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AND WHEN RECORDED RETURN TO:

City of Cupertino  
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Attention: City Manager

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The City of Cupertino  
*Pursuant to Government Code  
Section 27383*

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**DEVELOPMENT AGREEMENT**  
**FOR THE CUPERTINO VILLAGE BOUTIQUE HOTEL**

**BY AND BETWEEN**

**CITY OF CUPERTINO**

**AND**

**CUPERTINO VILLAGE LP**  
**a California Limited Partnership**

**Effective Date:** \_\_\_\_\_

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**LIST OF EXHIBITS**

- Exhibit A: Property Legal Description
- Exhibit B: Property Boundary and Depiction of the Project
- Exhibit C: Description of the Project
- Exhibit D: Existing Impact Fees
- Exhibit E: TDM Program
- Exhibit F: Annual Review Form
- Exhibit G: Form of Assignment and Assumption Agreement

## DEVELOPMENT AGREEMENT

This Development Agreement (“**Agreement**”), dated as of \_\_\_\_\_ (“**Effective Date**”), is entered into pursuant to the Development Agreement Law, by and between the CITY OF CUPERTINO, a California municipal corporation (“**City**”) and CUPERTINO VILLAGE LP, a California limited partnership (“**Developer**”). Developer and City are referred to individually in this Agreement as a “**Party**” and collectively as the “**Parties.**”

### R E C I T A L S

This Agreement is entered into on the basis of the following facts, understandings and intentions of the Parties. The following recitals are a substantive part of this Agreement; capitalized terms used herein and not otherwise defined are defined in Article 1 of this Agreement.

A. In order to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic costs and risks of development, the Legislature of the State of California enacted section 65864 *et seq.* of the Government Code (“**Development Agreement Statute**”) which authorizes a city and a developer having a legal or equitable interest in real property to enter into a binding, long-term development agreement establishing certain development rights in the property.

B. In accordance with the Development Agreement Statute, the City Council of the City of Cupertino enacted Municipal Code section 19.144.010 *et seq.* (“**Development Agreement Regulations**”), which authorize the execution of development agreements and set forth the required contents and form of those agreements. The provisions of the Development Agreement Statute and the City’s Development Agreement Regulations are collectively referred to herein as the “**Development Agreement Law.**”

C. Developer is the owner of that certain real property consisting of approximately 1.72 acres (74,979 square feet) in size (“**Property**”) more particularly described in **Exhibit A** and depicted in **Exhibit B**, both attached hereto and incorporated herein. The Property is currently developed with a commercial building, restaurant building and parking lot owned and leased by Developer. This Agreement applies only to the Property and does not affect or burden any other real property owned by Developer and/or its Affiliated Parties

D. Developer submitted applications to the City for a General Plan text amendment (GPA-2017-05) (“**General Plan Amendment**”), a Development Permit (DP-2018-04) (“**Development Permit**”), an Architectural and Site Approval Permit (ASA-2017-09) (the “**Architectural and Site Approval Permit**”), a Use Permit (U-2018-03) (“**Use Permit**”), a Tree Removal Permit (TR-2017-46) (“**Tree Removal Permit**”), an Exception Permit (EXC-2018-03) (“**Exception Permit**”), and a Development Agreement (DA-2017-01). These applications are in furtherance of the request by Developer to remove the existing structures and facilities and develop on the Project Site a new full-service boutique hotel comprising five stories above ground plus two levels of underground parking, containing 185 hotel rooms, meeting rooms, a

restaurant and associated amenities, facilities and infrastructure (the "**Project**"). The Project is described in more detail in **Exhibit C**, attached hereto and incorporated herein.

E. The Project is the subject of a Mitigated Negative Declaration (EA 2017-06) ("**MND**") prepared pursuant to the California Environmental Quality Act ("**CEQA**") (Public Resources Code section 21000 *et seq.*). The MND is tiered from the General Plan EIR in accordance with Sections 15152 and 15168 of the CEQA Guidelines and CEQA Section 21094.

