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CITY OF PASADENA

WHEN RECORDED MAIL TO:

City of Pasadena
Attention: City Attorney
100 North Garfield Ave., Room N-210
Pasadena, California 91109

DEVELOPMENT AGREEMENT 30469

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made by and between THE CITY OF PASADENA, a California municipal corporation (the "City"), and PPF OFF 100 West Walnut, L.P., a Delaware limited partnership ("PPF"). The City and PPF are individually referred to herein as a "Party" and collectively referred to as the "Parties."

RECITALS

This Agreement is made and entered into with regard to the following facts, each of which is acknowledged as true and correct by the Parties to this Agreement.

A. PPF is the fee owner of that certain real property located in the City of Pasadena, California and described in Exhibit A attached hereto and incorporated herein by reference (the "PPF Property").

B. PPF currently operates the portion of the PPF Property north of the extension of West Holly Street (the "North Development Area") as a commercial office development with surface parking, and the portion of the PPF Property south of the extension of West Holly Street (the "South Area") as a commercial office development with parking structures.

C. PPF proposes to convert the 22.67 acre PPF Property to a mixed-use office campus and residential community, including adding the following uses and buildings to the North Development Area: 1) up to approximately 612,500 square feet of office uses, of which up to 22,500 square feet could be used for ancillary retail uses; 2) ground floor retail along Fair Oaks Avenue frontage with a minimum depth of 40 feet, and totaling approximately 15,000 square feet of retail uses; 3) up to approximately 2,500 square feet of restaurant uses, and 4) up to 475 residential units. PPF has filed for the following entitlements for the Project: a change of zoning from CD-1 to PD (Planned Development) and a Lot Line Adjustment.

D. PPF has applied to the City for approval of this mutually binding Agreement, pursuant to the provisions of the Development Agreement Act (as hereinafter defined) and other applicable laws, primarily including Pasadena Municipal Code ("PMC"), Zoning Code Chapter 17.66 (Development Agreements).

E. The City Council has specifically considered the benefits of the Project and the advantages and impacts of granting a continued right to develop the PPF Property in the future in accordance with the Applicable Rules (as hereinafter defined) including without limitation the Zoning Code, General Plan, and the Central District Specific Plan, and believes that the execution of this Development Agreement will be in the best interests of the City.

F. This Agreement eliminates uncertainty in planning and provides for the potential orderly development of the PPF Property in the future in a manner consistent with the City's current Applicable Rules including without limitation the Zoning Code, General Plan and the Central District Specific Plan.

G. To provide such certainty, the City desires, by this Agreement, to provide PPF with assurance that PPF can develop the PPF Property pursuant to the uses, density and other land use characteristics specified in the City's Applicable Rules including without limitation the Zoning Code, General Plan, and the Central District Specific Plan, and Planned Development Permit.

H. The City has determined that, as a result of the Development Agreement, substantial benefits will accrue to the public, and that the Development Agreement will not be detrimental to the health, safety, and general welfare of persons residing in the immediate area, nor be detrimental or injurious to property or persons in the general neighborhood or to the general welfare of the residents of the City.

I. On February 25, 2015, pursuant to the requirements of the Development Agreement Act and PMC Chapter 17.66, the Planning Commission of the City of Pasadena (the "Planning Commission") conducted a hearing on PPF's application for this Agreement, and forwarded its recommendations to the City Council.

J. On March 30, 2015 and April 27, 2015, pursuant to the requirements of the Development Agreement Act and PMC Chapter 17.66, the City Council of the City of Pasadena (the "City Council") conducted a hearing on PPF's application for this Agreement.

K. The City Council has found and determined that the Project, the Project Approvals and this Agreement are consistent with the City's Zoning Code, General Plan, Central District Specific Plan, Planned Development Permit (PD Permit), State Development Agreement Act, and all other plans, policies, rules and regulations applicable to the PPF Property.

L. On April 27, 2015 the City Council considered and certified the Final EIR for the Project, made findings pursuant to CEQA, and adopted a statement of overriding considerations.

M. On April 27, 2015, and pursuant to PMC Section 17.66.040.G(6), the City Council conducted first reading of Ordinance No. 7261 approving this Agreement, and on May 18, 2015 conducted second reading, and such Ordinance became effective on May 21, 2015.

AGREEMENT

NOW THEREFORE, pursuant to the authority contained in the City's Development Agreement Ordinance and the Development Agreement Act, as it applies to the City, and in consideration of the mutual promises and covenants herein contained and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. Definitions. For all purposes of this Agreement, except as otherwise expressly provided herein, or unless the context of this Agreement otherwise requires, the following words and phrases shall be defined as set forth below:

(a) "Applicable Rules" means the rules, regulations, ordinances, resolutions, codes, guidelines, and officially adopted procedures and official policies of the City governing the use and development of real property, including, but not limited to, the City's General Plan, the Central District Specific Plan, the Zoning Code, Planned Development Permit (PD Permit) the Subdivision Ordinance and building regulations, in effect as of the Effective Date. Among other matters, the Applicable Rules set forth and govern the permitted uses of land, the density or intensity of use, subdivision requirements, the maximum height and size of proposed buildings, parking requirements, setbacks, and development standards, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction guidelines, standards and specifications applicable to the development of the PPF Property.

(b) "Building Permit" means a permit issued by the City pursuant to Title 14 of the Pasadena Municipal Code to authorize construction of a building or other structure.

(c) "Business Day" means any day other than a Saturday, Sunday or California or Federal holiday on which banks in the City are customarily closed.

(d) "Central District Specific Plan" shall mean the Central District Specific Plan applicable to the portion of the City that includes, but is not limited to, the PPF Property in effect as of the Effective Date of this Agreement.

(e) "CEQA" means the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.), as it now exists or may hereafter be amended.

