good faith efforts to hire Moreno Valley City residents. HF shall, upon City's request from time to time, provide to the City proof of its efforts under this section and the success of HF's efforts. HF shall also participate with the Hire MoVal Incentive Program, which was adopted by the City Council on April 28, 2015, and as it may be amended from time to time.

4.12 Education/Innovation/Training/Library Funding.

The City and HF are especially interested in ensuring that the residents of Moreno Valley are provided education resources and obtain every opportunity to secure the jobs which will be created by the operation of the World Logistics Center. Toward that end, HF is willing to contribute six million, nine hundred and ninety three thousand dollars (\$6,993,000), to be used by the City to provide and enhance educational and workforce development training in the supply chain and logistics industries, as follows:

- (a) HF shall contribute no less than five million, two hundred sixty eight thousand dollars (\$5,268,000), one million dollars (\$1,000,000) to be contributed at the issuance of the first building permit for a logistics building on the Subject Property and \$0.11/square foot to be paid at the time of the issuance of the building permit for each succeeding building, excluding the fire station;

(b) In addition to the foregoing, beginning on the Effective Date and on each anniversary of that date thereafter, HF shall contribute to the City one hundred thousand dollars (\$100,000) per year for the next six (6) years; and

(c) In addition to the foregoing, beginning in the 7th year on the anniversary date of the Effective Date and continuing throughout the Term, HF shall contribute to the City one hundred twenty five thousand dollars (\$125,000) per year, on the specified anniversary date of the Effective Date, so long as this Agreement is in effect.

4.13 State Route 60 Landscape, Signage, Bridge Design Program. City shall set up a joint City/HF committee to develop freeway related landscaping, bridge architectural concepts, engineering and freeway signage regulations for SR-60 between Redlands Boulevard and Gilman Springs Road. The guidelines, concepts and regulations shall be developed in an expeditious manner. The City shall contribute up to Fifty Thousand Dollars (\$50,000) and HF shall match the City's contributions on a ten to one basis, up to Five-Hundred Thousand dollars (\$500,000).

4.14 Air Filtration Systems for Seven Properties at Theodore Street and Dracaea Avenue. Notwithstanding the findings of the EIR, Owner agrees to fund the installation of air filtration systems meeting ASHRAE Standard 52.2 MERV-13 standards at the locations listed below, not to exceed \$25,000 per property. Property owners shall be under no obligation to accept such offer. Prior to the issuance of the first construction permit within the WLCSP, Owner shall provide documentation to the City confirming that an offer has been extended to each of the owners of said properties, and \$175,000 shall be deposited in a City account designated for this purpose and an agreement regarding the use and distribution of funds shall be executed between City and Owner. The affected property owners shall have until December 31, 2021 to accept the offer. Upon acceptance of each offer, Owner shall work with each owner to ensure the filtration system is properly installed in a timely fashion. Owner shall invoice City for reimbursement of payments up to \$25,000 per property. This provision applies only to the following seven houses:

13100 Theodore Street, Moreno Valley, CA 92555 current APN: 422-070-029

13200 Theodore Street, Moreno Valley, CA 92555 current APN: 422-070-032

13241 Theodore Street, Moreno Valley, CA 92555 current APN: 478-220-014

29080 Dracaea Avenue, Moreno Valley, CA 92555 current APN: 478-220-030

29140 Dracaea Avenue, Moreno Valley, CA 92555 current APN: 478-220-009

30220 Dracaea Avenue, Moreno Valley, CA 92555 current APN: 422-070-035

30240 Dracaea Avenue, Moreno Valley, CA 92555 current APN: 422-070-037

ARTICLE 5 REVIEW FOR COMPLIANCE.

5.1 Periodic Review. The City shall review this Agreement annually, on or before the anniversary of the Effective Date, in order to ascertain the good faith compliance by HF with the terms of the Agreement. As part of that review, HF or its successor and assigns shall submit an annual monitoring review statement describing its actions in compliance with this Agreement, in a form acceptable to the Community Development Director or his/her authorized designee, within thirty (30) calendar days after written notice therefrom requesting such a statement. The statement shall be accompanied by an annual review and administration fee sufficient to defray the estimated costs of review and administration of the Agreement during the succeeding year. The amount of the annual review and administration fee shall be set by resolution of the City Council. No failure on part of the City to conduct or complete the review as provided herein shall have any impact on the validity of this Agreement. HF shall, for the first year, deposit \$1,000.00 on the Effective Date for the first year of review.

5.2 Procedure. Each Party shall have a reasonable opportunity to assert matters which it believes have not been undertaken in accordance with the Agreement, to explain the basis for such assertion, and to receive from the other Party a justification of its position on such matters.

5.2.1. If on the basis of the Parties' review of any terms of the Agreement, either Party concludes that the other Party has not complied in good faith with the terms of the Agreement, then such Party may issue a written "Notice of Non-Compliance" specifying the grounds therefor and all facts demonstrating such non-compliance.

5.2.2. The Party receiving a Notice of Non-Compliance shall have thirty (30) calendar days to cure or remedy the non-compliance identified in the Notice of Non-Compliance, or if such cure or remedy is not reasonably capable of being cured or remedied within such thirty (30) days period, to commence to cure or remedy the non-compliance and to diligently and in good faith prosecute such cure or remedy to completion.

5.2.3. If the Party receiving the Notice of Non-Compliance does not believe it is out of compliance and contests the Notice, it shall do so by responding in writing to said Notice within thirty (30) calendar days after receipt of the Notice.

5.2.4. If a Notice of Non-Compliance is contested, the Parties shall, for a period of not less than fifteen (15) calendar days following receipt of the response, seek to arrive at a mutually acceptable resolution of the matter(s) occasioning the Notice. In the event that a cure or remedy is not timely effected or, if the Notice is contested and the Parties are not able to arrive at a mutually acceptable resolution of the matter(s) by the end of the fifteen (15) calendar day period, the party alleging the non-compliance may thereupon pursue the remedies provided in Article 6 of this Agreement.

5.2.5. Neither Party hereto shall be deemed in breach if the reason for non-compliance is due to a "force majeure" as defined in, and subject to the provisions of, Section 11.9 below or any other non performance authorized by this Agreement.

5.3 Certificate of Agreement Compliance. If, at the conclusion of an annual review, HF is found to be in compliance with this Agreement, City shall, upon request by HF, issue a Certificate of Agreement Compliance ("Certificate") to HF stating that after the most recent Periodic Review and based upon the information known or made known to the City that (1) this Agreement remains in effect and that (2) HF is in compliance. The Certificate, shall be in recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, and shall state that the Certificate expires upon the earlier of (i) one (1) year from the date thereof, or (ii) the date of recordation of a Notice of Termination of Development Agreement. HF may record the Certificate with the County Recorder. Additionally, HF may at any time request from the City a Certificate stating, in addition to the foregoing, which obligations under this Agreement have been fully satisfied with respect to the Subject Property, or any lot or parcel within the Subject Property.

ARTICLE 6 DEFAULT AND REMEDIES.

6.1 Specific Performance; Waiver of Damages. The Parties acknowledge and agree that specific performance is the preferred remedy available for the enforcement of this Agreement. Accordingly, both parties hereby waive the right to obtain monetary damages from the other Party by reason of default of this Agreement. Subject to the procedure set forth in Section 5.2 above, any material default by HF or the City of the Agreement that is not timely cured by HF or the City shall be deemed a material default by HF or the City of this Agreement.

6.2 Termination of the Agreement.

6.2.1. Termination of Agreement for Default of HF. The City in its reasonable discretion may terminate this Agreement for any failure of HF to perform any material duty or obligation of HF hereunder or to comply in good faith with the terms of this Agreement (hereinafter referred to as "default" or "breach"); provided, however, the City may terminate this Agreement pursuant to this Section only after following the procedure set forth in Section 5.2 and HF and/or Assignee fail to remedy any issue. Further, if a mortgage of HF comes into possession of the Subject Property by default of HF, City may without liability, and in its sole and absolute discretion, terminate this Agreement. A bankruptcy filing by HF or general Partner of HF, or HF's successors and assigns, shall also be grounds by City for termination of this Agreement.

6.2.2. Termination of Agreement for Default of City. HF in its reasonable discretion may terminate this Agreement for any default by the City; provided, however, HF may terminate this Agreement pursuant to this Section only after following the procedure set forth in Section 5.2 and thereafter providing written notice by HF to the City of the default setting forth the nature of the default and the actions, if any, required by the City to cure such default and, where the default can be cured, the failure of the City to cure such default within thirty (30) days after the effective date of such notice or, in the event that such default cannot be cured within such thirty (30) day period, the failure of the City to commence to cure such default within such thirty (30) day period and to diligently proceed to complete such actions and to cure such default.

6.2.3. Rights and Duties Following Termination. Upon the termination of this Agreement, no Party shall have any further right or obligation hereunder and City shall treat HF

and the Subject Property pursuant to all ordinances, policies, and laws as uniformly applied in the City.

6.3 Institution of Legal Action. Subject to notice of default and opportunity to cure under Section 5.2, in addition to any other rights or remedies, any Party to this Agreement may institute an equitable action to cure, correct, or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, or to obtain any other equitable remedies consistent with this Agreement. Any action at law or in equity arising under this Agreement or brought by any 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, or such other appropriate court in said County, and the Parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court. Service of process on the City shall be made in accordance with California law. Service of process on HF shall be made in any manner permitted by California law and shall be effective whether served inside or outside California. If an action or proceeding is brought by any Party to this Agreement because of default, or to enforce a provision hereof, the prevailing Party shall be entitled to reimbursement of all costs and expenses, including attorneys' fees, incurred in prosecuting such legal action or proceeding. This provision is separate and severable, and shall survive the merger of this Agreement into any judgment on this Agreement. In all instances, the Parties agree that §6.1 also survives and controls the actions of the Parties, and further, that the Parties shall stipulate to the limitation on remedies imposed by §6.1.

ARTICLE 7 THIRD PARTY LITIGATION.

7.1 Notice, Defense and Indemnification of Third Party Litigation. The City shall promptly notify HF of any claim, action, or proceeding filed and served against the City to challenge, set aside, alter, void, annul, limit or restrict the approval and continued implementation and enforcement of this Agreement or any Existing Regulation, including but not limited to Project Approvals and CEQA challenges, as they may be filed from time to time by one or more third parties. HF agrees to fully defend, indemnify and hold the City harmless for all costs of defense and/or judgment(s) obtained in any such action or proceeding by reimbursing City, on a monthly basis, for any and all costs. The City shall notify HF within ten (10) calendar days after the City has selected the defense counsel(s). The City and HF agree to cooperate in the defense of such action(s), which includes HF being provided the opportunity to present City its views and recommendations regarding defense counsel or defense strategy. City shall use its best efforts to reasonably manage case costs and seek reasonable attorney rates.

7.2 Effect of Third Party Litigation on Implementation of Agreement. If any third party litigation referred to in Section 7.1 is filed, the City shall continue to comply with the terms of this Agreement unless prohibited from doing so by court order.

7.3 If third party litigation is filed and if HF decides, in its sole and absolute discretion, not to defend the litigation then upon providing written notice of that decision to the City not to defend the litigation this Agreement shall terminate and no Party shall thereafter have any rights or obligations under it. Nothing in this Agreement shall prevent the City, if it decides in its sole and absolute discretion, from defending the litigation at its own sole cost.

ARTICLE 8 MORTGAGEE AND LENDER PROTECTION.

8.1 The Parties hereto agree that this Agreement shall not prevent or limit HF, in any manner, at HF's sole discretion, from encumbering the Subject 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 Subject Property. The 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 HF and representatives of such lenders to negotiate in good faith any such request for interpretation or modification but City reserves the right to make the final decisions, pursuant to law of such requests. The City is not bound nor is there any predetermination as to matters requiring public hearing or any adjudicative proceeding. Subject to compliance with applicable laws, the City will not unreasonably withhold its consent to any such requested interpretation or modification provided the City determines such interpretation or modification is consistent with the intent and purposes of this Agreement and not harmful to City in any manner, in City's sole and absolute discretion. HF shall reimburse City for all costs incurred by City in connection with compliance with this Section 8.1 HF represents and warrants that there are presently no financing of any type or nature that encumber the Subject Property and further represents there are no covenants, financings or other burdens that impair City's rights under this Agreement, and further, no third party holds rights to the Subject Property superior to this Agreement as regards to City's rights.

8.2 Any Mortgagee of the Subject 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 Subject Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Subject Property, or any part thereof, which Mortgagee has submitted a request in writing to the City in the manner specified herein for giving notices, shall be entitled to receive written notification from the City of any default by HF in the performance of HF's obligations under this Agreement.

(c) If the City timely receives a request from a Mortgagee requesting a copy of any notice of default given to HF under the terms of this Agreement, the City shall make a good faith effort to provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to HF. The Mortgagee shall have the right, but not the obligation, to cure the default during the period that is the longer of (i) the remaining cure period allowed such Party under this Agreement, or (ii) thirty (30) days.

(d) Any Mortgagee who comes into possession of the Subject 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 Subject 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 HF's obligations or other affirmative covenants of HF hereunder, or to guarantee such performance;

except that (i) to the extent that any covenant to be performed by HF is a condition precedent to the performance of a covenant by the City, the performance thereof shall continue to be a condition precedent to the City's performance hereunder, and (ii) in the event any Mortgagee seeks to develop or use any portion of the Subject Property acquired by such Mortgagee by foreclosure, deed of trust, or deed in lieu of foreclosure, such Mortgagee shall strictly comply with all of the terms, conditions and requirements of this Agreement and the Development Plan applicable to the Subject Property or such part thereof so acquired by the Mortgagee. The successor Mortgagee is hereby on notice that the event of taking possession of the Subject Property allows, but does not require City to terminate this Agreement without cost or liability to City.

8.3 The City shall, at HF's cost paid to City immediately upon City's request, provide publically available information requested by potential lenders in a timely fashion. City shall not be required, but may, provide any information exempt from disclosure under the California Public Records Act. (G.C. 6250 et. seq.)

ARTICLE 9 INSURANCE.

9.1 Liability Insurance. HF shall maintain an insurance policy protecting against death or injury to person or property for claims arising out of activities on the Subject Property in the amount of at least five million dollars (\$5,000,000) with the City, its officers, officials, employees, agents and representatives named as additional insured. This requirement is in addition to any liability insurance requirement which the City routinely imposes as a condition to the issuance of a building or grading permit. In addition, all such insurance:

(a) shall be primary insurance and not contributory with any other insurance the City or its officers, officials, employees, agents, and representatives may have;

(b) shall contain no special limitations on the scope of protection affordable to the City and its officers, officials, employees, agents, and representatives;

(c) shall be claims made and not dates of occurrence insurance;

(d) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

(e) shall provide that the policy shall not be canceled by the insurer or Owner unless there is a minimum of thirty (30) days prior written notice to the City;

(f) shall be endorsed to include a waiver of subrogation rights against the City or its officers, officials, employees, agents, and representatives; and

(g) shall not require Owner to meet a deductible of more than One Hundred Thousand Dollars (\$100,000) unless approved in writing by the City's Community Development Director in his/her sole and absolute discretion.

9.2 Workers Compensation Insurance. HF shall ensure that any consultant or contractor hired by HF for work on or related to the Subject Property shall carry workers

compensation insurance as required by the State of California. This requirement is in addition to any workers compensation insurance requirement which the City routinely imposes as a condition to the issuance of a building or grading permit.