F. After a duly noticed public hearing, the Planning Commission on \_\_\_\_\_ recommended to the City Council adoption of the MND, and approval of the General Plan Amendment, Development Permit, Architectural and Site Approval Permit, Use Permit, Tree Removal Permit, and this Development Agreement.

G. Prior to or concurrently with approval of this Agreement, the City has taken the following actions to review and plan for the future development and use of the Project (collectively, the "**Existing Approvals**"):

1. Adoption of the MND by Resolution No. \_\_\_\_\_ adopted by the City Council on \_\_\_\_\_.

2. Approval of the General Plan Amendment by Resolution No. \_\_\_\_\_ adopted by the City Council on \_\_\_\_\_.

3. Approval of the Development Permit by Resolution No. \_\_\_\_\_ adopted by the City Council on \_\_\_\_\_;

4. Approval of the Architectural and Site Approval Permit by Resolution No. \_\_\_\_\_ adopted by the City Council on \_\_\_\_\_;

5. Approval of the Use Permit by Resolution No. \_\_\_\_\_ adopted by the City Council on \_\_\_\_\_;

6. Approval of the Tree Removal Permit by Resolution No. \_\_\_\_\_ adopted by the City Council on \_\_\_\_\_; and

H. It is the intent of City and Developer to establish certain conditions and requirements related to review, approval, development and operation of the Project, which are or will be the subject of this Agreement and possibly subsequent development applications and land use entitlements if found to be desired or required.

I. City specifically finds, as required by Municipal Code section 19.144.110 and as reflected in the Enacting Ordinance, that approving this Agreement for the Project will promote orderly growth and quality development in accordance with the goals and policies set forth in the General Plan; is compatible with the uses authorized in, and the regulations prescribed for, the district in which the Property is located; will promote the public convenience, general welfare, and good land use practice; will promote development which is not detrimental to the health, safety and general welfare; will not adversely affect the orderly development of property or the preservation of property value; and will promote and encourage development of the Project by

providing a greater degree of requisite certainty. City also finds that the Project will provide substantial public benefits as described in this Agreement.

J. City and Developer have reached mutual agreement and desire to voluntarily enter into this Agreement to facilitate development and operation of the Project subject to the conditions and requirements set forth herein.

K. City has given the required notice of its intention to adopt this Agreement and has conducted public hearings thereon pursuant to Government Code section 65867 and Municipal Code section 19.144.090. City has reviewed and evaluated this Agreement in accordance with the Development Agreement Law and found that the provisions of this Agreement and its purposes are consistent with the Development Agreement Law and the goals, policies, standards and land use designations specified in the General Plan.

L. Following a duly noticed public hearing, on \_\_\_\_\_ the City Council introduced Ordinance No. \_\_\_\_\_ approving this Agreement and authorizing its execution, and adopted that Ordinance on \_\_\_\_\_ (“**Enacting Ordinance**”).

## **A G R E E M E N T**

**NOW, THEREFORE**, in consideration of the mutual covenants and promises contained herein and other valuable consideration, the Parties hereby agree as follows:

### **ARTICLE 1 DEFINITIONS**

1.1 Definitions.

“*Administrative Agreement Amendment*” is defined in Section 8.3.3.

“*Administrative Project Amendment*” is defined in Section 8.2.1.

“*Affiliated Party*” is defined in Section 10.1.2.

“*Agreement*” or “*Development Agreement*” shall mean this Development Agreement between City and Developer, including all Exhibits hereto.

“*Annual Review Form*” is defined in Section 6.1.2.

“*Annual TMA Fee*” is defined in Section 5.1.2.

“*Applicable City Regulations*” is defined in Section 3.4.

“*Applicable Law*” means the Applicable City Regulations and all State and Federal laws and regulations applicable to the Property and the Project as such State and Federal laws and regulations may be enacted, adopted and amended from time to time, as more particularly described in Section 3.8 (Changes in the Law).

“*Architectural and Site Approval Permit*” is defined in Recital D.

“*Assignee*” is defined in Section 10.1.1.

“*Assignment*” is defined in Section 10.1.3.