(f) "Developer Fees" shall mean those fees established and adopted by the City pursuant to Section 66000 et seq., of the Government Code of the State of California to offset the impact of development on the City's capital facilities, including, without limitation, parking impact fees, affordable housing fees, traffic fees, infrastructure fee, linkage fees, exactions, assessments or fair share charges or other similar impact fees imposed by the City on or in connection with new development on the PPF Property. Developer Fees do not mean or include Processing Fees.

(g) "Development Agreement" or "Agreement" means this Agreement.

(h) "Development Agreement Act" means Article 2.5 of Chapter 4 of Division 1 of Title 7 (Sections 65864 through 65869.5) of the California Government Code (as the same may be amended and/or re-codified from time to time).

(i) "Discretionary Action(s)" or "Discretionary Approval(s)" means an action which requires the exercise of judgment, deliberation or discretion on the part of the City, including any board, agency, commission or department or any officer or employee thereof, in the process of approving or disapproving a particular activity, as distinguished from a Ministerial Permit or Ministerial Approval (as hereinafter defined).

(j) "Effective Date" shall mean the date this Agreement, fully executed, is recorded in the official records of the Los Angeles County Recorder.

(k) "Future Approvals" shall mean all future Discretionary Actions or Discretionary Approvals, Ministerial Permits and Ministerial Approvals required or requested with respect to the PPF Property.

(l) "Future Development" shall mean development of the PPF Property, in whole or in part, consistent with the Applicable Rules in effect as of the Effective Date.

(m) "General Plan" means the General Plan of the City, as it exists as of the Effective Date.

(n) "Ministerial Permit(s)," or "Ministerial Approval(s)" means a permit or approval, including, but not limited to, Building Permits, grading permits, shoring and excavation permits, demolition permits, zone clearances, and certificates of occupancy, which requires the City, including any board, agency, commission or department or any officer or employee thereof, to determine whether there has been compliance with applicable rules, statutes, ordinances, conditions of approval, and/or regulations, as distinguished from an activity which is included in the definition of Discretionary Action or Discretionary Approval.

(o) "Mortgage" means any mortgage, deed of trust, encumbrance, sale leaseback or other security interest encumbering all or any portion of the PPF Property, given by PPF.

(p) "Mortgagee" means the holder of the beneficial interest under any Mortgage.

(q) "Notice of Determination" shall mean the Notice of Determination adopted by the City with respect to the Project and this Agreement pursuant to CEQA.

(r) "Parking Spaces" shall mean Shared Use Parking Spaces that are not the Pod Spaces or Third Party Lease Parking Spaces.

(s) "Pod Spaces" shall mean 140 parking spaces located under the existing Parsons building that are specifically reserved and separately gated.

(t) PPF shall mean PPF OFF 100 West Walnut, L.P., a Delaware limited partnership, and its successors and assigns.

(u) "PPF Property" means the real property described in Exhibit "A" attached hereto.

(v) "Project" means the development of the 100 West Walnut into a mixed use project that would consist of new uses, which are in addition to existing uses on site, that are permitted by and in accordance with the Planned Development, including: 1) up to approximately 612,500 square feet of office uses, of which up to 22,500 square feet could be used for ancillary retail uses; 2) ground floor retail along Fair Oaks Avenue frontage with a minimum depth of 40 feet, and totaling approximately 15,000 square feet of retail uses; 3) up to approximately 2,500 square feet of restaurant uses, and 4) up to 475 residential units.

(w) "Project Approvals" means the following land use actions requested by PPF from the City of Pasadena: 1) a zone change from CD-1 (Central District Specific Plan, Old Pasadena) to Planned Development; and 2) approval of Planned Development 33 – 100 West Walnut Planned Development.

(x) "Processing Fees" means all processing fees and charges required by the City that are applied uniformly to all construction or development related activity including, but not limited to, fees for land use applications, Building Permit applications, Building Permits, grading permits, shoring and excavation permits, hauling permits, encroachment permits, demolition permits, subdivision or parcel maps, lot line adjustments, street vacations, inspections, certificates of occupancy and plan check. Processing Fees shall not mean or include Developer Fees.

(y) "Reserved Powers" means the power and authority of the City to enact regulations and/or take Discretionary Action if the same is expressly found by the City to be necessary to protect residents of the City, those employed in the City, or visitors to the City, from a condition that is dangerous to public health or safety or if the same is required to comply with California or federal laws (whether enacted previous or subsequent to the Effective Date of this Agreement).

(z) "Rose Bowl Events" shall mean events held at the Rose Bowl after 6:00pm on weekdays, anytime on weekends or state or federal holidays, and all day on January 1st each year.

(aa) "Shared Use Parking Spaces" means a pool of parking spaces available to office tenants and visitors at the project site that may be used by the public during Rose Bowl Events at market rates.

(bb) "Subdivision Ordinance" shall mean the official Subdivision Ordinance of the City, Title 16 of the Pasadena Municipal Code, in effect as of the Effective Date of this Agreement.

(cc) "Subsequent Land Use Regulations" means any change in or addition to the Applicable Rules adopted after the Effective Date of this Agreement, including, without

limitation, any change in any applicable general or specific plan, zoning, subdivision, or building regulation, including, without limitation, any such change by means of an ordinance, initiative, resolution, policy, order or moratorium, initiated or instituted for any reason whatsoever by the Mayor, City Council, Planning Commission or any other board, agency, commission or department of City, or any officer or employee thereof, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the PPF Property.

(dd) "Third Party Lease Parking Spaces" shall mean 500 parking spaces that are leased for use by Third Party Parkers.

(ee) "Third Party Parkers" shall mean users of parking spaces that are not tenants or guests of uses located at the Project Site.

(ff) "Zoning Code" shall mean the official Zoning Code of the City, Title 17 of the Pasadena Municipal Code, in effect as of the Effective Date of this Agreement.