ARTICLE 10 INDEMNITY FOR INJURY TO PERSON OR PROPERTY.

HF agrees to and shall indemnify, defend, and hold harmless the City and the City's officers, officials, members, employees, agents, and representatives, from and against any and all claims, liabilities, awards, settlements, agreements, damages, and losses, including without limitation reasonable attorneys' fees and litigation expenses, including court and expert witness fees (collectively, "Claims"), with respect to any action brought due to the death or personal injury of any person; or physical damage to any person's real or personal property, caused by the construction of improvements by, or construction-related activities of, HF or HF's employees, agents, representatives, servants, invitees, consultants, contractors, or subcontractors (collectively, "HF's Representatives") on the Subject Property, or for any construction defects in any improvements constructed by HF or HF's Representatives on the Subject Property or for any other work related to this Agreement.. The foregoing indemnification provision shall survive the termination of this Agreement.

Notwithstanding the above, HF agrees to and shall indemnify, defend, and hold harmless the City and the City's officers, officials, members, employees, agents and representatives, from and against any and all claims, liabilities, damages, and losses, including without limitation reasonable attorneys' fees and litigation expenses, including court and expert witness with respect to any action brought to challenge the Project's entitlement approvals and/or the EIR.

ARTICLE 11 MISCELLANEOUS PROVISIONS.

11.1 Recordation of Agreement. The City Clerk shall have this Agreement recorded with the County Recorder within the period required by Government Code section 65868.5. Any amendments to this Agreement approved by the Parties, and any cancellation hereof, shall be similarly recorded. A failure to record this Agreement in a timely fashion shall not affect its validity in any manner.

11.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the Parties with respect to the subject matter set forth herein, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement except as to future and further agreements and the exercise of the Existing Regulations.

11.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the invalid provision shall be deemed to be severable from the remaining provisions contained within the Agreement. The Parties hereby state and acknowledge they would have adopted each provision contained within this Agreement notwithstanding the presence of an invalid provision.

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, and the rule of construction to the effect that ambiguities are to be resolved against both the drafting parties or in favor of the City or HF shall not be employed in interpreting this Agreement, all Parties having been represented by counsel in the negotiation and preparation, adoption, application and execution 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 Waiver. Failure of 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.

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

11.9 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 earthquakes, acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the Party's control (including the Party's employment force), economic or environmental/physical conditions (such as lack of utilities) beyond HF's control which make Development uneconomic or infeasible, other causes beyond the Party's reasonable control or court actions (such as restraining orders or injunctions). If any such events shall occur, the Term of this Agreement and the time for performance shall be extended for the duration of each such event, provided that the Term shall not be extended under any circumstances for more than three (3) years regardless of the number or length of individual extensions and further, in no instance, shall be for a duration longer than the circumstance serving to cause the delay. Notwithstanding the foregoing, if construction ceases after commencement, but prior to the issuance of Certificates of Occupancy, HF, at its sole cost, shall secure, preserve and prevent any nuisance conditions from occurring on the Subject Property.

11.10 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.

11.11 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.

11.12 Covenant Not To Sue Each Other Regarding the Construction of the Agreement. The Parties to this Agreement, and each of them, agree that this Agreement and each term hereof

are legal, valid, binding, and enforceable. The Parties to this Agreement, and each of them, hereby covenant and agree that each of them will not commence, maintain, or prosecute any claim, demand, cause of action, suit, or other proceeding against any other Party to this Agreement, in law or in equity, or based on an allegation, or assert in any such action, that this Agreement or any term hereof is void, invalid, or unenforceable.

11.13 Project as a Private Undertaking. It is specifically understood and agreed by and between the Parties that the Development of the Subject 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 the City and HF is that of a government entity regulating the Development of private property, on the one hand, and the holder of legal or equitable title to such property, on the other hand.

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

11.15 Amendments in Writing/Cooperation. This Agreement may be amended only by written consent of both Parties specifically approving the amendment and in accordance with the Government Code section 65868. The Parties shall cooperate in good faith with respect to any amendment proposed in order to clarify the intent and application of this Agreement, and shall treat any such proposal on its own merits, and not as a basis for the introduction of unrelated matters. Subject to the provisions of Moreno Valley Municipal Code Section 9.02.110E, minor, non-material modifications which are clerical or strictly technical corrections which do not affect the substantive terms and conditions of the Agreement may be approved by the Community Development Director in consultation with the City Attorney as an operating Memorandum. City, upon its request, may be compensated for its costs reasonably incurred in reviewing and processing any request under this section, including costs arising from third parties engaged by the City in furtherance of any request.

11.16 Operating Memoranda. The Parties acknowledge and agree that the provisions of this Agreement require a close degree of cooperation between the City and HF, and Development of the Subject Property hereunder may demonstrate that refinements or clarifications are appropriate with respect to the details of performance of the City and HF. If and when, from time to time, during the Term of this Agreement, the City and HF agree that such refinements or clarifications are necessary or appropriate, they will effectuate such refinements or clarifications through operating memoranda approved by the City and HF, which, after execution, will be attached to this Agreement as addenda and become a part hereof, and may be further refined or clarified from time to time as necessary with future approval by the City and HF. The Community Development Director, in consultation with the City Attorney,

will be authorized to make the determination whether a requested refinement or clarification and corresponding operating memoranda may require a public hearing and approval by the City Council. Notwithstanding the foregoing, the City staff or contract staff may decline to execute any operating Memoranda and may instead submit the matter to the City Council for its consideration and action.

11.17 Corporate Authority. The person(s) executing this Agreement on behalf of each of the Parties hereto represent and warrant that (i) such Party are duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) without representing and warranting whether or not the Agreement is lawful by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which such Party is bound.

11.18 Notices. All notices under this Agreement shall be effective upon any of the following: personal delivery, via e-mail, via facsimile so long as the sender receives confirmation of successful transmission from the sending machine, or three (3) business days after deposit in the United States mail, registered, certified, postage fully prepaid and addressed to the respective Parties as set forth below or as to such other address as the Parties may from time to time designate in writing:

To City: City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92552
Attn: City Manager
Telephone: (951) 413-3000
Facsimile: (951) 413-3210
E-mail address: cmoffice@moval.org

Copies to: City Attorney

_____, California
Telephone: (951) 413-3036
Facsimile: (413) 413-3034
E-mail address: cityclerk@moval.org

To HF: Iddo Benzeevi
President and Chief Executive Officer
Highland Fairview Operating Co.
14225 Corporate Way
Moreno Valley, CA 92553
Telephone: (951) 867-5327
Facsimile: (951) 867-5328
E-mail Address: ibenzeevi@highlandfairview.com

Copy to: Kenneth B. Bley, Esq.
Cox, Castle & Nicholson LLP

2029 Century Park East, Suite 2100
Los Angeles, CA 90067
Telephone: (310) 284-2231
Facsimile: (310) 284-2100
E-mail address: kbley@coxeastle.com

11.19 Nonliability of City Officials. No officer, official, member, employee, contractor, attorney, agent, or representatives of the City shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action hereon shall be personally enforced against any such officer, official, member, employee, agent, or representative.

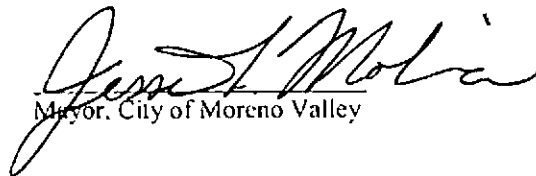
11.20 No Brokers. The City and HF represent and warrant to the other that neither has employed any broker and/or finder to represent its interest in this transaction. Each Party agrees to indemnify and hold the other free and harmless from and against any and all liability, loss, cost, or expense (including court costs and reasonable attorney's fees) in any manner connected with a claim asserted by any individual or entity for any commission or finder's fee in connection with this Agreement arising out of agreements by the indemnifying Party to pay any commission or finder's fee.

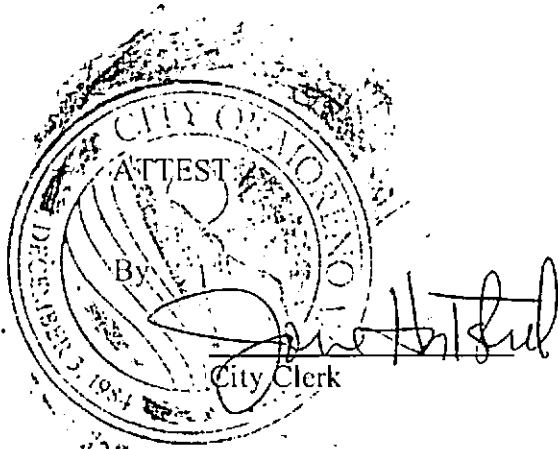
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first set forth above.

City:

CITY OF MORENO VALLEY

By


Mayor, City of Moreno Valley



APPROVED AS TO FORM:

By 
City Attorney

HF:
HF PROPERTIES,
a California general partnership

By: 

Name: Iddo Benzeevi

Its: President

SUNNYMEAD PROPERTIES,
a Delaware general partnership

By: 

Name: Iddo Benzeevi

Its: President

THEODORE PROPERTIES PARTNERS,
a Delaware general partnership

By: 

Name: Iddo Benzeevi

Its: President

13451 THEODORE, LLC,
a California limited liability company

By: 

Name: Iddo Benzeevi

Its: Sole member

HL PROPERTY PARTNERS,
a Delaware general partnership

By: 

Name: Iddo Benzeevi

Its: President

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 Riverside

On Sept 3, 2015 before me, Mitzi Turner, Notary Public
(here insert name and title of the officer)

personally appeared Ido Benzevi

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 Mitzi Turner

(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 Riverside

On Sept 3, 2015 before me, Mitzi Turner, Notary Public,
(here insert name and title of the officer)

personally appeared Iddo Benzevi

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 Mitzi Turner

(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 Riverside

On Sept 3, 2015 before me, Mitzi Turner, Notary Public,
(here insert name and title of the officer)

personally appeared Ido Benzeevi

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 Mitzi Turner

(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 Riverside

On Sept 3, 2015 before me, Mitzi Turner, Notary Public,
(here insert name and title of the officer)

personally appeared Ido Benzeevi

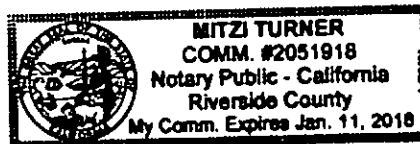
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~
~~(is)~~are subscribed to the within instrument and acknowledged to me that ~~(he)~~she/they
executed the same in ~~(his)~~her/their authorized capacity~~(ies)~~, and that by ~~(his)~~her/their
signature~~(s)~~ 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 Mitzi Turner

(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 Riverside

On sept 3, 2015 before me, Mitzi Turner, Notary Public,
(here insert name and title of the officer)

personally appeared Ido Benzeevi

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 Mitzi Turner

(Seal)

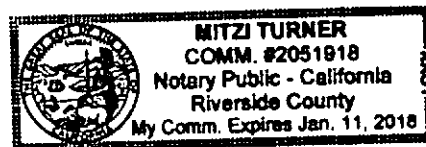


EXHIBIT "A-1"
LEGAL DESCRIPTION

THOSE CERTAIN PARCELS OF LAND IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

(APN: 478-220-01)

LOTS 1, 2 AND 7 IN BLOCK 59 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 488-350-3, 4)

LOTS 5 AND 6 IN BLOCK 55 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-220-7)

LOT 4 IN BLOCK 60 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH:

(APN: 423-250-2, 7, 10, 11, 18)

PARCELS 1, 2 AND 10 OF PARCEL MAP 17905, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 114, PAGES 70 THROUGH 83, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH:

(APN: 422-070-18, 20, 22)

THAT PORTION OF THE NORTH HALF OF THE NORTH HALF OF FRACTION 7, TOWNSHIP 3 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF, WHICH LIES NORTH OF THE SOUTH LINE OF LOTS 1, 2, 3 AND 4 IN BLOCK 57 AND WHICH LIES NORTH OF THE SOUTH LINE OF LOT 1 AND ITS EASTERLY EXTENSION AND LOT 2 IN BLOCK 58 AS LOTS AND BLOCKS ARE SHOWN ON MAP 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY RECORDED IN BOOK 11, PAGE 10 OF MAPS, SAN BERNARDINO RECORDS.

EXCEPT THAT PORTION LYING WEST OF THE EAST LINE OF PARCELS 2 AND 3 OF PARCEL MAP NO. 8113, ON FILE IN BOOK 28, PAGE 38 OF PARCEL MAPS, RIVERSIDE COUNTY RECORDS.

ALSO EXCEPT THAT PORTION WHICH LIES NORTHEAST OF THE WESTERLY LINE OF STATE HIGHWAY ROUTE 194, 100.00 FEET IN WIDTH AS DESCRIBED IN THE DEEDS RECORDED OCTOBER 27, 1936 AS FILE NOS. 1498 AND 1499 IN BOOK 300, PAGES 344 AND 345 OF OFFICIAL RECORDS, RIVERSIDE COUNTY RECORDS.

ALSO EXCEPT ONE-HALF OF ALL GAS, OIL AND MINERAL RIGHTS 500.00 FEET BELOW THE SURFACE AS RESERVED IN THE DEEDS RECORDED SEPTEMBER 01, 1960 AS FILE NOS. 77097, 77098, 77099 AND 77100 ALL OF OFFICIAL RECORDS.

TOGETHER WITH:

(APN: 478-220-17, 18, 19, 20, 21, 22, 23, 24)

LOTS 1 THROUGH 8, INCLUSIVE, IN BLOCK 81 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-220-15, 16, 25, 26, ,28)

LOTS 1, 2, 3, 4, 5, 6, AND 8 IN BLOCK 82 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPTING FROM LOT 7, ONE HALF OF ALL OIL, GAS, MINERAL AND SUBSURFACE RIGHTS 500 FEET OR MORE BELOW THE SURFACE, BUT WITHOUT ANY RIGHTS WHATSOEVER TO THE USE OF THE SURFACE OR THE SUBSURFACE AREA OF SAID LAND TO A DEPTH OF 500 FEET FROM SAID SURFACE FOR ANY PURPOSE INCIDENTAL TO THE OWNERSHIP OF SAID SUBSTANCES, AS RESERVED TO MARY B. TRAUTWEIN, A WIDOW, ET AL. BY DEED RECORDED MARCH 6, 1964 AS INSTRUMENT NO. 28654 OF OFFICIAL RECORDS

TOGETHER WITH:

(APN: 478-230-7)

LOTS 1 THROUGH 8 IN BLOCK 87 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11 PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-230-1, 2, 3, 4, 5, 6)

LOTS 1 THROUGH 4, 7 AND 8 IN BLOCK 88 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11,

PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-230-19-0, 20)

LOTS 2 AND 7 IN BLOCK 109 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPT FROM SAID LOT 7 BLOCK 109 THAT PORTION CONVEYED TO THE COUNTY OF RIVERSIDE IN DEED RECORDED JULY 24, 1973 AS FILE NO. 97183 OF OFFICIAL RECORDS.