“*Building Permit*” means a building permit issued by the City for the vertical construction of any building (or buildings) within the Project, and shall not include any demolition permit, grading permit, or building permit issued for a foundation or subterranean parking garage.

“*CEQA*” means the California Environmental Quality Act, California Public Resources Code section 21000, *et seq.*, as amended from time to time.

“*CEQA Guidelines*” means the State CEQA Guidelines (California Code of Regulations, Title 14, section 15000, *et seq.*), as amended from time to time.

“*Certificate*” is defined in Section 6.1.4.

“*Changes in the Law*” is defined in Section 3.8.

“*City*” means the City of Cupertino.

“*City Council*” means to the City Council of the City of Cupertino.

“*City Manager*” means the City’s City Manager or his or her designee.

“*City Parties*” means and includes City and its elected and appointed officials, officers, employees, contractors and representatives.

“*Claims*” means liabilities, obligations, orders, claims, damages, fines, penalties and expenses, including attorneys’ fees and costs.

“*Community Amenity Payment*” is defined in Section 5.1.1.

“*Connection Fees*” means those fees charged by City on a citywide basis or by a utility provider to utility users as a cost for connecting water, sanitary sewer, and other applicable utilities, except for any such fee or portion thereof that constitutes an Impact Fee.

“*Construction Tax*” is defined in Section 4.4.

“*Consumer Price Index*” shall mean the cumulative Consumer Price Index for All Urban Consumers (CPI-U), as defined in Cupertino’s CMC Section 5.04.460 (and as reflected in the most recent report of consumer prices for the San Francisco/Bay Area Standard Metropolitan Statistical Area as published by the U.S. Department of Labor, Bureau of Labor Statistics) or if such index is no longer available by a comparable index as reasonably selected by City.

“*Default*” is defined in Section 12.1.

“*Developer*” means Cupertino Village LP, a California limited partnership and its permitted successors, assigns and Affiliated Parties (as defined in Section 10.1.2).

**“Development Agreement”** or **“Agreement”** means this Development Agreement between City and Developer, including all Exhibits hereto.

**“Development Agreement Law”** is defined in Recital B.

**“Development Agreement Regulations”** is defined in Recital B.

**“Development Agreement Statute”** is defined in Recital A.

**“Development Permit”** is defined in Recital D.

**“Development Project”** means a development project as defined by section 65928 of the California Government Code. Notwithstanding section 65928 of the California Government Code, Development Project shall also include all ministerial approvals required to carry out, construct, reconstruct, and occupy such a development project.

**“Effective Date”** means the date that this Agreement becomes effective as determined under Section 2.1.

**“Enacting Ordinance”** refers to the Ordinance identified in Recital L.

**“Exactions”** means exactions that may be imposed by the City as a condition of developing the Project, including requirements for acquisition, dedication or reservation of land; and obligations to construct on-site or off-site public and private infrastructure improvements such as roadways, utilities or other improvements necessary to support the Project, whether such exactions constitute subdivision improvements, mitigation measures in connection with environmental review of the Project, or impositions made under Applicable City Regulations. For purposes of this Agreement, Exactions do not include Impact Fees.

**“Exception Permit”** is defined in Recital D.

**“Existing Approvals”** means and includes those permits and approvals for the Project granted by City to Developer as of the Effective Date as set forth in Recital G.

**“Existing Impact Fees”** is defined in Section 4.1.

**“General Plan”** means City’s Cupertino General Plan: Community Vision 2015-2040, as amended through the Effective Date.

**“General Plan Amendment”** is defined in Recital D.

**“General Plan EIR”** means the General Plan Amendment, Housing Element Update, and Associated Rezoning Environmental Impact Report (EIR) that was certified by the City Council in December 2014 and the addendum to that EIR that was approved by the City Council in October 2015.

**“Impact Fees”** means the monetary amount charged by City in connection with a Development Project for the purpose of defraying all or a portion of the cost of mitigating the

impacts of the Development Project or development of the public facilities related to the Development Project, including, any “fee” as that term is defined by Government Code section 66000(b). For purposes of this Agreement, a fee that meets both the definitions of an Impact Fee and an Exaction will be considered to be an Impact Fee. Impact Fees do not include Other Agency Fees.