2. Recitals of Premises, Purpose and Intent.

(a) State Enabling Statute. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted the Development Agreement Act which authorizes any city to enter into binding development agreements establishing certain development rights in real property with persons having legal or equitable interests in such property. Section 65864 of the Development Agreement Act expressly provides as follows:

"The Legislature finds and declares that:

(a) The lack of certainty in the approval of development projects can result in a waste of resources, escalate the cost of housing and other development to the consumer, and discourage investment in and a commitment to comprehensive planning which would make maximum efficient utilization of resources at the least economic cost to the public.

(b) Assurance to the applicant for a development project that upon approval of the project, the applicant may proceed with the project in accordance with existing policies, rules and regulations, and subject to conditions of approval will strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic cost of development."

Notwithstanding the foregoing, to ensure that the City remains responsive and accountable to its residents while pursuing the benefits of development agreements contemplated by the Legislature, the City accepts restraints on its police powers contained in development agreements only to the extent and for the duration required to achieve the mutual objectives of the parties.

(b) Future Development. During the term of this Agreement, PPF may seek to develop the PPF Property subject to the Applicable Rules and this Agreement. The Parties hereby agree that, subject to the exercise of the City's Reserved Powers, for the term of this

Agreement, the permitted uses, the density and intensity of use, the maximum height and size of proposed buildings, parking requirements, setbacks, and development standards, provisions for reservation or dedication of land for public purposes and location of public improvements, and the design, improvement, construction and other guidelines, standards and specifications applicable to the development and use of the PPF Property shall be those set forth in the Applicable Rules, and this Agreement. Subject to the exercise of the City's Reserved Powers, any Future Approvals shall, at the election of PPF, be subject to the Applicable Rules or the rules, regulations, ordinances, resolutions, codes, guidelines, and officially adopted procedures and official policies of the City at the time of such Future Approvals.

3. Property Subject to Agreement. This Agreement shall apply to all of the PPF Property, as described in Exhibit A.

4. Application of Agreement. This Agreement shall apply to the development and use of the PPF Property. Such development and use shall be in accordance with the Applicable Rules and this Agreement.

5. Term of Agreement. The term of this Agreement shall commence on the Effective Date of this Agreement, and shall continue for fifteen (15) years after the Effective Date except that the provisions of Section 10 (h) of this Agreement and the default provisions and remedies shall continue for twenty-eight (28) years, unless said Term is otherwise terminated. However, the 15 year term of the Agreement shall be automatically extended by five (5) years upon issuance of the first building permit for Phase 1 of the Project. Following the expiration of this Term, and except as to the twenty-eight (28) year term applicable to Section 10 (h) and the default provisions and remedies, this Agreement shall terminate and be of no further force and effect, provided, however, if any vested rights associated with any vesting tentative tract map that may be approved for the Project extend beyond the end of the 15th year of this Agreement, or 20th year in the event of the five year extension contemplated above, then the term of this Agreement shall automatically be extended until the expiration of the vested rights that accompany the vesting tract map for the Project, expressly including, but not limited to, the parking provisions in Section 10 (h).

6. Timing of Development.

(a) The Parties acknowledge that PPF cannot at this time predict when or if the PPF Property will be developed. Such decisions depend upon numerous factors that are not within the control of PPF. Because the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo* (1984) 37 Cal. 3d 465, (the Pardee Case) that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the Parties' intent to cure that deficiency by acknowledging and providing that, except as provided below, PPF shall have the right to develop the PPF Property consistent with the Applicable Rules and this Agreement in such order and at such rate and at such times as PPF deems appropriate within the exercise of its sole and subjective business judgment during the term of this Agreement. This provision shall be broadly construed to provide PPF the greatest amount of time and flexibility (in light of the *Pardee Case* and/or any other similar or distinguishing cases) as necessary or appropriate to permit PPF to complete development of the PPF Property irrespective of later adopted rules,

regulations or initiatives which would otherwise restrict PPF's time to develop the PPF Property, except as provided in Section 10 below.

7. Permitted Uses; Density; Building Heights and Sizes; Required Dedications. The City and PPF hereby agree that the permitted uses of the PPF Property, the density and intensity of such uses, the maximum heights and sizes of the buildings and improvements to be constructed on the PPF Property, and the reservation and dedication of land for public purposes, if any, required in connection with the development of the PPF Property shall be as set forth in and consistent with the Applicable Rules, this Agreement, and Future Approvals.

8. PPF's Rights. PPF shall have and is hereby vested with the rights, during the term of this Agreement, including any extensions, to develop the PPF Property as allowed by the Applicable Rules. PPF shall be obligated to pay Developer Fees in connection with the development of the PPF Property as required by the Section 9 (d) of this Agreement.

9. Changes in Applicable Rules.

(a) Non-Application of Changes in Applicable Rules. The adoption of any Subsequent Land Use Regulations after the Effective Date of this Agreement, or any change in, or addition to, the Applicable Rules (other than changes in Developer Fees and Processing Fees as provided in this Agreement), including, without limitation, any changes in the General Plan, the Central District Specific Plan, the Zoning Code, or the Subdivision Ordinance (including any regulation relating to the timing, sequencing, or phasing of development of the PPF Property or construction of all or any part of Future Development), adopted after the Effective Date of this Agreement, including, without limitation, any such change by means of ordinance, initiative, resolution, motion, policy, order or moratorium, initiated or instituted for any reason whatsoever and adopted by any board, agency, commission or department of the City, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the PPF Property and which would conflict in any way with or be more restrictive than the Applicable Rules, shall not be applied to the PPF Property or Future Development of the PPF Property during the term of this Agreement unless such changes represent an exercise of the City's Reserved Powers.