TOGETHER WITH:

(APN: 478-230-11, 14)

LOTS 1 AND 8 IN BLOCK 109 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-230-9, 10)

LOTS 3 AND 4 IN BLOCK 110 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 11 PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-210-54-9)

LOTS 1 THROUGH 4, BLOCK 1 OF THE TOWN OF MORENO, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 19, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH THE NORTHERLY 10 FEET OF THAT PORTION OF BAY AVENUE, VACATED BY RESOLUTION RECORDED JANUARY 10, 1974 AS FILE NO. 4002 OF OFFICIAL RECORDS, LYING BETWEEN THE SOUTHERLY PROLONGATION OF THE EAST LINE OF RUSSELL STREET AND THE SOUTHERLY PROLONGATION OF EAST LINE OF LOT 4 IN BOOK 1 AS SHOWN ON AS MAP OF TOWN OF MORENO.

TOGETHER WITH:

(APN: 478-210-55-0)

LOTS 1 THROUGH 4, BLOCK 2 OF TOWN OF MORENO, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN

BOOK 11, PAGE(S) 19, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH THE NORTHERLY 10 FEET OF THAT PORTION OF BAY AVENUE, VACATED BY RESOLUTION RECORDED JANUARY 10, 1974 AS FILE NO. 4002 OF OFFICIAL RECORDS, LYING BETWEEN THE SOUTHERLY PROLONGATION OF THE EAST LINE OF REDLANDS BOULEVARD AND THE SOUTHERLY PROLONGATION OF THE WEST LINE OF RUSSEL STREET AS SHOWN ON SAID MAP OF TOWN OF MORENO.

TOGETHER WITH:

(APN: 478-220-4, 5, 6, 10, 11)

LOTS 1, 2, 3, 7 AND 8 IN BLOCK 60 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 488-350-8, 9, 10)

LOTS 6, 7 AND 8 IN BLOCK 56 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-220-2, 3, 12, 13)

LOTS 3, 4, 5 AND 6 IN BLOCK 59 AS SHOWN BY MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 488-350-5)

LOT 7 IN BLOCK 55 OF MAP NO. 1, OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF EUCALYPTUS AVENUE, WITHIN SAID BLOCK LYING SOUTHERLY AND ADJACENT TO SAID LOT 7.

TOGETHER WITH:

(APN: 488-350-6)

LOT 8 IN BLOCK 55 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THOSE PORTIONS

OF EUCALYPTUS AVENUE AND SINCLAIR STREET, WITH SAID BLOCK LYING SOUTHERLY, EASTERLY AND ADJACENT TO SAID LOT 8.

TOGETHER WITH:

(APN: 488-350-7)

LOT 5 IN BLOCK 56 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 423-250-8, 9, 12 AND 423-260-10)

PARCELS 3 THROUGH 5, AND 11 OF PARCEL MAP 17905, IN THE CITY OF, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 114, PAGE(S) 70 THROUGH 83, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH:

(APN: 423-260-3, 4, 5, 7, 8, 9 AND 423-310-1, 2)

PARCELS 6 THROUGH 9 AND 14 THROUGH 17 OF PARCEL MAP 17905, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 114, PAGE(S) 70 THROUGH 83, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH:

(APN: PORTION 488-350-15)

ALL THOSE PORTIONS OF LOTS 1, 2, 3 AND 4 OF BLOCK 55, MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP ON FILE IN BOOK 11 PAGE 10 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA LYING SOUTHERLY OF PARCEL MAP 35629, FILED IN MAP BOOK 231 PAGES 77 THROUGH 82 OF PARCEL MAPS.

EXCEPTING THEREFROM THAT PORTIONS OF LOTS 3 AND 4 OF BLOCK 34 CONVEYED TO THE STATE OF CALIFORNIA IN DEED RECORDED MAY 25, 1962 AS INSTRUMENT NO. 48967 IN BOOK 3147 PAGE 181 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

ALSO EXCEPTING THEREFROM ONE HALF OF ALL OIL, GAS, MINERAL AND SUBSURFACE RIGHTS 500 FEET OR MORE BELOW THE SURFACE, BUT WITHOUT ANY RIGHTS WHATSOEVER TO THE USE OF THE SURFACE OR THE SUBSURFACE AREA OF SAID LAND TO A DEPTH OF 500 FEET FROM SAID SURFACE FOR ANY PURPOSE INCIDENTAL TO THE OWNERSHIP OF SAID SUBSTANCES, AS RESERVED IN DEED RECORDED JULY 12, 1961 AS INSTRUMENT NO. 59232 IN BOOK 2942 PAGE 318 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. SAID EXCEPTION AFFECTS LOTS 1, 2 AND 4 OF SAID BLOCK 55.

TOGETHER WITH:

(APN 478-240-011-3, 017-9, 026-7, 027-8, 030-0)

LOT(S) 3, 4, 5, 6 AND 7 IN BLOCK 136, MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH THOSE PORTIONS OF BRODIAEA AVENUE, SINCLAIRE STREET AND CACTUS AVENUE, WITHIN SAID BLOCK, LYING WESTERLY OF THE EAST LINE OF SAID LOTS PROLONGED NORTHERLY AND SOUTHERLY, THAT WOULD PASS WITH A CONVEYANCE OF SAID LOTS.

TOGETHER WITH:

(APN 478-240-028-9)

LOT 1 IN BLOCK 136 OF MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, TOGETHER WITH THOSE PORTIONS OF BRODIAEA AVENUE AND THEODORE STREET, WITHIN SAID BLOCK, LYING NORTHERLY OF THE SOUTH LINE OF SAID LOT PROLONGED EASTERLY AND EASTERLY OF THE EAST WEST LINE OF SAID LOT PROLONGED NORTHERLY.

TOGETHER WITH:

(APN 478-240-019-1)

LOT 8 IN BLOCK 136 OF MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, TOGETHER WITH THOSE PORTIONS OF CACTUS AVENUE AND THEODORE STREET, WITHIN SAID BLOCK, LYING EASTERLY OF THE WEST LINE OF SAID LOT PROLONGED SOUTHERLY AND SOUTHERLY OF THE NORTH LINE OF SAID LOT PROLONGED EASTERLY.

TOGETHER WITH:

(APN 478-240-025-6)

LOT 8 IN BLOCK 113 OF MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, TOGETHER WITH THOSE PORTIONS OF BRODIAEA AVENUE AND THEODORE STREET, WITHIN SAID BLOCK, LYING EASTERLY OF THE WEST LINE OF SAID LOT PROLONGED SOUTHERLY AND SOUTHERLY OF THE NORTH LINE OF SAID LOT PROLONGED EASTERLY.

TOGETHER WITH:

7
(APN 478-240-29-0)

LOT 2 IN BLOCK 136 OF MAP NO.1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, CALIFORNIA, TOGETHER WITH THOSE PORTIONS OF BRODIAEA AVENUE, THEODORE STREET, CACTUS AVENUE, AND SINCLAIR STREET WHICH WOULD PASS BY OPERATION OF LAW.

TOGETHER WITH:

(APN 478-240-24-5)

LOT 7 IN BLOCK 113 OF MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, TOGETHER WITH THOSE PORTIONS OF BRODIAEA AVENUE AND THEODORE STREET WHICH WOULD PASS BY OPERATION OF LAW.

TOGETHER WITH:

(APN 478-240-005-8, 008-1)

LOTS 3 AND 6, BLOCK 113, MAP NO. 1 BEAR VALLEY & ALESSANDRO DEVELOPMENT COMPANY., IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, CALIFORNIA.

TOGETHER WITH:

(APN 422-070-033-1)

PARCEL 4 OF PARCEL MAP 8113, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 28, PAGE 38 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH:

(APN 422-130-002-8, 003-9)

THE EASTERLY 80 ACRES OF THAT PORTION OF FRACTION SECTION 8, TOWNSHIP 3 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY UNITED STATES GOVERNMENT SURVEY, LOCATED SOUTHWESTERLY OF THE SOUTHWESTERLY LINE OF THE PORTION OF SAID SECTION GRANTED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY DEED RECORDED MARCH 17, 1937 IN BOOK 318. PAGE 57 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPT FROM GOVERNMENT LOTS 3, 4, 5, 6 AND 9, THE SOUTH 30 FEET THEREOF, AS GRANTED TO RIVERSIDE COUNTY FOR ROAD PURPOSES BY DEED RECORDED JUNE 23, 1916 IN BOOK 433, PAGE 192 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. AND AS SHOWN ON LICENSED SURVEYOR'S MAP ON FILE IN BOOK 5, PAGE 44 OF RECORDS OF SURVEY. RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

THE WESTERLY LINE OF SAID 80 ACRES BEING PARALLEL WITH THE WESTERLY LINE OF SAID SECTION 8. (TO BE ANNEXED)

TOGETHER WITH:

(APN 422-130-001, 422-110-001)

THAT PORTION OF FRACTION SECTION 8, TOWNSHIP 3 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, LYING SOUTHWESTERLY OF THE SOUTHWESTERLY LINE OF THE PORTION OF SAID LAND DESCRIBED IN DEED TO THE STATE OF CALIFORNIA RECORDED MARCH 17, 1937 IN BOOK 318, PAGE 57 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

EXCEPT THE EASTERLY 80 ACRES THEREOF, THE WESTERLY LINE OF SAID 80 ACRES BEING PARALLEL WITH THE WESTERLY LINE OF SAID SECTION.

ALSO EXCEPT THE SOUTH 30.00 FEET AS DESCRIBED IN DEED TO THE COUNTY OF RIVERSIDE RECORDED JUNE 23, 1916 IN BOOK 433, PAGE 192 OF DEEDS.

ALSO EXCEPTING THEREFROM ANY PORTION THAT LIES WITHIN PARCEL 3 OF PARCEL MAP 16950 AS PER MAP ON FILE IN BOOK 99 OF PARCEL MAPS, AT PAGES 34 THROUGH 42, RIVERSIDE COUNTY RECORDS.

ALSO EXCEPT ONE HALF OF ALL GAS, OIL, AND MINERAL RIGHTS 500.00 FEET FROM BELOW THE SURFACE AS RESERVED BY MARIE B. ERRAMUSPE, A WIDOW, BY DEED RECORDED SEPTEMBER 01, 1960 AS INSTRUMENT NO. 77098, OFFICIAL RECORDS.

TOGETHER WITH:

(APN 422-070-6, 10, 17, 19, 21, AND 422-080-01, 02, 03, 04)

LOTS 1 THROUGH 4 BOTH INCLUSIVE, IN BLOCK 111; LOTS 1 THROUGH 8 BOTH INCLUSIVE, IN BLOCK 83; LOTS 1 THROUGH 8 BOTH INCLUSIVE, IN BLOCK 84; LOTS 1 THROUGH 8 BOTH INCLUSIVE, IN BLOCK 85; LOTS 1 THROUGH 8 BOTH INCLUSIVE, IN BLOCK 86; LOTS 5 THROUGH 8 BOTH INCLUSIVE, IN BLOCK 57; LOTS 5, 6, 7 AND 8 IN BLOCK 58 AND LOTS 1 THROUGH 4 BOTH INCLUSIVE, IN BLOCK 112, OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, SAN BERNARDINO COUNTY RECORDER, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THOSE PORTIONS OF THEODORE STREET, ULYSSES STREET, VIRGINIA STREET, DRACAEA AVENUE, COTTONWOOD AVENUE, BAY AVENUE AND ALESSANDRO BOULEVARD ADJOINING SAID LOTS WITHIN SAID BLOCKS.

TOGETHER WITH THAT PORTION OF SECTION 7, TOWNSHIP 3 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, WHICH LIES EAST OF THE EAST LINE OF SAID BLOCKS 57, 84, 85 AND 112.

EXCEPT THAT PORTION OF BLOCK 58 LYING WITHIN PARCEL. MAP 8113 AS PER MAP RECORDED IN BOOK 28, PAGE 38 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY.

ALSO EXCEPT THAT PORTION LYING NORTHEAST OF THE SOUTHWEST LINE OF THE LAND DESCRIBED IN DEEDS TO THE COUNTY OF RIVERSIDE RECORDED OCTOBER 27, 1936 IN BOOK 300, PAGES 344 AND 345 OF OFFICIAL RECORDS, RECORDED JULY 09, 1936 IN BOOK 287, PAGE 315 AND AUGUST 07, 1936 IN BOOK 292, PAGE 85, AND MARCH 17, 1937 IN BOOK 318, PAGE 57, ALL OF OFFICIAL RECORDS.

ALSO EXCEPT PORTION LYING SOUTHERLY OF THE NORTH LINE OF THE LAND DESCRIBED IN DEED TO THE COUNTY OF RIVERSIDE RECORDED DECEMBER 13, 1915 IN BOOK 432, PAGE 254 OF DEEDS.

ALSO EXCEPT THAT PORTION DESCRIBED IN DEED RECORDED NOVEMBER 27, 1934 IN BOOK 205, PAGE 29 OF OFFICIAL RECORDS AND OCTOBER 23, 1934 IN BOOK 199, PAGE 97 OF OFFICIAL RECORDS.

ALSO EXCEPT ONE-HALF OF ALL GAS, OIL AND MINERALS 500.00 FEET FROM BELOW THE SURFACE AS RESERVED IN DEED RECORDED SEPTEMBER 01, 1960 AS INSTRUMENT NOS. 77097, 77098, 77099, 77100 AND 77101, ALL OF OFFICIAL RECORDS.

TOGETHER WITH:

(APN 478-220-029-8)

PARCEL(S) 1 OF PARCEL MAP NO. 9880, AS PER PLAT RECORDED IN BOOK 47 OF PARCEL MAPS, PAGE(S) 25, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH:

(APN 488-350-019)

LOT 1 IN BLOCK 56 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., AS SHOWN BY MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, LYING SOUTHERLY OF PARCEL MAP 35629, FILED IN MAP BOOK 231 PAGES 77 THROUGH 82 OF PARCEL MAPS.

TOGETHER WITH THOSE PORTIONS OF FIR AVENUE AND THEODORE STREET WITHIN SAID BLOCK LYING EAST OF THE WEST LINE OF SAID LOT PROLONGED NORTHERLY AND NORTH OF THE SOUTH LINE OF SAID LOT PROLONGED EASTERLY.

TOGETHER WITH:

(APN 488-350-021)

LOT 2 IN BLOCK 56 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, LYING SOUTHERLY OF PARCEL MAP 35629, FILED IN MAP BOOK 231 PAGES 77 THROUGH 82 OF PARCEL MAPS.

TOGETHER WITH:

(APN 488-350-023)

LOT 3 IN BLOCK 56 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, LYING SOUTHERLY OF PARCEL MAP 35629, FILED IN MAP BOOK 231 PAGES 77 THROUGH 82 OF PARCEL MAPS.

TOGETHER WITH:

(APN 488-350-025)

LOT 4 IN BLOCK 56 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, LYING SOUTHERLY OF PARCEL MAP 35629, FILED IN MAP BOOK 231 PAGES 77 THROUGH 82 OF PARCEL MAPS.

TOGETHER WITH THOSE PORTIONS OF SINCLAIR STREET WITHIN SAID BLOCK LYING WESTERLY AND NORTHERLY AND ADJACENT TO SAID LOT 4.