“*Internships*” is defined in Section 5.1.7.

“*Litigation Challenge*” is defined in Section 9.3.

“*Major Agreement Amendment*” is defined in Section 8.3.2.

“*Major Project Amendment*” is defined in Section 8.2.2.

“*Material Condemnation*” is defined in Section 13.1.

“*Meeting Room Benefit*” is defined in Section 5.1.5.

“*Minimum Hotel Standard*” is defined in Section 5.3.

“*MND*” or Mitigated Negative Declaration is defined in Recital E.

“*Mortgage*” means any mortgage, deed of trust, security agreement, and other like security instrument encumbering all or any portion of the Property or any of the Developer’s rights under this Agreement.

“*Mortgagee*” means the holder of any Mortgage, and any successor, assignee or transferee of any such Mortgage holder.

“*Municipal Code*” means and refers to the City of Cupertino’s Municipal Code, as amended from time to time.

“*New City Laws*” means and includes any ordinances, resolutions, orders, rules, official policies, standards, specifications, guidelines or other regulations, which are promulgated or adopted by the City (including but not limited to any City agency, body, department, officer or employee) or its electorate (through their power of initiative or otherwise) after the Effective Date.

“*Notice of Breach*” is defined in Section 12.1.

“*Other Agency Fees*” is defined in Section 4.3.

“*Other Agency Subsequent Approvals*” means approvals, entitlements and permits required for development or use of the Project to be obtained from entities other than the City.

“*Parties*” shall mean City and Developer.

“*Permitted Delay*” is defined in Section 13.4.

***“Planning Commission”*** means the City of Cupertino Planning Commission.

***“Preferential Employment Program”*** is defined in Section 5.1.3.

***“Prevailing Wage Laws”*** is defined in Section 9.2.

***“Processing Fees”*** means all fees for processing Development Project applications, including any required supplemental or other further environmental review, plan checking and inspection and monitoring for land use approvals, design review, grading and building permits, General Plan maintenance fees, and other permits and entitlements required to implement the Project, which are in effect at the time those permits, approvals or entitlements are applied for, and which are intended to cover the actual costs of processing the foregoing.

***“Project Approvals”*** means the Existing Approvals and all Subsequent Approvals.

***“Project”*** is defined in Recital D.

***“Property”*** is defined in Recital C.

***“Public Benefits Covenants”*** is defined in Section 5.4.

***“Reduced Rate Benefit”*** is defined in Section 5.1.6.

***“Shuttle Service”*** is defined in Section 5.1.4.

***“STR”*** or Smith Travel Research is defined in Section 5.3.

***“Subsequent Approvals”*** is defined in Section 7.1.

***“Term”*** is defined in Section 2.2.

***“TDM Program”*** is defined in Section 5.1.2.

***“TMA”*** or Transportation Management Association is defined in Section 5.1.1.4.

***“TOT”*** or Transient Occupancy Tax is defined in Section 5.2.

***“TOT In-lieu Payment”*** is defined in Section 5.2.

***“TOT Law”*** is defined in Section 5.2.

***“TOT Requirement”*** is defined in Section 5.2.

***“Tree Removal Permit”*** is defined in Recital D.

***“Use Permit”*** is defined in Recital D.

## **ARTICLE 2 EFFECTIVE DATE AND TERM**

2.1 Effective Date. The Effective Date of this Agreement shall be the later of (a) the date that is thirty (30) days after the date the Enacting Ordinance is adopted, or (b) the date this Agreement is fully executed by the Parties. The Effective Date is inserted at the beginning of this Agreement. The Parties acknowledge that section 65868.5 of the Development Agreement Statute requires that this Agreement be recorded with the County Recorder no later than ten (10) days after the City enters into this Agreement, and that the burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all permitted successors in interest to the Parties to this Agreement. The City Clerk shall cause such recordation.

2.2 Term of Agreement. The “**Term**” of this Agreement shall commence on the Effective Date and shall expire on the fifth (5<sup>th</sup>) anniversary of the Effective Date, unless earlier terminated or extended by mutual written consent of the Parties hereto in accordance with the requirements of Section 8.1, below.