(b) Changes in Uniform Codes. Notwithstanding any provision of this Agreement to the contrary, development of the PPF Property shall be subject to changes occurring from time to time in the provisions of the City's building, mechanical, plumbing and electrical regulations which are based on the recommendations of a multi-state professional organization and become applicable throughout the City, including, but not limited to, the California Building Code, and other similar or related uniform codes.

(c) Changes Mandated by California or Federal Laws or Regulations. Changes in, or additions to, the Applicable Rules adopted or made operative on or after the Effective Date shall apply to the PPF Property and Future Development if such changes or additions are specifically mandated to be applied to such development by applicable California or federal laws or regulations. If the City or PPF believes that such a change or addition required by California or federal law or regulation exists, then that Party shall provide the other Party

hereto with a copy of such California or federal law or regulation and a statement of the nature of its conflict with the provisions of the Applicable Rules and/or of this Agreement.

(d) Changes in Developer Fees and Processing Fees Under Applicable Rules.

The PPF Property and Future Development of the PPF Property shall be subject to any increase in Developer Fees and Processing Fees imposed by the City, provided that such a change is applied on a Citywide basis. PPF agrees to pay all Developer Fees and Processing Fees at the rate and amount in effect at the time the fee is required to be paid.

10. PPF's Consideration/Obligation.

(a) Conditions of Approval. PPF shall comply with the Conditions of Approval and mitigation measures imposed by the City upon PD Permit and other the Project approvals.

(b) Reimbursement of Project Approval Costs. No later than sixty (60) days after the Effective Date, PPF shall reimburse the City for all of its costs to process the Project Approvals, including legal and environmental processing costs related to the Project Approvals and preparation of this Agreement, if any, in an amount not to exceed \$100,000.

(c) Development of the Entirety of Phase 1. PPF shall concurrently pull building permits for all buildings in Phase 1 of the project, which consists of up to 475 residential units; ground floor retail along Fair Oaks Avenue frontage with a minimum depth of 40 feet, and totaling approximately 15,000 square feet of ground floor retail uses consistent with the conceptual plan approved as part of the Project Approvals; up to 210,000 square feet but not less than 150,000 square feet of office uses; and up to 2,500 square feet for restaurant uses. PPF shall thereafter diligently pursue to completion concurrent development of all buildings in Phase 1.

(d) Construction of Holly Street Extension. Prior to the issuance of a final Certificate of Occupancy for Phase 1, PPF shall construct the extension of Holly Street westerly from Fair Oaks to Pasadena Avenue substantially as shown in Exhibit B, attached hereto and incorporated herein by reference.

(e) Leonard Pieroni Drive Beautification. Prior to the completion of Phase 1, PPF shall realign and reconfigure Leonard Pieroni Street and provide sidewalks, as well as landscaping, on both sides of the street into order to provide a pedestrian-oriented street that connects to Old Pasadena. All improvements shall be consistent with the Old Pasadena Streetscapes and Alley Walkways Refined Concept and Elements Specifications Plan.

(f) Fair Oaks/Union Street Improvement. Prior to a final Certificate of Occupancy for Phase 1, PPF shall reconfigure the intersection of Fair Oaks Avenue and Union Street to shorten the pedestrian crossing distance along the north leg of the intersection by constructing a curb extension at the northwest corner of the intersection. All improvements shall be consistent with the Old Pasadena Streetscapes and Alley Walkways Refined Concept and Elements Specifications Plan.

(g) Zoning Parking Credit. Should the City desire to amend the Old Pasadena

Parking Credit program to include the subject property and accommodate the project, PPF or its successor or assigns will provide at least 50% of the total number of parking spaces provided above zoning code requirements to be included within the pool of parking credits allocated to the District. PPF shall enter into an agreement to memorialize this commitment. The agreement shall specify the total number of spaces to be provided for zoning credits, the hours of availability of the parking spaces and shall not otherwise restrict PPF's utilization of said parking spaces, provided, however, that such spaces allocated in the District shall not be deducted from the Property's parking count for purposes of determining compliance with Code parking requirements; and, nothing herein shall require PPF to change its customary parking operations.

(h) Rose Bowl Event Parking. PPF has voluntarily made excess on-site parking available for Rose Bowl Events at the prevailing market rate. With respect to the obligations of this paragraph 10 (h), the Parties agree and acknowledge that the Project Site will be a mixed use office campus that consists primarily of office uses, with additional residential and retail uses. The nature of the office uses provides a shared-use parking opportunity because the bulk of these spaces tend to be occupied by office users from 9:00am to 5:00pm on weekdays, with greater vacancy later in the evening on weekdays and even greater typical vacancy on weekends, when Rose Bowl Events are typically held. Nothing herein shall limit the ability of PPF to charge prevailing market rate for Rose Bowl Event parking, nor shall it imply or require tenants or guests of uses on the Project Site to be displaced during Rose Bowl Events in order to make parking available for Rose Bowl or public users.

PPF and all successors and assigns shall make the following parking spaces publicly available for Rose Bowl Events as follows: at least 2,500 Parking Spaces during Phase 1 construction; at least 3,000 Parking Spaces at all other times excluding Phase 1 construction; and at least 3,700 Parking Spaces on weekends or state or federal holidays upon completion of Phase 2. All such Parking Spaces shall be available to the public at the prevailing market rate

PPF shall also ensure that construction activities do not displace the shuttle pick-up/drop off location for Rose Bowl Events is provided along Pasadena Avenue adjacent to the project site consistent with past practice.

The Parties agree and acknowledge that PPF has no relationship or involvement with the operation of the Rose Bowl, or the timing and frequency of events. As noted in Section 5 of this Agreement the obligations set forth in this Section 10 (h) shall have a term of twenty-eight (28) years from the effective date of this Agreement.

On Rose Bowl Event Days, PPF, and its successors and assigns, shall not undertake or allow non-typical business events that would interfere with the ability to provide the required parking spaces under this Agreement.