TOGETHER WITH:

(APN 478-240-006,007)

LOTS 1 AND 2 IN BLOCK 113 OF MAP NO. 1 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

(APN: 478-220-014)

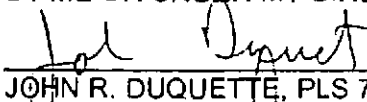
LOT 8 IN BLOCK 59 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

TOGETHER WITH:

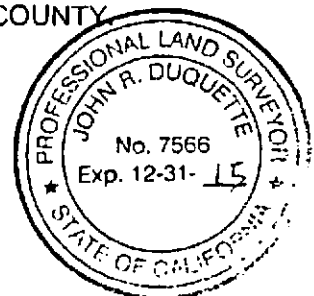
(APN: 478-220-27)

LOT 7 IN BLOCK 82 OF BEAR VALLEY AND ALESSANDRO DEVELOPMENT COMPANY, AS SHOWN BY MAP NO. 1, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE(S) 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

THIS DESCRIPTION WAS PREPARED
BY ME OR UNDER MY DIRECTION.


JOHN R. DUQUETTE, PLS 7566

DATE: 5/27/15



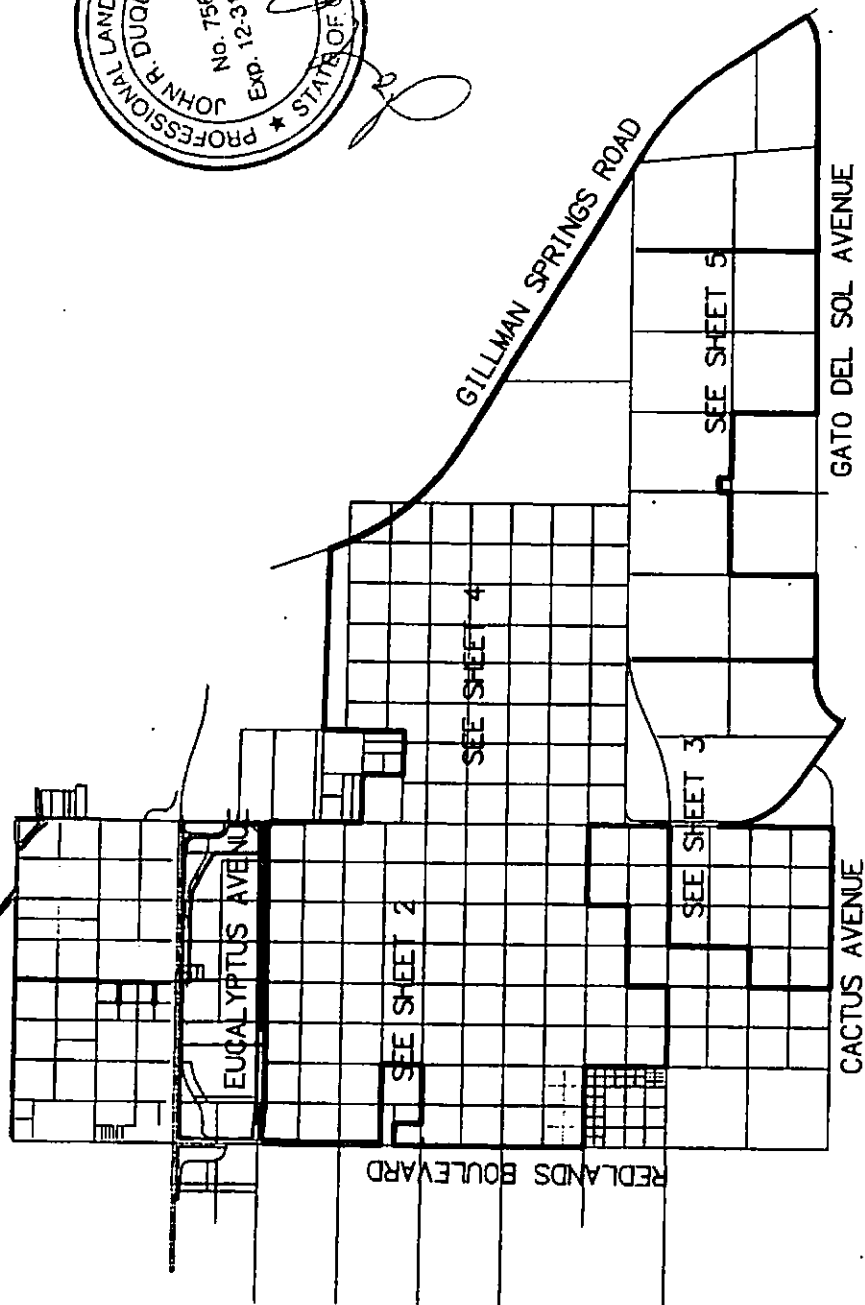
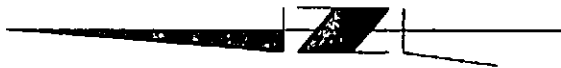


EXHIBIT "A-2"

SHEET 1 OF 5 SHEETS

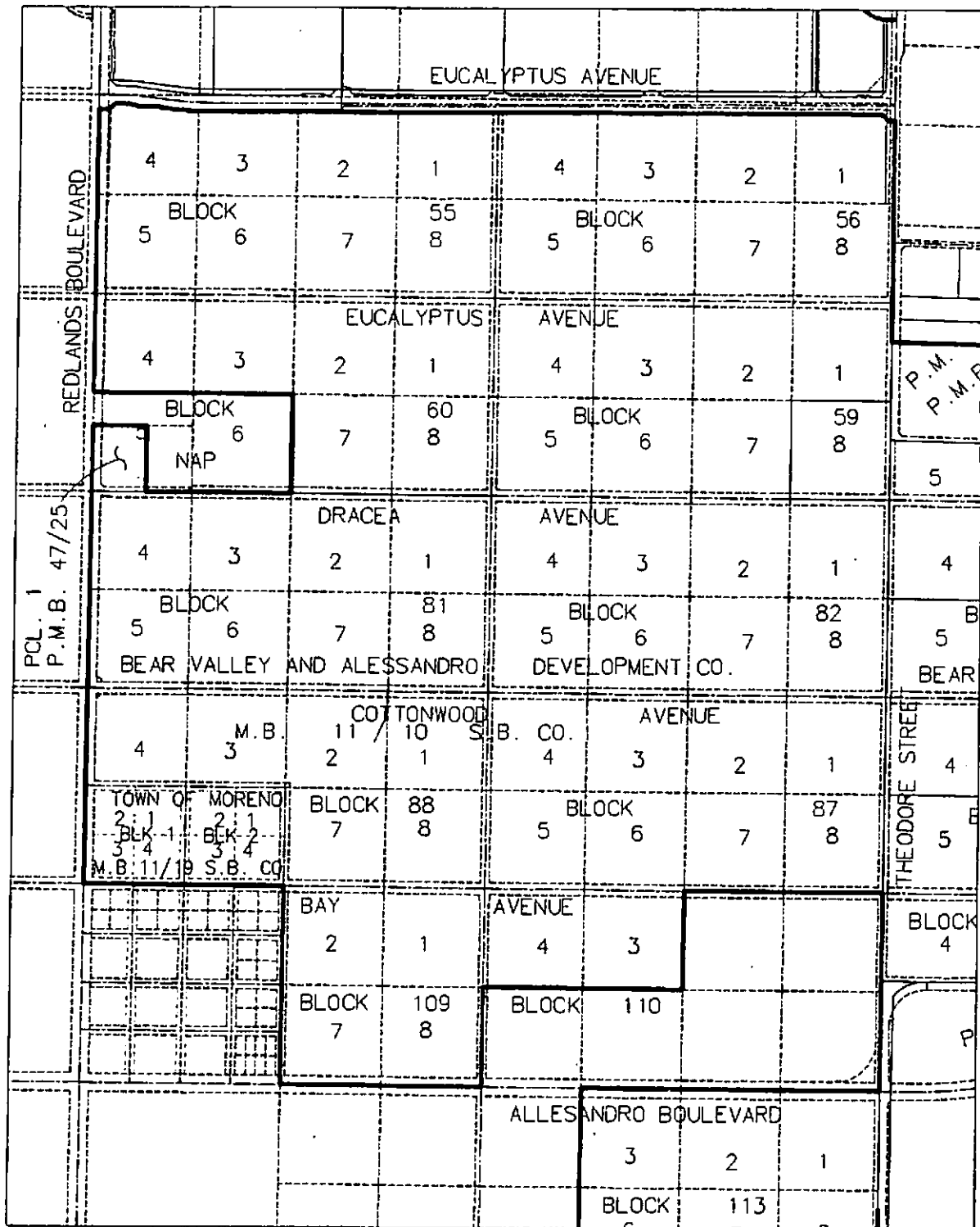
DATE	SCALE	JOB NO.
MAY 27, 2015	1"=3000'	10-105750

PLANNING • DESIGN • CONSTRUCTION

Est

CONSULTING

[illegible]



SEE SHEET 4

EXHIBIT "A-2"

SEE SHEET 3

SHEET 2 OF 5 SHEETS

DATE
MAY 27, 2015

SCALE
1"=1000'

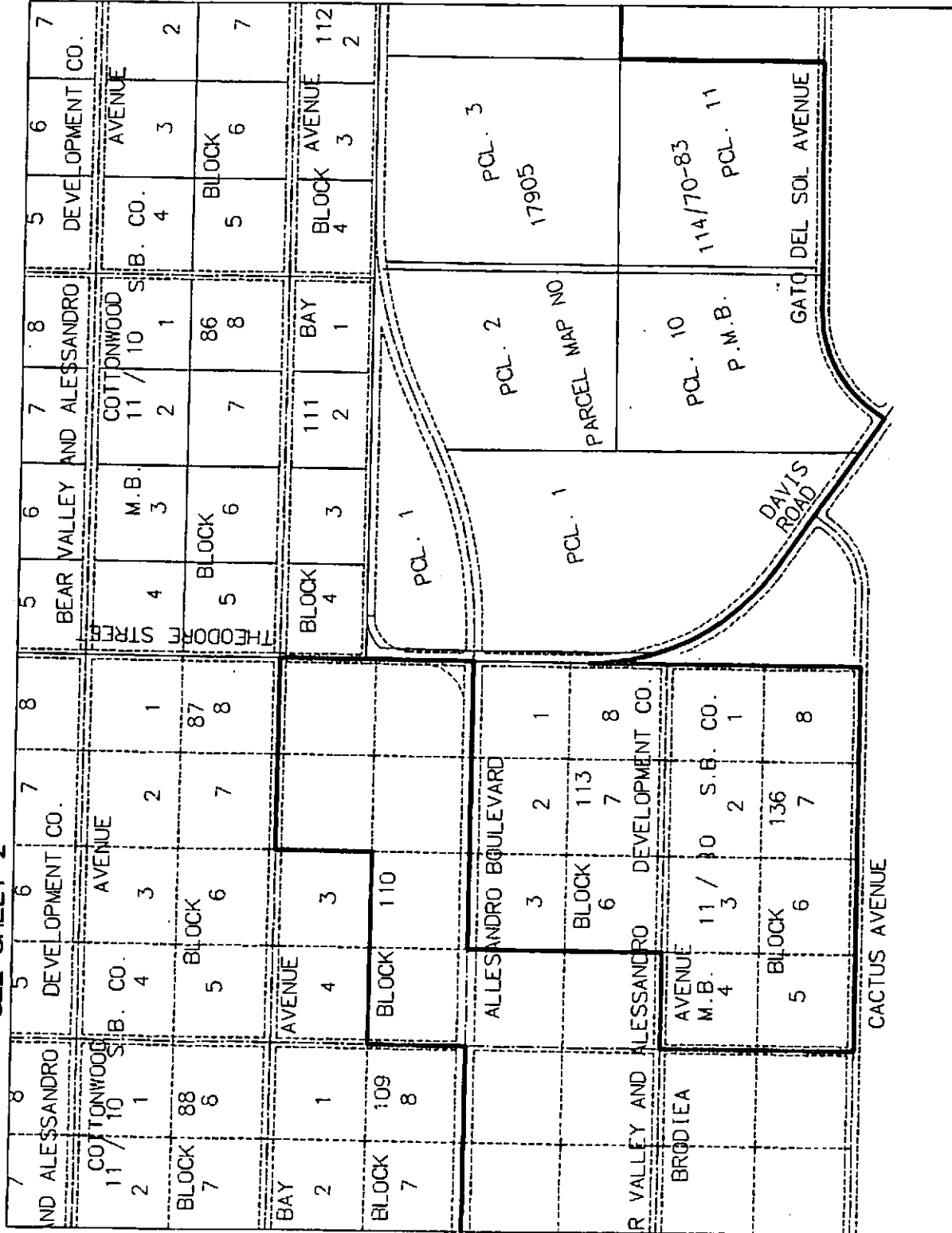
JOB NO.
10-105750

RBF
CONSULTING

PLANNING ■ DESIGN ■ CONSTRUCTION

4080 COUNTY CENTER DRIVE, SUITE 100
TAMECULA, CALIFORNIA 92591-6022
951-676-8042 • FAX 951-676-7240 • www.RBF.com

SEE SHEET 2



SEE SHEET 4

SEE SHEET 5

EXHIBIT "A-2"

SHEET 3 OF 5 SHEETS

DATE MAY 27, 2015
SCALE 1"=1000'
JOB NO. 10-105750

RBF
CONSULTING
PLANNING • DESIGN • CONSTRUCTION
4030 COUNTY CENTER DRIVE, SUITE 200
TULECILA, CALIFORNIA 93290-6022
951.676.6042 • FAX 951.676.7240 • www.RBF.com
IN YOUR AREA: 951.676.7240 • 4030 COUNTY CENTER DRIVE, SUITE 200, TULECILA, CA 93290-6022

SEE SHEET 3

2	1
7	84
0.	8
2	1
7	85
112	1
2	

FRACTIONAL
T. 3 S. R.

SEC. 8
3/4 W. 1/4 S.B.M. 177
(TO BE ANNEXED)

GILLMAN SPRINGS ROAD

ALLESANDRO

BOULEVARD

GATO DEL SOL AVENUE

PCL. 4

PCL. 5

PCL. 6

17905

PCL. 7

PCL. 8

PCL. 9

P.M.B.

14

PCL. 14

114/70-83

PCL. 15

PCL. 16

PCL. 17

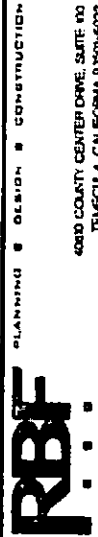
EXHIBIT "A-2"

SHEET 5 OF 5 SHEETS

DATE
MAY 27, 2015

SCALE
1"=1000'

JOB NO.
10-105750



PLANNING & DESIGN & CONSTRUCTION

6010 COUNTY CENTER DRIVE, SUITE 10
TAMECILLA, CALIFORNIA 92561-6022
951.676.8042 • FAX 951.676.7240 • www.RBF.com

W:\Projects\2015\10-105750\10-105750.dwg 3/27/15 10:37 am

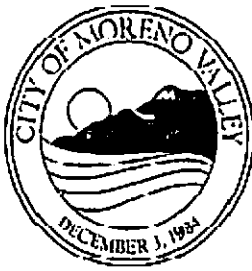
EXHIBIT NO. A-3

Public Benefits; all are viewed as material consideration for this Agreement, by the City and its Council (not listed in priority).