2.3 City Representations and Warranties. City represents and warrants to Developer that, as of the Effective Date:

2.3.1 City is a municipal corporation, and has all necessary powers under the laws of the State of California to enter into and perform the undertakings and obligations of City under this Agreement.

2.3.2 The execution and delivery of this Agreement and the performance of the obligations of the City hereunder have been duly authorized by all necessary City Council action and all necessary City approvals have been obtained.

2.3.3 This Agreement is a valid obligation of City and is enforceable in accordance with its terms.

During the Term of this Agreement, City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.3 not to be true, immediately give written notice of such fact or condition to Developer.

2.4 Developer Representations and Warranties. Developer represents and warrants to City that, as of the Effective Date:

2.4.1 Developer is duly organized and validly existing under the laws of the State of California, and is in good standing and has all necessary powers under the laws of the State of California to own property interests and in all other respects enter into and perform the undertakings and obligations of Developer under this Agreement.

2.4.2 The execution and delivery of this Agreement and the performance of the obligations of Developer hereunder have been duly authorized by all necessary partnership action and all necessary partner approvals have been obtained.

2.4.3 This Agreement is a valid obligation of Developer and is enforceable in accordance with its terms.

2.4.4 Developer has not (a) made a general assignment for the benefit of creditors; (b) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Developer's creditors; (c) suffered the appointment of a receiver to take possession of all, or substantially all, of Developer's assets; (d) suffered the attachment or other judicial seizure of all, or substantially all, of Developer's assets; or (e) admitted in writing its inability to pay its debts as they come due.

2.4.5 Developer and/or its Affiliated Parties are in the business of developing and owning real estate. Developer and its Affiliated Parties have sufficient financial resources to undertake development of the Project and thereafter operate or cause the hotel to be operated as described in Section 5.3 and as otherwise intended by this Agreement. The entity that operates the hotel, whether Developer, one of its Affiliated Parties, or any third-party entity that Developer arranges for such purpose, shall satisfy the qualifications for an Assignee as described in Section 10.1.1 to the extent applicable.

During the Term of this Agreement, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.4 not to be true, immediately give written notice of such fact or condition to City.

### **ARTICLE 3 DEVELOPMENT OF THE PROPERTY**

3.1 Vested Rights. The Property is hereby made subject to the provisions of this Agreement. Developer shall have the vested right to develop the Property and the Project in conformance with the Existing Approvals, the Subsequent Approvals, Applicable Law and this Agreement, as may be amended from time to time pursuant to this Agreement, which shall control the permitted uses, density and intensity of use of the Property and the maximum height and size of buildings on the Property.

3.2 Life of Approvals. Pursuant to Government Code section 66452.6(a) and this Agreement, the life of the Project Approvals shall automatically be extended to and until the later of the following: (1) the end of the Term of this Agreement; or (2) the end of the term or life of any such Project Approval. Notwithstanding the foregoing, the vested elements secured by Developer under this Agreement shall have a life no greater than the Term of this Agreement.

3.3 Permitted Uses. The permitted uses for the Property and the Project are those set forth in the Project Approvals, and include the following:

3.3.1 Up to 185 hotel rooms in one building of five above-grade stories with a fitness facility and amenities customary for a hotel meeting the Minimum Hotel Standard;

3.3.2 below-grade parking;

3.3.3 a restaurant/bar with an outdoor patio, to be open to the general public;

3.3.4 a rooftop lounge and/or bar; and

3.3.5 rooms suitable for meetings, conferences, banquets and similar uses.

The details for each component are subject to the Project and Agreement amendment processes as set forth in Sections 8.2 and 8.3 herein. In the event of a conflict between the Existing Approvals and the terms of this Section 3.3, the Existing Approvals shall govern.