(i) Public Open Space Easement. The area identified as Holly Plaza and all areas reserved for pedestrian access through the site, as depicted in Exhibit C, attached hereto, and incorporated herein by reference, shall be improved and maintained as open space throughout the life of the Project. Prior to the issuance of a final Certificate of Occupancy for Phase 2 of the Project, PPF shall execute an open space easement in favor of the City, in a form acceptable to the City Attorney and Director of Community Development.

(j) Public Art and Holly Street Terminus Monument. PPF shall satisfy the City's public art requirement as set forth in Section 17.61.100 of the PMC.

(i) Above and beyond the City's regulations and/or policies relative to public art: 1) PPF shall provide and maintain in good condition and repair, artwork in an area on the Project Site that is clearly visible to the general public from City Hall and shall further the policies of the 2014 Public Art Master Plan and designed in the spirit of the Bennett Plan providing a visual terminus for Holly Street, with a visual connection to City Hall along the Holly Street axial; 2) the cost of the construction and installation of the artwork, exclusive of art consultant fees, design or other fees (the total of which shall not exceed \$80,000), shall be \$500,000 (exclusive of the amount required for public art as specified in Section 17.61.100 of the PMC); 3) satisfaction of this section may include multiple artworks, with at least one art piece providing a visual terminus for Holly Street; and 4) prior to the issuance of the first Certificate of Occupancy for Phase 1, the artwork for the Holly Street terminus shall either be approved with permits issued by the City or PPF shall deposit the \$500,000 payment required by this paragraph (j)(i) into an escrow account in favor of the City to ensure completion of the required artwork. All artwork produced in conjunction with the project shall be located on site and all in-lieu public art fees paid in connection with the Project, shall result in artwork located on the project site. Should multiple artworks be developed for the project, the timing of installation of other artworks shall be determined by the Director of Planning and Community Development, based on the proposed location of the other artworks and the project construction schedule.

(ii) Maintenance. PPF shall own the gateway monument and/or public art installed to comply with the requirements of this section 10(e) and shall maintain the gateway monument in good condition and repair in compliance standard maintenance conditions imposed by the Arts and Culture Commission upon approval of the artwork. Upon damage, the applicant shall timely repair or replace the gateway monument, as appropriate, to the reasonable satisfaction of the City's Director of Planning and Community Development.

(k) Preservation of Public Art On-site. The sculptures designed by George Rickey that are in place on the Project site, and as shown in the photographs in Exhibit D, attached hereto and incorporated herein by reference, shall be retained on site. If required to be relocated from current locations, any new locations shall be approved by the City of Pasadena's Arts and Culture Commission.

(l) Local Hire Initiative; Mentoring/Apprenticeships. PPF agrees to implement a local hire initiative that will give priority hiring consideration to local workers and businesses, with the goal of directing 20% of building construction related jobs and contracting opportunities to Pasadena residents and Pasadena-based businesses.

PPF will also explore opportunities for mentoring and apprenticeships for participants so that the project will serve as a training ground and springboard for future employment and contracting

opportunities. The company will do extensive outreach to promote and advertise the local hire program, including participating in job fairs in Pasadena, placing notices in local and online media, and posting information on a dedicated website to encourage potential participants to apply directly and track their applications. In addition, PPF agrees to make a good-faith effort to engage Local Businesses to obtain at least 15% of the building materials required to construct the buildings, provided that these materials are readily available and comparably priced to the same materials available elsewhere.

11. Default. Failure by City or PPF to perform any term or provision of this Agreement for a period of thirty (30) days from the receipt of written notice thereof from the other shall constitute a default under this Agreement, subject to extensions of time by mutual consent in writing. Said notice shall specify in detail the nature of the alleged default and the manner in which said default may be satisfactorily cured. If the nature of the alleged default is such that it cannot reasonably be cured within such thirty (30) day period, the commencement of the cure within such time period and the diligent prosecution to completion of the cure shall be deemed a cure within such period.

Subject to the foregoing, after notice and expiration of the thirty (30) day period without cure, the notifying party, at its option, shall have all rights and remedies provided by law, including injunctive relief, except that in no event shall monetary damages be available against the City or PPF for any alleged default or breach of this Agreement.

12. Termination and Expiration

Upon the expiration of the term or termination of this Agreement, the vested rights provided by this Agreement shall terminate and be of no further force or effect. However, such expiration or termination shall not affect any Future Approvals or Building Permits that have been issued for any Future Development of the PPF Property consistent with this Agreement.

13. Transfers of Interests in Property or Agreement. In the event of a proposed transfer of all or a portion of the PPF Property by PPF to a transferee, PPF agrees to provide the City with thirty (30) days prior written notice of such proposed transfer and shall provide an assignment and assumption agreement from the transferee agreeing to assume the obligations of PPF under this Agreement with respect to the PPF Property or the portion of the PPF Property being transferred. The assignment and assumption agreement shall be in a form reasonably satisfactory to the City. However, PPF has no obligation to obtain the consent of the City to the transfer of the PPF Property. Notwithstanding the foregoing the terms, covenants and conditions of this Agreement shall be binding upon any transferee whether or not such an assignment and assumption agreement is signed by the transferee upon acquiring all or a portion of the PPF Property; and no such transfer shall relieve PPF (transferor) of any obligations under this Agreement except as provided below. In the event PPF transfers, sells or assigns only a portion of its interest, PPF and assignee shall be jointly and severally liable for all burdens, obligations or liabilities under this Agreement. In the event PPF transfers, sells or assigns all of its interest, the assignee shall be responsible for all of PPF's burdens obligations, or liabilities and PPF shall thereafter be relieved of all such burdens, obligations or liabilities if items (a) through (c) below are provided to the City. At least thirty (30) days prior to any assignment, PPF shall submit to City: (a) the name of the proposed transferee; (b) evidence reasonable satisfactory to the City

that the assignee is financially able to fulfill the obligations of this Agreement, which shall be met if the assignee (together with its affiliates) has a verifiable net worth of \$5,000,000 (Five Million Dollars) or more; and (c) written acceptance by the assignee of all of the obligations of PPF under this Agreement. Such writing shall be in form reasonably satisfactory to the City.