1. Representation and Warranty in support of HF's legal or equitable interest in the land composing the area subject to this Agreement. (Recital E and 3.2)
2. DIF fees, public improvements, or both will be paid to the City to further public improvements. (1.5, 4.8, 4.9)
3. City has oversight over transfer of land or buildings within the area covered by the Agreement. (3.4)
4. HF pays for special staff and consultants. (3.6)
5. Education/Library/Job training/funding to City/Job opportunities. (4.11, 4.12)
6. Fire station: "turn key" fire station will be built on HF provided land and will be fully funded and equipped by HF. (4.8)
7. Land owners are bound, contractually, to provide City benefits beyond those available via a nexus condition.
8. City advances its General Plan's goals, policies and objectives as anticipated when it was adopted.
9. City controls when HF has qualified to release itself, in whole or part, from the Development Agreement. (3.4, 3.5)
10. City preserves its right to impose the enhanced development standards on the Project outlined in the specific plan. (4.2)
11. City has set performance criteria for the Terms of the Agreement. (3.5, 4.4)
12. City preserves the right to update standards and, as required and lawful, require further CEQA reviews. (4.7.1)
13. City Code Standards are imposed for any reimbursements to HF for oversizing any infrastructure. (4.8)
14. City required and is able to hold HF accountable for a local hiring program for City residents. (4.11)
15. City obtains Education, Library, Training, and Innovation funding for residents in the amount up to \$6,993,000, during the Term of the Development Agreement, with One

Million Dollars (\$1,000,000) of that being provided in a single lump sum payment upon issuance of the first building permit.

16. HF will contribute \$500,000 toward the City's development of SR 60 landscape, signage, bridge design enhancement. (4.13)
17. Specified homes are to be offered air filtration systems at no charge. (4.14)
18. City will annually review and enforce its benefits, and ensure performance of its duties. (Article 5)
19. Defaults and issues in dispute have a specified resolution process. (Article 6)
20. City is covered by HF funded liability insurance (9.1) and from tort claims. (Article 10)
21. City is protected as to ensuring HF performance, despite external causation. (11.9)



Report to City Council

TO: Mayor and City Council
Mayor and City Council Acting in its Capacity as President
and Members of the Board of Directors of the Moreno Valley
Community Services District (CSD)

FROM: Allen Brock, Community Development Director

AGENDA DATE: August 18, 2015

TITLE: WORLD LOGISTICS CENTER PROJECT INCLUDES A
GENERAL PLAN AMENDMENT, A CHANGE OF ZONE,
WORLD LOGISTICS CENTER SPECIFIC PLAN, A PRE-
ZONING/ANNEXATION, TENTATIVE PARCEL MAP NO.
36457, AND A DEVELOPMENT AGREEMENT FOR A 3,818
ACRE PROJECT AREA IN THE EASTERN PORTION OF
THE CITY

RECOMMENDED ACTION

Planning Commission/Staff Recommendations: That the City Council:

1. **ADOPT** Resolution No. 2015-56. A Resolution of the City Council of the City of Moreno Valley, California, Certifying the Final Environmental Impact Report (P12-016), Adopting the Findings and Statement of Overriding Considerations and Approving the Mitigation Monitoring Program for the World Logistics Center Project.
2. **ADOPT** Resolution No. 2015-57. A Resolution of the City Council of the City of Moreno Valley, California, Approving PA12-0010 (General Plan Amendments) for the Proposed World Logistics Center Project to include Land Use Changes for Property within the World Logistics Center Specific Plan Area to Business Park/Light Industrial (BP) and Open Space (OS) and Properties outside of the World Logistics Center Specific Plan to Open Space (OS) and Corresponding General Plan Element Goals and Objectives Text and Map Amendments to the Community Development, Circulation, Parks, Recreation and Open Space, Safety and Conservation Elements.

3. **INTRODUCE** Ordinance No. 900. An Ordinance of the City Council of the City of Moreno Valley, California, Approving PA12-0012 (Change of Zone), PA12-0013 (Specific Plan) and PA12-0014 (Pre-Zoning/Annexation), which include the Proposed World Logistics Center (WLC) Specific Plan, Full Repeal of the Moreno Highlands Specific Plan No. 212-1, Pre-Zoning/Annexation for 85 acres at Northwest Corner of Gilman Springs Road and Alessandro Boulevard, Change of Zone to Logistics Development (LD), Light Logistics (LL) and Open Space (OS) for areas within the Proposed World Logistics Center Specific Plan Boundary, and a Change of Zone to Open Space (OS) for those Project Areas Outside and Southerly of the Proposed World Logistics Center Specific Plan Boundary.
4. **ADOPT** Resolution No. 2015-58. A Resolution of the City Council of the City of Moreno Valley, California, Approving PA12-0015 (Tentative Parcel Map No. 36457) for the Purposes of Establishing Twenty-Six (26) Parcels for Financing and Conveyance purposes, including an 85 acre parcel of land currently located in the County of Riverside adjacent to Gilman Springs Road and Alessandro Boulevard and which is included in the World Logistics Center Specific Plan.
5. **INTRODUCE** Ordinance No. 901. An Ordinance of the City Council of the City Of Moreno Valley, California, Approving PA12-0011 (Development Agreement) for the World Logistics Center Project which Real Estate Highland Fairview has Legal or Equitable Interest in, on approximately 2,263 acres, within the World Logistics Center Specific Plan area (2,610 acres), intended to be developed as High Cube Logistics Warehousing and related Ancillary uses generally east of Redlands Boulevard, south of State Route 60, west of Gilman Springs Road and north of the San Jacinto Wildlife Area.
6. **ADOPT** Resolution No. 2015-59. A Resolution of the City Council of the City of Moreno Valley, California, Requesting the Riverside Local Agency Formation Commission to initiate proceedings for the expansion of the City Boundary for approximately 85 acres of land located along Gilman Springs Road and Alessandro Boulevard (APN Nos. 422-130-002 and 422-130-003).

Recommendations: That the CSD:

1. **ADOPT** Resolution No. CSD 2015-29. A Resolution of the Moreno Valley Community Services District of the City of Moreno Valley, California, to Request the Riverside Local Formation Commission to initiate proceedings for the Expansion of the Community Services District Boundary to include approximately 85 acres of land located along Gilman Springs Road and Alessandro Boulevard in conjunction with a related Annexation (APN Nos. 422-130-002 and 422-130-003).

SUMMARY

The World Logistics Center (WLC) encompasses a project area of approximately 3,818 acres in the eastern portion of the City. The project area is generally bound by State

Route 60 on the north, Gilman Springs Road on the east, the San Jacinto Wildlife Area on the south and Redlands Boulevard on the west (Attachments 17 and 18). The project proposes to convert the land use and zoning potential for the area from a variety of residential, commercial, industrial business park, mixed-use and open space land uses to a predominantly industrial and open space based land use mix. Specifically, the industrial-focused Specific Plan would allow for subsequent development of up to 40,600,000 square feet of warehousing and distribution centers to complement anticipated market growth in logistics and goods movement demand. In addition to the proposed industrial land use, the project would result in a significant consolidation of Open Space zoning in the southwestern portion of the Specific Plan area and in the southern portion of the overall project area adjacent to the San Jacinto Wildlife Area. This consolidation would be consistent with the intended land use purpose envisioned in the current General Plan.

The project applications submitted by the project applicant Highland Fairview include: 1) General Plan Amendment, 2) Specific Plan and corresponding zoning atlas changes for approximately 2,610 acres of the total project area, 3) Pre-zoning of an 85-acre parcel within the proposed Specific Plan area that is identified for future annexation to the City of Moreno Valley, 4) A Tentative Parcel Map for financing and conveyance purposes only, 5) A Development Agreement for approximately 2,263 acres of the approximate 2,610 acre proposed Specific Plan, 6) Zoning atlas modifications for approximately 1,104 acres within the overall project area but outside of the proposed Specific Plan area for Open Space, while 104 acres is estimated for off-site improvement areas, and 7) Environmental Impact Report, prepared for the overall project.

The Planning Commission, at their June 30, 2015 meeting, recommended approval of the World Logistics Center Project by the City Council on a 6-1 vote.

DISCUSSION

The proposed World Logistics Center (WLC) project would establish clear City vision and development regulations for a significant portion of the eastern area of the City. The project area is primarily vacant today with seven existing developed rural residential properties. The development regulations currently in place for much of the project area are codified as the Moreno Highlands Specific Plan (MHSP), which was adopted April 17, 1992. Over the past twenty-three years, notwithstanding the MHSP being in place, the area has experienced nearly non-existent growth or development.

The proposed WLC project area encompasses approximately 3,818 acres in the eastern part of the City. The 2,610 acre WLC Specific Plan area is included within the overall project area. The Specific Plan establishes development framework for up to 40,600,000 square feet of industrial, logistics, high cube, warehouse and distribution center land uses and related "logistics support" uses. A 74.3 acre parcel located in the southwest corner of the Specific Plan area is proposed as Open Space. Project areas outside and south of the Specific Plan boundaries make up approximately 1,104 acres and are designated as Open Space zoning. Another 104 acres within the project area will accommodate offsite improvements. The project area is generally bound by State

Route 60 on the north, Gilman Springs Road on the east, the San Jacinto Wildlife Area on the south and Redlands Boulevard on the west.

Exhibit 2-1 of the Specific Plan shows the proposed Land Use Plan. As described on Exhibit 2-1, up to 40,400,000 square feet of high-cube warehouse (i.e. larger than 500,000 square foot buildings) logistics uses and "logistic support" uses (e.g. fueling, convenience retail) are proposed in the planning areas designated for "Logistics Development" (LD) zoning. Up to 200,000 square feet of smaller warehouse (i.e. less than 500,000 square foot buildings) are proposed in areas designated for "Light Logistics" (LL) zoning (Attachment 19). Allowance is provided in the Specific Plan for associated office and accessory uses to be conducted within the warehouse logistics uses. As described in the Specific Plan, logistics uses include facilities intended for storage, assembly and processing of manufactured goods and materials prior to their distribution to other facilities.

The project area and development intensity described in the Draft Environmental Impact Report, which was circulated for public review in early 2013, have since both been reduced. The project area was reduced by approximately 100 acres and the development intensity of the project was reduced by one million square feet.

The applicant has provided documents confirming it holds legal or equitable interest in approximately 2,263 acres within the 2,610 acre Specific Plan area, which was reviewed by special legal counsel. The remainder of the project area is owned by sixteen private entities, the Metropolitan Water District, San Diego Gas & Electric Company, Southern California Gas Company, and California Department of Fish and Game (Attachment 20).

The applicant's proposal is consistent with the Economic Development Action Plan adopted by the City Council in 2011, and updated in 2013. These Council-approved documents recognize opportunities to support the emerging logistics industry in the eastern portion of the City and the economic development potential of logistics development in the area of the proposed WLC. As cited by Highland Fairview, a February 2012 letter from the City Manager indicates that "the City has developed and is now implementing an aggressive economic development strategy which identified logistics as a prime area of focus and opportunity for development in the eastern portion of the city" and references "the City's intent to consider comprehensive General Plan and zoning amendments for the Moreno Highlands area to facilitate the development of logistics uses" (Attachment 21). This direction was subsequently supported by City Council action at a public meeting held on May 22, 2012 (Attachment 22).

The following summarizes discretionary entitlement applications requested with the project, including a description, staff analysis and staff and Planning Commission recommendations with each:

General Plan Amendment (PA12-0010)

Description

The applicant is requesting amendments to the Community Development Element, Parks, Recreation and Open Space Element, Conservation Element, Safety Element, and Circulation Element of the City General Plan that collectively set forth policy goals, and exhibits that allow for Open Space (OS) and Business Park/Light Industrial (BP/LI) land uses to occur in the project area, and which can facilitate development of the applicant's desired industrial logistics warehouse and distribution centers (Attachment 4).

Text and map modification to General Plan Elements include amendment of the Community Development Element related to modification of land uses, Parks, Recreation and Open Space Element for modification of existing multi-use trail configurations, open space and future parkland acquisition areas, Conservation Element to modify the Major Scenic Resources Map, Safety Element to modify noise contours and Fire Station Map, Circulation Element to change General Plan Street designations and roadway configurations, and General Plan Goals and Objectives to include a revised Circulation Plan, level of service (LOS) standards and Bikeway Plan Map. With regard to the circulation element one particular modification of note is the extension of Cactus Avenue easterly from its current terminus and realignment to turn north and join Alessandro Boulevard.

Analysis

The proposed General Plan Land Use Amendment would modify land use designations from the current general plan land use designations of business park, single-family residential, multiple family residential, commercial/retail, public facilities, and open space to Business Park/Light Industrial (BP/LI) and Open Space (OS). The proposed General Plan land use amendments would be consistent with the zoning established in the WLC Specific Plan which would allow industrial related land uses and related office, ancillary and logistics support uses. Land use change to Open Space (OS) is proposed for areas outside and to the south of the WLC Specific Plan which include California Department of Fish and Wildlife, San Diego Gas and Electric and the Southern California Gas Company properties.

The General Plan land use amendment to Business Park/Light Industrial would constitute a significant policy change for the eastern portion of Moreno Valley. The variety of land uses currently shown in the General Plan for this area of the city allow for business park/industrial, single and multiple-family residential, commercial/retail, mixed use, public and open space land uses. The land use change to Business Park/Light Industrial coupled with the proposed Specific Plan regulations would result in two principal land uses: industrial warehouse distribution centers and open space. The proposed land use changes that will reduce residential zoning potential are consistent with assumptions in the earlier 2011 Housing Element update, as well as the current Housing Element adopted on February 12, 2014. The reduction in housing units is consistent with a shift toward industrial zoning strategies and goals outlined in the City's 2011 and 2013 Economic Development Action Plans. A significant driver for the proposed land use change is to expand job producing land uses in the eastern portion

of Moreno Valley. The General Plan Amendment is expected to facilitate improvement in the existing low jobs to high housing imbalance. The shift in land use creates opportunity for a better positive ratio in overall future City revenue to cost figures; given residential land uses typically create a higher demand and cost for city services compared with non-residential industrial uses. The project and its potential for job creation, as envisioned, could substantially benefit the established, but currently under performing, commercial/retail developments located west of the project area. The project may provide momentum, need and interest for future office and hospitality land use development in other areas of the City.

The proposed Open Space land use changes would provide consistency and compatibility with the existing Open Space land use and established wildlife habitat areas. The project area proposed as Open Space, south of the southern edge of the proposed new Specific Plan area, is consistent with policy assumptions and text added to the General Plan when it was last updated in 2006. Those assumptions and text changes were provided in recognition of the acquisition of over 1,000 acres in that area by the California Department of Fish & Wildlife and the Sempra energy company with the intended purpose to maintain them as open area.

Recommendation:

The Planning Commission and staff recommend that the City Council approve the proposed modifications to General Plan text and maps.

Change of Zone (PA12-0012)

Description

The proposed Change of Zone application submitted for the WLC Specific Plan (2,610 acres) and areas outside and south of the WLC Specific Plan boundary (1,208 acres) will replace zoning predominantly for land currently within the Moreno Highlands Specific Plan (MHSP), as well as some properties in the project area that are not included in the Moreno Highlands Specific Plan. The proposal will change land use residentially zoned RA2 (96 acres), R3 (133 acres), R5 (60 acres), and R5/R10 (9 acres) and land use established within a Planned Residential Community that included Residential Development (1,359 acres), Golf Course and Open Space (702 acres, Neighborhood Commercial (10 acres), Cemetery (16.5 acres) and Public (348 acres) and a Planned Business Center that included Business Park (361 acres), Mixed Use (80.5 acres), Community Commercial (16 acres), Open Space (78 acres) and Public Facilities (67 acres). The newly proposed zoning within the WLC Specific Plan boundaries, which would allow for primarily industrial warehouse and ancillary uses, would be consistent with proposed land uses established within the proposed WLC Specific Plan. Proposed modifications in land use and zoning are consistent with the proposed General Plan land use amendments and allow for a small variety of industrial related land uses including high cube logistics warehouse uses, ancillary office uses, self-storage and vehicle storage uses. The Open Space (OS) zone, which includes a 74.3 acre area in the southwestern portion of the WLC Specific Plan, would remain as open space.