3.4 Applicable City Regulations. The laws, rules, regulations, official policies, standards and specifications of City applicable to the development, use and operation of the Property and the Project shall be (collectively, “**Applicable City Regulations**”):

3.4.1 Those rules, regulations, official policies, standards and specifications of the City set forth in the Project Approvals and this Agreement;

3.4.2 With respect to matters not addressed by and not otherwise inconsistent with the Project Approvals and this Agreement, those laws, rules, regulations, official policies, standards and specifications (including City ordinances and resolutions) governing permitted uses, building locations, timing and manner of construction, densities, intensities of uses, maximum heights and sizes, design, set-backs, lot coverage and open space, parking, landscaping, requirements for on- and off-site infrastructure and public improvements and Exactions, in each case only to the extent in full force and effect on the Effective Date;

3.4.3 Except as may be addressed in the Project Approvals, New City Laws that relate to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure imposed at any time, provided such New City Laws are uniformly applied on a City-wide basis to all substantially similar types of Development Projects and properties, and such procedures are not inconsistent with procedures set forth in this Agreement;

3.4.4 New City Laws that revise City’s uniform construction codes, including City’s building code, plumbing code, mechanical code, electrical code, fire code, grading code and other uniform construction codes, as of the date of permit issuance, provided such New City Laws are uniformly applied on a City-wide basis to all substantially similar types of Development Projects and properties;

3.4.5 New City Laws that are necessary to protect physical health and safety of the public, provided such New City Laws are uniformly applied on a City-wide basis to all substantially similar types of Development Projects and properties;

3.4.6 New City Laws that do not conflict with this Agreement or the Project Approvals, provided such New City Laws are uniformly applied on a City-wide basis to all substantially similar types of Development Projects and properties; and

3.4.7 New City Laws that do not apply to the Property and/or the Project due to the limitations set forth above, but only to the extent that such New City Laws are accepted in writing by Developer in its sole discretion.

3.5 Timing of Development. Developer shall have no obligation to develop the Project or any component of the Project. Without any limitation of the foregoing, it is the desire of the Parties hereto to avoid the result in *Pardee Construction Co. v. City of Camarillo*, 37 Cal.3d 465 (1984), in which the California Supreme Court held that the failure of the parties

therein to consider, and expressly provide for, the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over such parties' agreement. Therefore, notwithstanding the adoption of any initiative after the Effective Date by City's electorate to the contrary, the Parties acknowledge that, except as otherwise provided for in this Agreement, Developer shall have the vested right during the Term and any extensions thereof to develop the Project at such time as Developer deems appropriate in the exercise of its sole and subjective business judgment.

3.6 Compliance with Laws. Developer, at its sole cost and expense, shall comply with the requirements of, and obtain all permits and approvals required by local, State and Federal agencies having jurisdiction over the Property or Project. Furthermore, Developer shall carry out the Project work in conformity with all Applicable Law, including applicable state labor laws and standards; Applicable City Regulations; and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. section 12101, *et seq.*, Government Code section 4450, *et seq.*, Government Code section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code section 51, *et seq.*

3.7 No Conflicting Enactments. Except as otherwise provided in this Agreement, City shall not impose on the Project (whether by action of the City Council or by initiative, referendum or other means, including development moratorium or additional Project conditions on Subsequent Approvals) any New City Law that is in conflict with this Agreement or the Existing Approvals or, once approved, the Subsequent Approvals. Without limiting the generality of the foregoing, except as otherwise provided herein, City shall not (a) apply to the Property any change in land use designation or permitted use, density or intensity of development of the Property; (b) apply to the Property any change in off-site infrastructure or utility requirements or limit or control the availability of or ability to obtain public utilities, services, or facilities (provided, however, nothing herein shall be deemed to exempt the Project or the Property from any water use rationing requirements that may be imposed from time to time in the future and nothing herein shall be deemed a commitment to reserve potable water or sanitary sewer capacity which the Parties acknowledge City does not control); (c) modify or control building setbacks, square footages or heights; the location of buildings and structures; parking requirements; or grading in a manner that is inconsistent with or more restrictive than the terms included in the Existing Approvals or this Agreement; or (d) limit or control the rate, timing, phasing or sequencing of the approval, development or construction of all or any part of the Project.