15. Binding Effect. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and their respective successors (by merger, reorganization, consolidation or otherwise) and assigns, administrators, representatives, and all other persons acquiring the PPF Property, or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever, and shall inure to the benefit of the parties and their respective heirs, successors and assigns. All of the provisions of this Agreement shall constitute covenants running with the land.

16. Indemnification.

PPF agrees to and shall indemnify, hold harmless, and defend, the City and its respective officers, officials, members, agents, employees, and representatives, from liability or claims for death or personal injury and claims for property damage which may arise from the acts, errors, and/or omissions of PPF or its contractors, subcontractors, agents, employees or other persons acting on its behalf in connection with the construction of the Project and/or in any manner related to or arising from this Agreement (including, but not limited to CEQA and/or other claims related to this Agreement and the City's approval thereof. The foregoing indemnity applies to all deaths, injuries, and damages, and claims therefor, suffered or alleged to have been suffered by reason of the acts, errors, and/or omissions referred to in this Section 15, regardless of whether or not the City prepared, supplied, or approved plans or specifications, or both. In the event of litigation, the City agrees, at no cost to the City, to fully cooperate with PPF in the defense of any matter in which PPF is defending and/or holding the City harmless. This indemnification, hold harmless and defense requirement shall survive the termination or expiration of this Agreement. The City reserves the right, in cases subject to this indemnity, to reasonably approve the attorney selected by PPF to defend PPF and the City in any such action.

The City shall promptly notify PPF of any claim, action or proceeding within the scope of this Section and the City shall cooperate fully in the defense of any such claim or action, but shall have the right to resolve any challenge, in any manner, in its sole discretion, provided, however, PPF's consent shall be required if the resolution of the challenge shall require a payment by PPF or limit PPF's rights under this Agreement, which consent shall not be unreasonably withheld.

17. Relationship of the Parties. The Parties acknowledge and agree that PPF is not acting as an agent, joint venturer or partner of the City, but each is, in fact, an independent contractual party.

18. Recordation. As provided in Government Code Section 65868.5, the City Clerk shall record a copy of this Agreement with the Registrar-Recorder of the County of Los Angeles within ten (10) days following its execution by both Parties. PPF shall reimburse the City for all costs of such recording, if any.

19. No Third Party Beneficiaries. The only signatories to this Agreement are the City and PPF. There are no third party beneficiaries and this Agreement is not intended and shall not be construed to benefit or be enforceable by any other person whatsoever other than the successors in interest of the signatories.

20. Advice; Neutral Interpretation. Each Party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof. This Agreement has been drafted through a joint effort of the Parties and their counsel and therefore shall not be construed against either of the Parties in its capacity as draftsman, but in accordance with its fair meaning.

21. Certificate of Compliance. At any time during the term of this Agreement, any Mortgagee or other party may request any Party to this Agreement to confirm that (i) this Agreement is unmodified and in full force and effect (or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modifications) and that (ii) to the best of such Party's knowledge, no defaults exist under this Agreement or if defaults do exist, to describe the nature of such defaults and (iii) any other information reasonably requested. Each Party hereby agrees to provide a certificate to such lender or other party within ten (10) Business Days of receipt of the written request therefor.

22. Consideration. The City and PPF acknowledge and agree that there is good, sufficient and valuable consideration flowing to the City and to PPF pursuant to this Agreement as more particularly set forth in the Recitals and Section 2 of this Agreement. The Parties further acknowledge and agree that the exchanged consideration hereunder is fair, just and reasonable.

23. Periodic Reviews. The City shall conduct annual reviews of this Development Agreement pursuant to the process required by PMC Chapter 17.66 (Development Agreements) to determine, among other things, whether PPF is acting in good faith compliance with the provisions of this Agreement and Government Code Section 65865.1. The Director of Planning and Community Development shall be designated as the review authority for the annual review. PPF shall pay the applicable processing fees for the period reviews

24. Future Litigation Expenses; Payment of Prevailing Party. If the City or PPF brings an action or proceeding by reason of default, breach, tortious act, or act or omission, arising out of this Agreement, all parties shall bear their own costs and expenses of suit including, but not limited to, attorneys' fees and expert witness fees.

25. Headings. The section headings used in this Agreement are for convenient reference only and shall not be used in construing this Agreement. The words "include," "including" or other words of like import are intended as words of illustration and not limitation and shall be construed to mean "including, without limitation."

26. Amendment. This Agreement may be amended from time to time, in whole or in part, only as provided by PMC Section 17.66.080.

27. Alterations. No alteration, amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto with the same

formality as this Agreement, and made in the manner required by the Development Agreement Act and PMC Chapter 17.66.

28. Waiver. The failure of either Party hereto to insist in any one or more instances upon the strict performance of any of the covenants, agreements, terms, provisions or conditions of this Agreement, or to exercise any election or option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant, agreement, term, provision, condition, election or option, but the same shall continue and remain in full force and effect. No waiver by any Party hereto of any covenant, agreement, term, provision or condition of this Agreement shall be deemed to have been made unless expressed in writing and signed by an appropriate official or officer on behalf of such Party.