Analysis

The Change of Zone (PA12-0012) request proposes to establish Logistics Development (LD), Light Logistics (LL), and Open Space (OS) zoning designations for a proposed warehouse/logistics master planned project on an approximately 2,610 acre portion of land within the WLC Specific Plan. Zoning proposed within the Change of Zone application would be consistent with that which is proposed within the Specific Plan for the project. Specific zones would include Logistics Development (LD) proposed for approximately 2,384 acres allowing for high cube warehouse uses to include buildings with a minimum square footage of 500,000 square feet. Ancillary office uses would also be a permitted land use within the category. Logistics support uses to include motor fuel sales and related retail sales when operated in connection with a primary fuel operation use are also permitted within the zone. The Light Logistics (LL) zone, which is included as part of an approximate 37 acres of the Specific Plan, would allow for warehouses buildings and related ancillary uses less than 500,000 square feet with no minimum square footage requirement. A 74.3 acre site in the southwestern portion of the Specific Plan is proposed as Open Space (OS).

The proposal will also include zoning modifications outside the WLC Specific Plan Area that was originally included within the Moreno Highlands Specific Plan (MHSP). This will include a zone change to Open Space (OS) for areas to the south of the WLC Specific Plan which includes primarily the 910 acre California Department of Fish and Wildlife (CDFG) land that is provided for habitat use and the 174 acre San Diego Gas and Electric properties which are primarily used as an open space noise attenuation buffer area around their property. The 20 acres of land owned by SDG&E and the Southern California Gas Company currently used for natural gas facilities is zoned for Public Utility use and is not a part of the WLC Specific Plan or a component of the request to modify zoning outside of the WLC Specific Plan boundary. Permitted uses under the OS zone would include agricultural uses, animal raising, police stations, museums, wholesale and distribution plant nurseries, and parks, while conditionally permitted uses would include equestrian centers, day care centers, golf courses, open air theaters, and public utility stations/yards.

As a result of the proposed project, the 3,038 acre MHSP will be repealed and replaced with the WLC Specific Plan and proposed Open Space (OS) land use and zoning designations south of the WLC Specific Plan boundary. A remnant 16.5 acre parcel included in the MHSP located north and east of Gilman Springs Road is not included in the WLC Specific Plan or in an area included within the overall project area. Land use designation of Open Space (OS) would remain if the WLC project is approved. The remnant 16.5 acre parcel of land leftover from the proposed repeal of the MHSP will establish consistent zoning with the General Plan Open Space designation, and staff will present this consistency modification at a later date. Pursuant to Government Code Section, 65860c, "in the event that a zoning ordinance becomes inconsistent with a general plan by reason of amendment to the plan, or to any element of the plan, the zoning ordinance shall be amended within a reasonable time so that it is consistent with the General Plan as amended."

Recommendation:

The Planning Commission and staff recommend that the City Council approve the proposed Change of Zone.

Specific Plan (PA12-0013)

Description

The proposed WLC Specific Plan will serve as the regulatory framework and implementation tool for future development within the WLC Specific Plan area. The WLC Specific Plan document includes development standards, list of allowable land uses, building and landscape guidelines; on and off-site design standards, infrastructure requirements, maintenance regulations, and other pertinent regulations to ensure a sustainable high quality enclave of the City. Government Code Section 65450 establishes that a Planning Agency may prepare a specific plan for the systematic implementation of the General Plan for all or a part of the area in the City covered by the General Plan. The Municipal Code, Title 9, will serve as the regulatory framework for the portions of the overall project area not included in the WLC Specific Plan boundary.

Specifically, the proposed WLC Specific Plan is a master plan for the development of up to 40.6 million square feet of high-cube logistics warehouse distribution facilities and related ancillary uses. The proposed project includes a 2,610 acre Specific Plan to implement future development and establish comprehensive land use regulations governing the proposed project, including zoning, project infrastructure, location of public improvements such as a required fire station, permitted uses and development standards in each of the zones (primarily industrial warehouse uses), building architecture (including building form/massing and façade treatments), street configurations (including roundabout locations), landscape guidelines, multi-use trail configurations and project phasing.

Analysis

The WLC Specific Plan establishes sixteen (16) separate planning areas for future development. Exhibit 2-1 in the WLC Specific Plan document serves as the land use plan (Attachment 19). The Exhibit shows the sixteen planning areas numbered as 1-12, 20-22, and 30. The Exhibit contains further details with regard to size of each planning area, land use category for each planning area, and anticipated square foot of building development for each planning area. As plot plans for industrial development have not been submitted at this time, the Plan will act as an implementation tool that will provide development standards and allow for future build out of fifteen (15) of the planning areas within the WLC Specific Plan boundary area. The sixteenth planning area is designated for Open Space purposes. It is anticipated that development of the project would occur over time in the form of multiple separate independent projects of varying sizes and configurations. Each of these future projects would be required to be

consistent with the General Plan and zoning and would comply with all applicable regulations of the WLC Specific Plan.

The WLC Specific Plan identifies the type and intensity of land uses permitted within the project. For example, LD land use district will allow for larger high cube logistics warehouse buildings (500,000 square feet or greater) with ancillary office uses as well as facilities for vehicle and container storage, cellular transmission facilities, construction yards, a motor fuel facility and public utility uses. The LL category allows for such uses as smaller high cube logistics warehouse buildings (500,000 square feet or less), self-storage uses, vehicle and container storage, construction yards within or immediately adjacent to construction sites, cellular transmission facilities and public utility uses. Proposed OS zoned areas will be designated for the 74.3 acre parcel located in the southern area of the WLC Specific Plan site as well as parcels outside and south of the WLC Specific Plan boundary down and adjacent to the San Jacinto Wildlife area. All uses and development within the OS designation areas shall comply with the standards, guidelines, and procedures set forth Section 9.06.030 of the Municipal Code.

In order to provide greater compatibility between current residential land uses that are included west of the project site and proposed industrial land uses, the applicant has proposed a buffer area considered as a 250 foot edge treatment area that will be established to create buffers between the project site and adjacent existing land uses. Two distinct buffer or edge treatment areas occurring within the project site, include the Redlands/Bay/Merwin/Street D edge located on the north portion of the project site adjacent to existing residential properties located west of the WLC Specific Plan boundary near Redlands Boulevard, and the San Jacinto Wildlife area edge located outside and south of the WLC Specific Plan boundary area. The San Jacinto Wildlife area edge is located on the southern portion of the project site currently adjacent to designated wildlife areas. This area will include a restricted use area of at least 250 feet from state owned property. In addition to the 250 foot restricted area, additional setback will be provided such that all buildings are a minimum of 400 feet from the San Jacinto Wildlife Area.

A phasing plan is included within the WLC Specific Plan. Project phasing and development within the WLC Specific Plan is expected to occur in two large phases, starting in the western portion of the site south of Eucalyptus Avenue and progress easterly and southerly. The phasing concept is based on beginning construction where infrastructure presently exists and expanding to the south and east. The first phase will include development primarily in the western portion of the WLC Specific Plan, with final phases of development on the eastern portion of the project. As analyzed in the EIR, it is anticipated that the first phase of development will be completed by the year 2022, and could achieve 50% of the entire project or approximately 20,300,000 square feet of logistics warehouse development. The second phase is anticipated to be completed by 2030 and include the remaining 50% of the project or 20,300,000 square feet of warehouse development. The projected time lines are based on the project starting development in 2015, with the actual build out years subject to fluctuations depending upon various conditions. The actual timing of development will be dependent upon numerous factors, including interest by building users, private developers and local,

regional, and economic conditions. A Development Agreement, which is discussed in more detail later in this staff report, has also been requested by the applicant as a means to secure long term vesting of the approvals. The Development Agreement contains provisions that are intended to motivate timely development of the project, along with negotiated public benefits that would apply with, and some without, progress in physical development.

In securing a new specific plan for the WLC project, the existing MHSP would be repealed. The MHSP includes 3,038 acres and was approved for approximately 7,763 residential dwelling units and approximately 603 acres of Business Park, Retail, Residential, Open Space, and Public/ Institutional land uses. A Development agreement for the MHSP expired on September 12, 2012.

Recommendation:

The Planning Commission and staff recommend that the City Council approve the proposed WLC Specific Plan and repeal of the existing MHSP.

Pre Zoning/Annexation (PA12-0014)

Description

The WLC Specific Plan Area includes a triangular shaped 85 acre area of land (made up of two separate parcels) west of Gilman Springs and north of Alessandro Boulevard that is currently within the jurisdiction of Riverside County. The area is within the City's Sphere of Influence, and the applicant has demonstrated that they hold a legal or equitable interest in the property. A pre-zoning/annexation application has been submitted by the applicant to incorporate the two parcels of land into the City of Moreno Valley. This project proposes to pre-zone the property as Logistics Development (LD) within the proposed Specific Plan, and it is anticipated that the zoning would carry forward with the intended subsequent annexation.

Analysis

The project includes completion of the annexation process for an approximate 85-acre area located on the north side of Alessandro Boulevard at Gilman Springs Road within the County of Riverside. The first step has already been provided to make this parcel part of the City, as the parcel has been included in the City's Sphere of Influence since 1985. The proposed WLC project furthers the annexation with General Plan land use designations and pre-zoning for this parcel, with the intent to incorporate the property into the WLC Specific Plan.

The annexation of additional land in the City's Sphere of Influence will require review and approval by the Riverside County's Local Agency Formation Commission (LAFCO). The current review of the area to be annexed and approval of the tentative map would establish "pre-zoning" of the area in advance of the final annexation action by LAFCO. The proposed annexation is reviewed by the agency once the environmental analysis

has been certified and the project is approved by the City and an application is submitted.

Recommendation:

The Planning Commission and staff recommend that the City Council approve the proposed Pre-zoning of the identified 85 acres, consistent with zoning described in the WLC Specific Plan, for future annexation of the property into the City of Moreno Valley.

Tentative Parcel Map (PA12-0015)

Description

Tentative Parcel Map No. 36457 proposes the subdivision of a portion of the project site into separate large parcels for financing and conveyance purposes. The tentative parcel map identifies twenty-six (26) parcels within the World Logistics Specific Plan area. This map does not create any development rights for the subdivided properties. Subsequent subdivision applications will be required to be processed, approved and recorded prior to the development of any future buildings on the properties within the WLC Specific Plan area. The tentative map along with the pre-zoning/annexation application will also serve as the mechanism for including the resulting 85 acre parcel, within the proposed map, which is currently within the County of Riverside jurisdiction, to be subsequently annexed into the project site and the City of Moreno Valley.

Analysis

The proposed map is for financing and conveyance purposes only and does not create any development rights for the subdivided properties. Upon consideration of the map by the Planning Commission, it was noted that the numbering of the General Notes needed some minor correction and the Commission requested that Condition P8 in the corresponding Resolution for the map be clarified to ensure that only Parcel 26 and not all of the WLC Specific Plan project area was subject to future annexation. These corrections have been made in the materials presented with this staff report.

Recommendation:

The Planning Commission and staff recommend that the City Council approve the proposed Tentative Parcel Map No. 36457.

Development Agreement (PA12-0011)

Description

The applicant has requested a Development Agreement (DA) as part of the WLC Specific Plan. The following are general considerations noted with regard to a DA:

- A DA is a negotiation entitlement tool used to lock in ("vest"), for an extended/specified period of time, the underlying approved land use entitlements along with parameters for certain development regulations, fees, processing procedures, and policies, etc. that would be applied to subsequent development approvals in implementing the project and improvements which, in the absence of the DA, would be subject to periodic changes outside of the control of the parties.
- Authority/Approval – Per Municipal Code Section 9.02.110(D)(2) a DA requires review through the Planning Commission with final action by the City Council. The DA is not a "required" approval for the World Logistics Center project. The General Plan Amendments, Zone Change, Specific Plan, Parcel Map, and pre-zoning for the 85 acre future annexation parcel can all be approved without an accompanying or subsequent DA. Approval of the DA is simply contingent upon mutual agreement of the parties entering into the agreement.
- In exchange for longer vested rights to the developer, through a DA the City seeks public benefits above and beyond any required developer obligations. The public benefits are not subject to a nexus finding and do not have to be directly associated with the development project.

The proposed DA has been vetted through multiple negotiation sessions between the applicant's team and City negotiation team. Both teams included legal representatives and used appropriate technical and fiscal expertise as warranted to perform a thoughtful, comprehensive assessment of the elements structured in the DA. The recommended DA represents the collective interests of both parties to provide for the future timely and efficient development of the project. As the applicant does not own all parcels within the proposed 2,610 acre WLC Specific Plan project area, only those properties that the applicant has demonstrated a legal or equitable interest in (2,263 acres) within the boundaries of the WLC Specific Plan area are subject to the DA.

For a DA the City Council has the approval authority to evaluate and determine whether or not the anticipated public benefits of the project coupled with the additional public benefits established in the DA are a fair exchange in allowing for the longer term vested development rights for the applicant. In negotiating the DA, it was noted that the WLC project presents a unique opportunity to expand the City's property and sales tax, generate construction employment and new permanent employment opportunities for Moreno Valley residents, and thereby improve the present jobs and housing imbalance that exists in the City.

Analysis

The following are key provisions in the DA:

Term: The DA contains up to a 25-year term. The initial Term would be for fifteen (15) years, and provisions are included for a ten (10) year extension. Specifically, Section

3.5 of the DA states that the Term will not be extended for the additional 10 years unless within the first 15 years at least 8,000,000 square feet of occupied development is achieved and a payment of \$1,000,000 is made to the City, or 12,000,000 square feet of occupied development is achieved, in which case no additional payment would be due to the City. If less than 8 million square feet is achieved, the DA would terminate at the end of the 15th year.

Development Impact Fees ("DIF"): The developer will be obligated to participate in the City DIF programs included in Section 1.5 of the DA. The definition includes the current DIF categories in the City's current Municipal Code; traffic and fire DIF are excluded in lieu of other DA provisions that ensure developer commitments to traffic and fire station infrastructure. Section 4.7.1 of the DA includes language to ensure any future increases to DIF will be applied at the time of development.

Payments and Reimbursements: Payments and reimbursements for infrastructure, including any oversized and/or accelerated infrastructure put in place by the developer, will be processed in accordance with the current provisions of Section 9.14 of the Municipal Code. This is addressed in Section 4.8 of the DA. No unique or specialized provisions for reimbursement are included within the DA that is not typically available to other development projects.

Fire Station and Equipment: The developer shall, at its own cost, provide a fully constructed, fully equipped "turnkey" fire station and fire station site, including fire equipment, as specified by the City's Fire Chief. The fire station's furniture and fixtures shall be reasonably comparable to those of the most recently completed fire station within the City. The fire station, equipment and trucks shall be provided as and when directed by the Fire Chief. This is included in Section 4.9 of the DA.