29. Severability. If any article, section, subsection, term or provision of this Agreement, or the application thereof to any party or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of the article, section, subsection, term or provision of this Agreement, or the application of the same to parties or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining article, section, subsection, term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

30. Force Majeure. Performance by any Party of its obligations hereunder (other than for payment of money) shall be excused during any period of "Permitted Delay," which Permitted Delay shall mean and include delay caused by an event beyond the reasonable control of the Party claiming the delay (and despite the good faith efforts of such Party) that prevents the Party from fulfilling the obligations for which it seeks excuse including without limitation all of the following to the extent that they prevent the Party claiming delay from fulfilling the obligation from which it seeks to be excused: acts of God; civil commotion; riots; strikes; picketing or other labor disputes; shortages of materials or supplies; damage to work in progress by reason of fire, flood, earthquake or other casualties; failure, delay or inability of the other Party to act; terrorism, and litigation brought by a third party attacking the validity of this Agreement or the Notice of Exemption.

31. Notices. All notices, disclosures, demands, acknowledgments, statements, requests, responses and other communications (each, a "Communication") to be given under this Agreement shall be in writing, signed by a signatory hereto (or an officer, agent or attorney of such party) giving such Communication, and shall be deemed effective (i) upon receipt if hand delivered or sent by overnight courier service; or (ii) upon delivery or the date of refusal if sent by the United States mail, postage prepaid, certified mail, return receipt requested, in either case addressed as follows:

To PPF: David S. Binswanger
Lincoln Property Company
915 Wilshire Boulevard, Suite 2050
Los Angeles, CA 90017

With copy to: Keith Fink
Morgan Stanley
555 California Street, 21st Floor
San Francisco, CA 94104

With copy to: Marcos D. Velayos, Esq.
Park & Velayos LLP
801 S. Figueroa, Suite 450
Los Angeles, CA 90017

To City: City Manager
City of Pasadena
100 N. Garfield Ave., Room S-228
Pasadena, California 91109

With Copy to: City Attorney
City of Pasadena
100 N. Garfield Ave., Room N-201
Pasadena, California 91109

Any signatory hereto may from time to time, by notice given to the other signatories hereto pursuant to the terms of this Section 30 change the address to which communications to such signatory are to be sent or designate one or more additional persons or entities to which communications are to be sent.

32. Applicable Law. This Agreement shall be governed in all respects by the laws of the State of California.

33. Time is of the Essence. Time is of the essence of this Agreement and every term or performance hereunder.

34. Entire Agreement. This Agreement supersedes any prior understanding or written or oral agreements between the Parties hereto respecting the within subject matter and contains the entire understanding between the Parties with respect thereto.

35. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

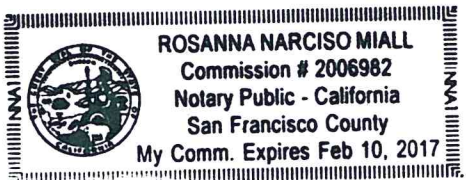
36. Compliance With Law. Notwithstanding any provision of this Agreement, the Parties agree to comply with all federal, state and local laws and to act in good faith and reasonably in carrying out the terms of this Agreement.

37. Authorization. Each person executing this Agreement represents and warrants that he or she is authorized and has the legal capacity to execute and deliver this Agreement on behalf of the Party for which execution has been made.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
 County of San Francisco
 On June 25, 2015 before me, Rosanna Narciso Miall
Date Here Insert Name and Title of the Officer
 personally appeared Keith Alan Fink
Name(s) of Signer(s)

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 Rosanna Narciso Miall
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

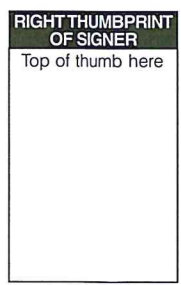
Title or Type of Document: _____
 Document Date: _____ Number of Pages: _____
 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____
 Signer Is Representing: _____

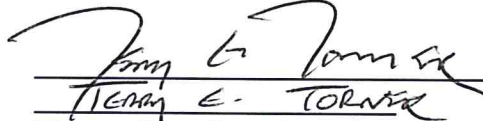


Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____
 Signer Is Representing: _____



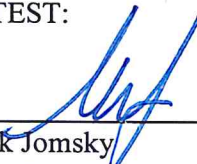
3rd IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the
day of March, 2016

CITY OF PASADENA,
A Municipal Corporation



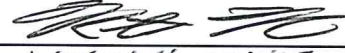
TERRY E. TURNER
Mayor of the City of
Pasadena, California

ATTEST:



3/3/16 (SEAL)
Mark Jomsky
City Clerk


PPF OFF 100 West Walnut, L.P.
a Delaware limited partnership

By: 

Name: KEITH FINK
Its: EXECUTIVE DIRECTOR

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:



for Michele Beal Bagneris
City Attorney

APPROVED AS TO CONTENT:



Michael J. Beck Steve Mermell
~~City Manager~~ Interim City Manager

EXHIBIT A

LEGAL DESCRIPTION

Legal Description

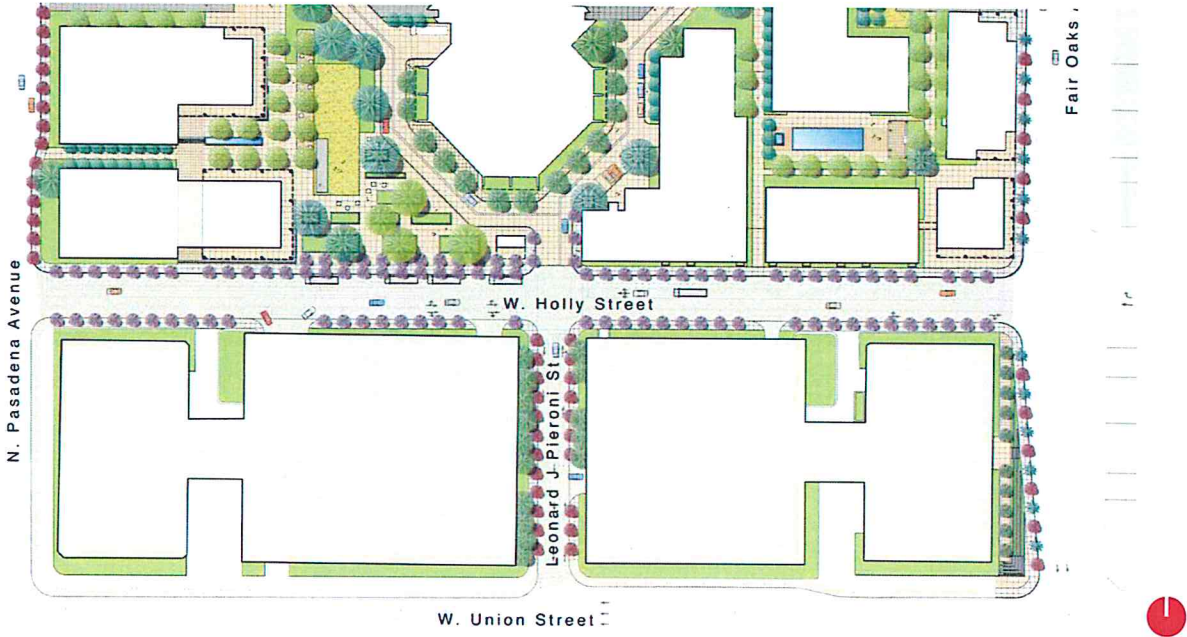
Parcel 1 of Parcel Map No. 4591, in the City of Pasadena, County of Los Angeles, State of California, filed in Book 153, Pages 15 and 16 of Parcel Maps, in the Office of the County Recorded of Said County.

Parcel 1 of Map No. 7255, in the City of Pasadena, County of Los Angeles, California, Filed in Book 79 Pages 20 and 21 of Parcel Maps, in the Office of the County Recorded of Said County.

EXHIBIT B

HOLLY STREET IMPROVEMENT EXHIBIT

THE BENNETT PLAN - PROPOSED HOLLY ST EXTENSION

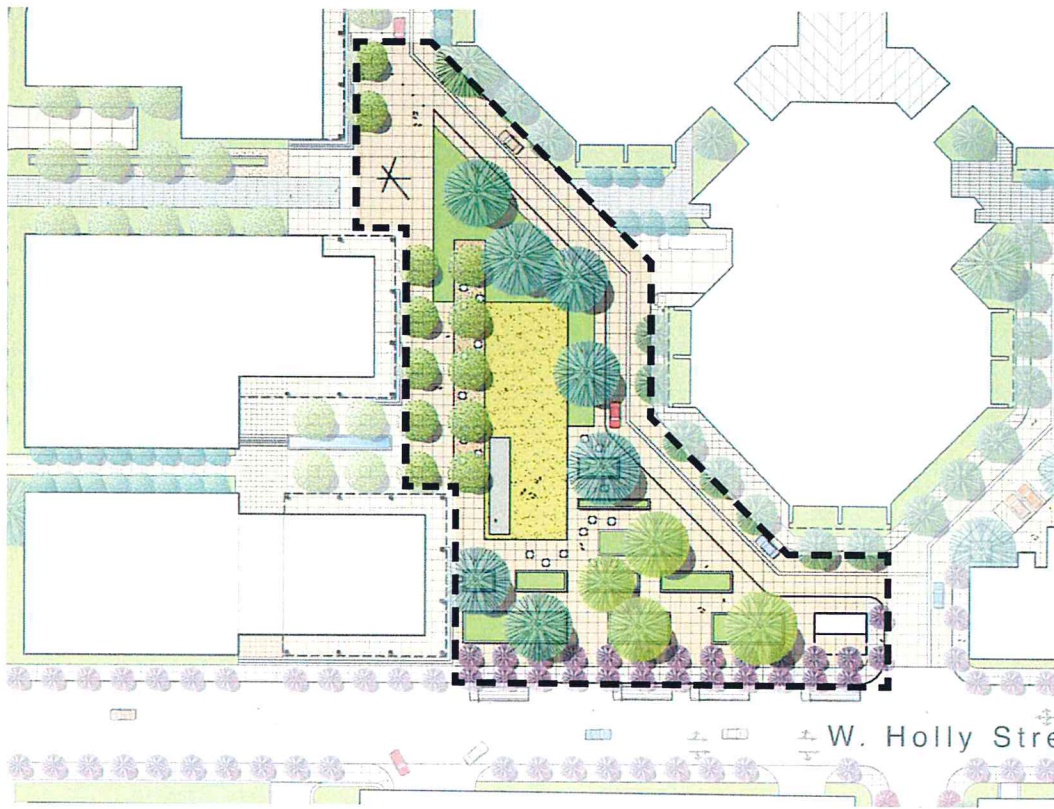


* SUBJECT TO CHANGE BASED ON CITY AND DEPARTMENT COMMENTS

EXHIBIT C

HOLLY PLAZA

HOLLY PLAZA



- APPROXIMATELY 1 ACRE
- PUBLIC SEATING
- FLEXIBLE USE SPACE
- WATER FEATURE
- PUBLIC ART
- TRANSIT HUB
- BIKE AMENITIES

* CONCEPTUAL PLAN. SUBJECT TO CHANGE. FINAL CONFIGURATION OF HOLLY PLAZA TO BE DETERMINED
* SUBJECT TO CHANGE BASED ON CITY AND DEPARTMENT COMMENTS

EXHIBIT D

PHOTOS OF GEORGE RICKEY SCULPTURES






Two Open Rectangles
Eccentric Variation VII -
Triangular Section, 1977
DONALD JUDD, NEW YORK



Small informational plaque in the garden bed.

STOP

Yellow pedestrian crossing sign.



**Two Open Rectangles
Eccentric Variation VII -
Triangular Section, 1977**

GEORGE RICKEY, 1907-2002