SR-60 Enhancements: The developer will contribute up to \$500,000 to be used to develop landscape, signage, and bridge architectural guidelines for SR-60 between Redlands Parkway and Gilman Springs Road, based on a 10:1 match of City funds budgeted for the same. This is included in Section 4.13 of the DA. It is noted that this provision will require allocation up to \$50,000 of City funds in order to gain the full developer contribution.

Force Majeure: Force majeure provisions in the DA were expanded to cover economic or environmental/physical conditions (such as lack of utilities) that could arise and be beyond the developer's control which would make development uneconomic or infeasible. If any such events occur, the Term of the DA shall be extended for the duration of each such event, provided that the Term shall not be extended under any circumstances for more than three (3) years regardless of the number or length of individual extensions. This is included in Section 11.9 of the DA.

Local Hiring and Education, Library, Training and Workforce Development Funding: The developer will participate in the new City Council approved Hire MoVal Incentive Program. In addition, to ensure residents of Moreno Valley are provided

education resources and obtain every opportunity to secure the jobs which will be created by the operation of the WLC, the developer will contribute up to \$6,993,000 towards education and training programs tied to the logistics industry. The funds related to these provisions will begin to flow in to the City immediately with an initial \$100,000 payment, and subsequent \$100,000 annual payments for the next six (6) years. At year seven the annual payments increase to \$125,000 through build out. One million dollars (\$1,000,000) is to be contributed by the developer at the issuance of the first building permit for a logistics building on the Subject Property and \$0.11/square foot to be paid at the time of the issuance of the building permit for each succeeding building, excluding the fire station. The provisions are included in Sections 4.11 and 4.12 of the DA.

Air Filtration:

In the version of the DA presented to the Planning Commission, the developer and city staff agreed that the developer provide air filtration improvement at three (3) of the existing residences in the project area. Upon discussion of this provision in the DA the Planning Commission requested a modification to increase this commitment to include all seven (7) existing homes. During the course of the discussion with the Planning Commission, Highland Fairview agreed to the requested change. Therefore, Article 4, Section 4.14, of the DA presented for City Council consideration includes the provision for air filtration systems for all seven (7) rural residential homes within the boundaries of the WLC Specific Plan. The revised DA is included as an attachment to this report (Attachment 11).

Public Benefits: Exhibit No. A-3 was included in the DA to clearly identify the full list of Public Benefits that will result with approval of the DA.

Recommendation:

The Planning Commission and staff recommend that the City Council approve the proposed Development Agreement.

Environmental Impact Report (P12-016)

Description

Based on scope of the project, a Program Environmental Impact Report (EIR) was prepared. Due to the large project size and expansive land area, proposed phasing of the future development of industrial buildings has been considered, in which subsequent individual project applications for development will occur. Therefore a programmatic EIR rather than a project EIR has been prepared. Allowances within the California Environmental Quality Act (CEQA) Guidelines will allow the subsequent development project level environmental review to tier off of this program level document when those subsequent development proposals are submitted.

Analysis

The City has adhered to the CEQA Guidelines in the environmental review of this project. Notice of completion and availability for public review of the draft environmental

impact report (DEIR) document was circulated on February 5, 2013, with the comment period ending on April 8, 2013. This offered more than a 60-day review period, which exceeded the 45 day review period required by CEQA for a DEIR. In fact, the City accepted comments well past the 60-day review period for the project and those comments have been considered and included with the Final EIR (FEIR).

The DEIR document was sent to numerous state and local agencies, adjacent property owners and other interested parties. Staff received approximately 144 comment letters and over 1,000 individual comments in relation to the public review period of the DEIR. Subsequent to DEIR process and public comments, the project area was reduced by approximately 100 acres and 1 million square feet of development intensity.

All interested parties and responsible agencies were provided the opportunity to review responses to comments in the FEIR which was publically available May 1, 2015, to all parties providing comment letters and other interested parties. This was 41 days in advance of the first public hearing session by the Planning Commission, and was more than 100 days in advance of the City Council public hearing. This period far exceeds the 10 day review period required by CEQA Guidelines. As was the case with the DEIR, the FEIR in its final form was provided for the public's review at City Hall, the public library and electronically on the City's website.

In briefly summarizing the key points of the document, analysis presented in the DEIR indicates that the proposed project will have certain significant environmental impacts to, Aesthetics, Air Quality, Land Use, Noise, and Traffic/Circulation as described in detail in both the DEIR and FEIR that cannot be reduced to less than significant levels even with proposed mitigation in place. As identified in the document, cumulative impacts for the noted items above are considered to be significant and unavoidable for these five items. The EIR presented mitigation measures, which, to the extent feasible, will reduce project-specific and cumulative impacts for each of these items; however in some instances this did not reduce impacts below significant thresholds. All other environmental effects evaluated in the DEIR have been determined to be less-than-significant, or can be successfully mitigated below significant thresholds. All mitigation measures are included in the Mitigation Monitoring and Reporting Program established by the FEIR (Attachment 3).

As presented, the five (5) environmental impacts of aesthetics, air quality, land use, noise and traffic/circulation evaluated in the DEIR and FEIR remain significant and unavoidable and a cumulative impact even with mitigation measures provided. For aesthetics, Mitigation Measures (MM) 4.1.6.1 A through D have been included that provide plans prior to project development for maintaining a 250 foot setback area measured from the city zoning boundary line to any building or truck parking area, the inclusion of visual plans demonstrating screening of the project from existing residents and MM 4.1.6.2, 4.1.6.3 and 4.1.6.4 which include view protection of Mount Russell and light and glare restrictions/analysis of proposed solar panels for any future development. Mitigation measures for air quality include MM 4.3.6.2A through 4.3.6.2D, 4.3.6.3A, through 4.3.6.3E, and 4.3.6.4A which include measures such as the required inclusion of Tier 4 construction equipment, restriction of trucks that fall below 2010 engine emissions standards from entering project areas and limitation of truck idling to three (3)

minutes all in an effort to reduce air pollutant emissions. For Noise, mitigation measures have been added for short-term construction noise levels as provided in MM 4.12.6.1 A through J to include the requirement of a Noise Reduction Compliance Plan, restrictions on grading during nighttime hours, potential sound barriers, as well as measures for long term traffic and operation noise to include MM 4.12.6.2A through 4.12.6.4A for the requirement of building specific noise studies, the potential for sound walls and maintenance of buffer areas. The WLC Specific Plan also has been designed to direct truck traffic away from residential areas. Traffic/circulation measures include MM 4.15.7.4A through 4.15.7.4G which includes a traffic impact analysis, dedication of right of way consistent with the Subdivision Map Act for frontage street improvements and payment of Transportation Uniform Mitigation (TUMF) fees. Land use/Planning remains a significant and unavoidable project impact with no feasible mitigation measures available in regards to future development affecting seven single-family residential homes and the fact that the WLC Specific Plan cannot accommodate these residences within logistics warehousing areas.

Alternatives to the proposed project were analyzed in the FEIR include:

- **No Project/No Development** – Site would be void from development and remain in dry farming with some rural residential uses
- **No Project/Existing General Plan Alternative** - Includes land uses currently included on the City's General Plan (i.e. MHSP land uses).
- **Alternative 1: Reduced Density** – Site would include development of approximately 29 million square feet of logistics warehousing uses on the 2,610 acre WLC Specific Plan site.
- **Alternative 2 Mixed Use A Alternative** - Would result in 1,410 acres or 22 million square feet designated for logistics warehousing, 1,000 acres or 20 million square feet of light manufacturing, assembly or business park, 50 acres or 500,000 square feet of retail commercial, 100 acres or 1 million square feet of professional/medical offices and 150 acres of open space.
- **Alternative 3 Mixed Use B alternative** - Would be similar to the no project/existing General Plan Alternative, but with 10 million square feet of logistics warehousing on the 603 acres proposed for business, retail, institutional and other uses under the MHSP.

Alternative sites for the project are also evaluated in the FEIR. Due to the size and nature of the project, no feasible alternative sites were found in any of the eleven (11) jurisdictions evaluated. From the analysis of the five project alternatives, the environmentally superior alternative was Alternative 1 (Reduced Density), which is the only alternative that reduces traffic, air quality and related impacts by reducing the total square footage of warehousing by 30 percent. As stated in the FEIR, it was determined that Alternative 1 does not achieve the objectives to the degree of the proposed project and particularly does not meet most of the major project goals primarily because the project's industrial square footage is reduced by 30 percent.

Although impacts to aesthetics, air quality, land use, noise, and traffic/circulation cannot be reduced to less than significant levels, CEQA allows for a Statement of Overriding

Considerations and findings to be prepared and considered. CEQA requires the decision making agency to balance the economic, legal, social, technological or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the proposed project. This would include project benefits such as the potential creation of jobs, reduction of the jobs housing imbalance, increase in City revenue or other project benefiting aspects including the furthering of General Plan goals and objectives that can be weighed against project environmental impacts that cannot be mitigated to less than significant levels. If the benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable" as allowed for under CEQA. The Statement of Overriding Consideration and corresponding findings are attached to the report as Attachment 3 for review and consideration.

Recommendation

With all required mitigation measures included in the Mitigation Monitoring and Reporting Program, and with inclusion of the Statement of Overriding Considerations which weighs benefits of the project against the potential project environmental impacts, certification of the FEIR by the City Council is recommended by staff and the Planning Commission.

KEY PROJECT CONSIDERATIONS

The following is a discussion of the project area and how the proposed Specific Plan has been developed in a considerate fashion in light of the opportunities and constraints presented by the project environs, with both local and regional focus.

Site

The project area is predominately vacant, undeveloped, and marginal agricultural land. There are seven occupied residential single-family homes with associated ranch/farm buildings in various locations in the project area, but are not all contiguous properties. Established single-family development and subdivisions are located west of the project area just west of Merwin Street and south of Bay, and along the west side of Redlands Boulevard between Bay Street and Dracaea. The Skechers high-cube warehouse facility is located west of Theodore and north of Eucalyptus immediately outside of the project area.

The 3,038-acre Moreno Highlands Specific Plan (MHSP) is currently in place and constitutes the land use and development regulations for the majority of the project area. Land use and development regulations for those properties within the project area but outside of the MHSP are established in Title 9 of the City Municipal Code. The MHSP is a master planned, mixed-use community concept consisting of up to 7,763 residential dwelling units on approximately 2,435 acres and approximately 603 acres of business, retail/commercial, institutional, and other uses. Development within the MHSP area has been essentially non-existent since the MHSP was approved in 1992. The development agreement approved with the MHSP expired in 2012.

Surrounding Area

Surrounding developed industrial properties in the vicinity of the proposed project include the 1.8 million square foot Skechers and 800,430 square foot Aldi warehousing logistics and distribution centers located south of State Route 60, west of Theodore Street and west of Redlands Boulevard respectively. Several residential neighborhoods have developed along Redlands Boulevard to the west and south of the western boundary of the proposed WLC Specific Plan. An area of the City known as "Old Moreno" is situated near the southwest portion of the project site, around the intersection of Redlands and Alessandro Boulevards. The major roadways that provide access to the project area are SR-60 to the north, Redlands Boulevard to the west, Alessandro Boulevard which traverses the site east-west, Gilman Springs Road to the east, and Theodore Street which traverses the site north-south. Redlands Boulevard and Theodore Street are north-south arterial roadways that intersect with SR-60. The Moreno Valley Ranch residential community and Golf Club is located approximately one mile southwest of the project area.

Limited development has occurred adjacent to the eastern and southern boundaries of the project, which include the "Badlands" to the east and the San Jacinto Wildlife Area to the south. Gilman Springs Road serves as the eastern City boundary and areas on the east side of the road are within the City's sphere of influence. There are approximately ten (10) large custom single-family homes in the area east of Gilman Springs Road near the project site. The Badlands Sanitary Landfill, operated by the County of Riverside Waste Management Department, is located approximately 1.5 miles northeast of the project area.

Immediately south of the proposed project is the San Jacinto Wildlife Area (SJWA), Mystic Lake, and the Lake Perris State Recreation Area. These lands are state-owned and access is restricted. The SJWA is owned and operated by the California Department of Fish and Wildlife (CDFW) and contains approximately 20,000 acres of restored wetland and ponds. The Lake Perris State Recreation Area is owned and operated by the California State Parks Department and contains approximately 6,000 acres of open space land, which is used both for recreation and preservation.

The closest large-scale commercial/retail developments are located south of State Route 60 at Moreno Beach Drive, approximately 1.25 miles to the west of the proposed project, and south of State Route 60 at Nason, approximately 1.5 miles to the west of the proposed project area. These shopping complexes include the Moreno Valley Auto Center, Walmart, Target and the Stonegate Center along with a variety of restaurants and ancillary commercial and service uses.

Access/Parking

The revised General Plan Circulation Element and the Specific Plan's Circulation Plan provide a framework for the movement of vehicles in and around the World Logistics Center project area. The Specific Plan document provides details on the road/street designations, right-of-way design, and road improvement thresholds. Access and

parking for future developments on the individual parcels would be reviewed and approved against these regulations under their respective separate plot plan reviews.

Access to the WLC Specific Plan area is expected to be through the Theodore Street/SR-60 interchange, Eucalyptus Avenue (between Redlands Boulevard and Theodore Street), Gilman Springs Road at Alessandro Boulevard, and through the proposed extension of Cactus Avenue to Alessandro. It is noted that truck access would be restricted on Cactus Avenue so ONLY passenger vehicles would use Cactus Avenue. Within the WLC Specific Plan area the circulation system is essentially a loop system off of the Theodore Street backbone. The interior arterials will connect through three roundabouts to control traffic flow. The circulation system is intended to direct truck traffic access to Theodore Street from Highway 60 and to a lesser degree Alessandro from Gilman Springs Road. Again truck access via Cactus Avenue would not be allowed. The interior street network is also expected to accommodate bus access, pedestrian infrastructure and bicycle infrastructure.

Due to the anticipated truck traffic within the proposed WLC Specific Plan, the Master Plan multi-use trails have been laid out to avoid the interior loop roads by routing from Redlands Boulevard around Eucalyptus, Street B, Street F, Alessandro Boulevard, to Cactus and back to Redlands Boulevard. The WLC Specific Plan proposes a trail connection around the Old Moreno neighborhood along Bay Avenue and Merwin Street. The proposed Cactus Avenue trail would continue east at the base of the hills to connect to Davis Street and the San Jacinto Wildlife Area.

As included in the WLC Specific Plan, all future truck loading and parking areas for individual buildings and uses will be screened from public view and buffered by walls and dense landscape areas. In addition, vines shall be placed near walls along all designated truck loading/parking areas.

Design/Landscaping

Site design and architecture guidelines are included within the WLC Specific Plan and would be applicable to individual projects and plot plans submitted for subsequent development review and permitting. The design standards provide for compatible contemporary and sustainable designs that minimize resource and energy consumption. The WLC Specific Plan establishes building height limitations throughout the project as described on Exhibit 5-3 Building Height Plan of the WLC Specific Plan, with limits of 60 feet in areas designated as Area A and limits of 80 feet in Area B.

All buildings in the WLC that are 500,000 square feet or greater shall be designed to meet or exceed LEED Certified Building Standards. Building design under LEED would assist in reducing energy consumption by incorporating sustainable design features to further reduce the project's environmental footprint such as the inclusion of recycled building materials and the use of roof-mounted solar systems.

The WLC Specific Plan includes landscape design standards for the project site that will ensure reduced consumption of water compared to conventional landscaping concepts. These regulations will meet goals of the Moreno Valley drought tolerant landscape

ordinance. The WLC Specific Plan contains an extensive palette of drought tolerant plants and requires individual development projects to install this drought tolerant landscaping and to utilize onsite runoff to irrigate landscaped areas. The WLC Specific Plan calls for a substantial landscape treatment along the project area western boundary to provide an aesthetic buffer between the existing and future residential development and the planned warehouse buildings and truck activity areas. For areas not located along the western boundary, landscaped areas would be grouped by water needs and only utilize drip irrigation systems along Theodore and the perimeter of the project. The future design of the project will direct runoff to landscaped areas and employ techniques to promote percolation and water capture.

As part of the master plan design Section 4.2.4 of the WLC Specific Plan identifies Special Edge Treatment Areas and Design Criteria. A 250 foot landscape edge treatment area will be established along the west and southwest portions of the project adjacent to existing and planned residential land uses. An additional setback is included in the southwestern portion of the area and along Gilman Springs Road. Land use restrictions within these areas would exclude items such as buildings, truck loading areas, truck circulation areas or truck/trailer storage uses. Items such as employee/visitor parking, emergency access and property maintenance for hardscape and landscape areas would be allowed in the buffer area. The San Jacinto Wildlife area edge is located on the southern portion of the project site currently adjacent to wildlife uses and will include an additional setback in addition to the 250 foot buffer area between the conservation area and buildings so that the minimum distance will be 400 feet.

Infrastructure Improvements

Development within the WLC Specific Plan will require various infrastructure improvements. Local roadways and intersections necessitate by and/or impacted by project traffic will be constructed and/or improved. Mitigation measures are included in the mitigation monitoring program, consistent with the findings of the traffic study, to address the project responsibilities towards both local and regional transportation infrastructure. Electrical service would need to be extended from the Moreno Beach substation to the project area. Electric power lines along Gilman Springs Road would be relocated when that road is widened. Providing potable water to the site will require the construction of three new reservoirs, one north of SR-60 off of Theodore Street, one east of Gilman Springs Road near the northeast corner of the site, and one west of the project site off of Cottonwood Avenue. Gas and sewer lines will also be extended to the project site. The existing County drainage channel near the southwest corner of the site will be improved to handle increased flows from project runoff.

Public Comments since May 1st

In addition to public comments generated on the DEIR in early 2013 and through other prior public outreach, the City received approximately 700 letters and/or e-mails from various agencies, environmental groups and the general public since the release of the FEIR on May 1, 2015. All correspondence received through June was provided to the

Planning Commission, on a rolling basis, at their meetings of June 11th, 25th or 30th. These comments, and all additional comments that have been received after the June 30th Planning Commission hearing are included with this report for City Council consideration. The written correspondences submitted are included in Attachments 26 and 27 to this staff report.

All comment letters were reviewed by City staff and LSA Associates Inc., the consultant who prepared the DEIR and FEIR. It is staff's understanding that most, if not all, of the correspondence received has also been reviewed by the project applicant's team. LSA prepared individual memorandums to city staff for consideration that reflect the consideration and input of technical experts and environmental professionals who considered the various comments received. LSA, where appropriate grouped together a consensus response to similar topics, comments and content reflected in the comment letters and e-mail correspondence.

The key topics noted were particularly related to:

- Air Quality and Greenhouse Gas analysis;
- Health Risk Assessment analysis, particularly with regard to diesel emissions and cancer risk, and application of findings of the Health Effects Institute (HEI) study (*Note: It is noted for City Council information, given the expressed public and other agency concerns, that the City's Planning Official contact Dr. Dan Greenbaum, President of HEI directly in June to discuss the stepped methodology used in the FEIR analysis that included using proper EMFAC (emission factor model) data, following CARB adopted OEHHA Guidance, and then consideration of the HEI ACES study, and Dr. Greenbaum noted that the multiple step process employed was proper*);
- Traffic impacts and assurances for fair-share contributions to regional roadways;
- Requests for recirculation of the FEIR;
- Scale of the warehouse development and limitations on land use mix and types of jobs created

Staff and the environmental consultant team will be prepared to answer any additional questions the City Council may have on these topics and/or the response memorandums.

In addition to the letters of concern with the project, over 500 handwritten letters were also received in support of the project. It is noted for City Council information that these same letters were copied to the Riverside County Board of Supervisors, and city staff was notified directly that the County Supervisor whose jurisdiction includes the project area did confirm receipt of the letters.

Approximately sixteen (16) comment letters were received from public agencies. A few of the agencies sent more than one comment letter. As follow-up, the City contacted the following agencies to schedule one-on-one meetings to discuss their comments: California Air Resources Board (CARB), South Coast Air Quality Management District (SCAQMD), the Riverside County Transportation Commission (RCTC), Riverside County Transportation and Land Management Agency (TLMA), California Department of Transportation (Caltrans) and the City of Riverside. As of the date of preparation of this report meetings have been held with each of the agencies, except for the City of Riverside which meeting is scheduled for August 11, 2015.

The City also met with two individual land owners who own property within the project area. The purpose of the meetings was to discuss interests of the property owners with regard to future land use, roadway configuration, and utility development on or near their property. This included one property owner adjacent to the proposed reconfigured Cactus Avenue located outside and to the west of the WLC Specific Plan, and a second property owner (Pauw property) located adjacent to Eucalyptus Avenue just east of Theodore Street within the boundaries of the WLC Specific Plan.

As is also discussed below with respect to the Planning Commission consideration, it is noted that all of the new comments received have been considered carefully by the staff, the environmental consultant, and are made available to the City Council for its consideration. However, Section 21092.5(c) of the CEQA guidelines specifically states:

"Nothing in this section requires the lead agency to respond to comments not received within the comment periods specified in this division, to reopen comment periods, or to delay acting on a negative declaration or environmental impact report."

Section 15204(a) further provides that:

"CEQA does not require a lead agency to conduct every test or perform all research, study, and experimentation recommended or demanded by commenters."

Notwithstanding the above, staff is continuing to consider the interests of the agencies and private parties we have met with and provided verbal updates and/or written recommendations if it was determined that modifications are needed.

Advisory Body Recommendation

The Planning Commission conducted a public hearing for the project that extended over multiple days including June 11th, June 25th and June 30th of 2015. At the June 30, 2015 meeting, the Planning Commission by a vote of 6 to 1 recommended that the City Council approve the project.

Over the three days of meetings, the Planning Commission considered the detailed staff report, a comprehensive staff presentation, the presentation by the project applicant,

public comments all covering the primary components of the project including the FEIR, General Plan Amendment, Change of Zone, Pre-Zoning/Annexation, Specific Plan, Tentative Parcel Map No. 36457, and the DA. A total of 74 speakers spoke at the three public meetings, with 37 in support of the project, 33 opposed and 4 with no expressed position on the proposed project. Those in support noted the quality of the project concept, the significant investment made by the developer, potential for employment and job growth, and positive economic benefits to the City including contribution to education and training. Those in opposition argued principally that the project would create unacceptable traffic, air quality and health risks and questioned the environmental analysis in these regard, and they raised concern with a predominance of warehousing land use and concern with the applicant's ability to carry out the project.

In addition, to the public speakers, over 100 comment letters and e-mails were submitted to the Planning Commission from outside agencies, Moreno Valley residents, interested groups and entities, and other general public from outside of Moreno Valley. The written comments generally focused on those same areas of project benefits and project concerns expressed by the public speakers during the hearing as noted above.

All of the new comments received were considered by staff, the environmental consultant, and were made available to the Planning Commission for its consideration. Some public have expressed an interest to see written responses to written comments. However, Section 21092.5(c) of the CEQA guidelines specifically states:

"Nothing in this section requires the lead agency to respond to comments not received within the comment periods specified in this division, to reopen comment periods, or to delay acting on a negative declaration or environmental impact report."

Section 15204(a) further provides that:

"CEQA does not require a lead agency to conduct every test or perform all research, study, and experimentation recommended or demanded by commenters."

The established public comment period for review of the DEIR for the WLC project was between February 5, 2013 and April 8, 2013. All letters and correspondence received during that 60 day review were considered in accordance with CEQA and detailed responses to comments were included in the FEIR that is before the City Council.

Notwithstanding the above, the project environmental consultant team, under staff's review and direction, during the course of the Planning Commission consideration performed analysis and prepared responses to many of the comments received for further staff's consideration. Collective responses were prepared for those similar comments raised in letters and the various e-mails, and some individual responses to agency and interest group comments such as the California Air Resources Board (CARB), City of Riverside, Inland Empire Waterkeepers and the Riverside County Transportation Commission (RCTC) were assembled and available for staff use as necessary to respond to Planning Commission questions.

At the conclusion of their deliberations, in the motion to recommend approval of the Project to the City Council, the Planning Commission modified three (3) items:

1) Tentative Parcel Map Condition of Approval P8 was modified to provide clarification that prior to the recordation of Parcel 26 of the map, only that property shall need to be annexed into the City and that the annexation of Parcel 26 property does not hold up recordation of any other property; and

2) Mitigation Monitoring Program and Mitigation Measure 4.3.6.3B was modified to expand the revocation provision for CUP "Conditional Use Permit" under the Sanctions for Non-Compliance with to include "any related entitlement", and

3) Development Agreement Article 4, Section 4.14 was modified to require the developer to include air filtration systems for all seven (7) rural residential homes included within the World Logistics Center Specific Plan boundary.

All changes requested by the Planning Commission are included in the related attachments.

As explained in the responses to the various comments received that are included as Attachment 27 of the staff report, staff's determination during consideration of the project by the Planning Commission was that the FEIR as prepared is consistent with the requirements of CEQA and no evidence presented in the volume of new agency and/or public comments triggered the requirements for recirculation of the DEIR as outlined in Section 15088.5 of the CEQA Guidelines.

Further, in consideration of those comments provided requesting that the project be conditioned to require zero emission trucks, such zero-emission on-road heavy-duty trucks are not widely commercially available, nor can it be determined when such zero emissions trucks would be widely commercially available, and it was not possible to identify other warehouse/industrial/logistics projects that have such a requirement. The mitigation measures for air quality imposed on the project include restriction of use of trucks falling below 2010 engine emission standards from entering project areas, off-road diesel powered construction equipment to be Tier 4, limitation of truck idling to three (3) minutes, are more stringent than current industry practices.

ALTERNATIVES

1. Certify the Environmental Impact Report and approve the World Logistics Center project including a General Plan Amendment, Development Agreement, Change of Zone, Specific Plan, Pre-Zoning/Annexation, and Tentative Parcel Map.
2. Certify the Environmental Impact Report and approve the World Logistics Center project including a General Plan Amendment, Change of Zone, Specific Plan, Pre-Zoning/Annexation, and Tentative Parcel Map, but without a Development Agreement.

3. Deny the World Logistics Center project.
4. Certify the Environmental Impact Report and approve the World Logistics Center project including a General Plan Amendment, Development Agreement, Change of Zone, Specific Plan, Pre-Zoning/Annexation, and Tentative Parcel Map, with any modifications specified by the City Council.

FISCAL IMPACT

Entitlement processing costs for the project have been entirely borne by the project applicant through establishment of development deposit accounts. The proposed general plan and zoning changes from the existing Moreno Highlands Specific Plan to the World Logistic Center Plan is expected to result in a positive economic impact to the City given non-residential land uses typically have more positive revenue to cost impact ratio given less demand for public services. Approval of the Development Agreement includes positive economic interests to the City.

NOTIFICATION

All responsible agencies, interested parties and property owners of record within at least 300 foot radius of the project area and proposed reconfiguration of Cactus Avenue were provided a notice of the City Council public hearing. The public hearing notice for this project was posted on the project site in seven (7) separate prominent locations with an additional notice posted on Cactus Avenue, east of Redlands Boulevard and outside of the WLC Specific Plan boundary. A ¼ page ad for the public hearing notice was published in the county-wide version of the local newspaper on August 3, 2015.

PREPARATION OF STAFF REPORT

Prepared By:
Mark Gross
Senior Planner

Department Head Approval:
Richard J. Sandzimier
Planning Official

Concurred By:
Allen Brock
Community Development Director

CITY COUNCIL GOALS

None

ATTACHMENTS

1. Notice of Special Public Hearing 08/17/15 and Environmental Determination
2. Resolution No. 2015-56
3. Exhibits A and B Fact, Findings and Statement of Overriding Considerations Regarding the Environmental Effects and the Approval of the World Logistics Center Specific Plan
4. Resolution No. 2015-57

5. Exhibits A-M WLC - Proposed Text Amendments to the General Plan
6. Ordinance No. 900
7. Exhibits A, B, C Proposed Zoning Map
8. Resolution No. 2015-58
9. Exhibits A, B Conditions of Approval for Tentative Parcel Map Case No. PA12-0015
APN Various Properties on File
10. Ordinance No. 901
11. Exhibit A Development Agreement
12. Resolution No. 2015-59
13. Exhibit A World Logistics Center Pre-Zoning/Annexation Map
14. Resolution No. CSD 2015-29
15. Exhibit A World Logistics Center Pre-Zoning/Annexation Map
16. FEIR and Appendices Click on the FEIR Documents Tab Above
17. Proposed World Logistics Center Project Map
18. World Logistics Center Project Aerial Map
19. Land Use Plan
20. Highland Fairview Property Owners Map
21. Letter to Mr. Iddo Benzeevi From City Manager Henry Garcia
22. Report to City Council from Barry Foster
23. Planning Commission Staff Report 06/11/15 Without Attachments
24. Planning Commission Staff Report 06/25/15 Without Attachments
25. Planning Commission - Public Comments
26. City Council - Public Comments
27. Responses to Public Comments

APPROVALS

Budget Officer Approval	<u>✓ Approved</u>	8/07/15 1:07 PM
City Attorney Approval	<u>✓ Approved</u>	8/10/15 4:01 PM
City Manager Approval	<u>✓ Approved</u>	8/10/15 4:59 PM

RESULT:	CONTINUED [UNANIMOUS]	Next: 8/19/2015 5:00 PM
MOVER:	George E. Price, Council Member	
SECONDER:	Jeffrey J. Giba, Council Member	
AYES:	Molina, Gutierrez, Giba, Jempson, Price	

HISTORY:

08/17/15 City Council CONTINUED
Next: 08/18/15

Public testimony was given by the following individuals:

Christopher Baca (supports)
Regina L. Brockmueller (supports)
Leo Gonzalez (supports)
Gary Potts (supports)
Charles Seek (supports)
John W. Peikert (supports)
Owen L. Christian (supports)
Elsa Coulter (supports)
John Husing (supports)
Robert Harris (supports)
Ms. Miller (opposes)
Dr. Keri Then (opposes)
Evan Morgan (supports)
James Leis (statement)
Rafael Brugueras (supports)
Susan Billinger (opposes)
Deanna Reeder (opposes)
Russell Williams (statement)
Frank Wright (supports)
Gideon Kracov (oppose)
Santiago Hernandez (supports)
Marvin Niles (supports)
Sandra Murphy (supports)
Paul Moreno (statement)
Tom Thornsley (opposes)
David Consani (supports)
Jeff Clayton (supports)
Raul Mark Yarbrough (supports)
Gabriel Colangelo (supports)

The special meeting was adjourned to the next day (August 18, 2015) at 5:00 p.m. in the Conference and Recreation Center, carry over the public testimony period and allow every public speaker that had signed up and to allow those speakers that left early the opportunity to speak.