3.8 Changes in the Law. As provided in section 65869.5 of the Development Agreement Law, this Agreement shall not preclude the applicability to the Project of changes in laws, regulations, plans or policies, to the extent that such changes are specifically mandated and required by changes in State or Federal laws or by changes in laws, regulations, plans or policies of special districts or other governmental entities, other than the City, created or operating pursuant to the laws of the State of California ("**Changes in the Law**"). In the event Changes in the Law prevent or preclude compliance with one or more provisions of this Agreement, the Parties shall meet and confer in good faith in order to determine whether such provisions of this Agreement shall be modified or suspended, or performance thereof delayed, as may be necessary to comply with Changes in the Law. Nothing in this Agreement shall preclude Developer from

contesting by any available means (including administrative or judicial proceedings) the applicability to the Project of any such Changes in the Law.

3.9 Initiatives and Referenda. If any New City Law is enacted or imposed by initiative or referendum, or by the City Council directly or indirectly in connection with any proposed initiative or referendum, which New City Law would conflict with this Agreement or reduce the development rights provided by this Agreement and the Project Approvals, such New City Law shall not apply to the Project. No moratorium or other limitation (whether relating to the rate, timing, phasing, density, height or sequencing of development) affecting subdivision maps, building permits or other entitlements to use that are approved or to be approved, issued or granted within the City, or portions of the City, shall apply to the Project. City, except to submit to vote of the electorate initiatives and referendums required by Applicable Law to be placed on a ballot, shall not adopt or enact any New City Law, or take any other action which would violate the express provisions of this Agreement or the Project Approvals. Developer reserves the right to challenge in court any New City Law that would conflict with this Agreement or reduce the vested development rights provided by this Agreement. Notwithstanding the foregoing, the Parties acknowledge that City's approval of this Agreement is a legislative action subject to referendum. Developer further acknowledges and agrees that City does not have authority or jurisdiction over any other public agency's ability to grant governmental approvals or permits or to impose a moratorium or other limitation that may affect the Project.

3.10 Regulation by Other Public Agencies. Developer acknowledges that other public agencies not within the control of City possess authority to regulate aspects of the development of the Property separately from or jointly with City, and this Agreement does not limit the authority of such other public agencies. Developer will, at the time required in accordance with Developer's project and construction schedule, apply for all such other permits and approvals as may be required by other governmental or quasi-governmental entities in connection with the development of, or the provision of services to, the Project. Developer acknowledges that City does not control the amount of any fees imposed by such other agencies. In the event that such fees are imposed upon Developer and are in excess of those allowed by Applicable Law and Developer wishes to object to such fees, Developer may pay such fees under protest. City agrees not to delay issuance of permits or other Subsequent Approvals and entitlements under these circumstances, provided Developer provides City with proof of payment of such fees.

3.11 No Reservation of Sanitary Sewer or Potable Water Capacity. City has found the Project to be consistent with the General Plan which anticipates that there will be sufficient potable water and sanitary sewer capacity to serve future development contemplated by the General Plan, including the Project, through the Term. However, nothing in this Agreement is intended to provide any reservation of potable water or sanitary sewer capacity.

## ARTICLE 4 FEES

4.1 Impact Fees. Except as otherwise expressly provided herein, during the Term and any extension thereof City shall have the right to impose and Developer shall pay only such Impact Fees as City has adopted as of the Effective Date, including those set forth in the Project Approvals (“**Existing Impact Fees**”). For convenience of reference, the Existing Impact Fees are identified in Exhibit D attached hereto and incorporated herein. Any Existing Impact Fees that are in existence as of the Effective Date but are inadvertently omitted from Exhibit D may still be charged. In the event of such inadvertent omission, the Parties shall revise Exhibit D to correct such error. Payment of the Existing Impact Fees shall be at the rates in effect when such fees are due. Notwithstanding the above and subject to Developer’s right to protest and/or pursue a challenge in law or equity to any new or increased Impact Fees, if City elects in its sole discretion to approve any extension to the Term, in addition to the Existing Impact Fees it may impose any new or increased Impact Fees City may have duly adopted as of the date of such approval.

4.2 Processing Fees. Subject to Developer’s right to protest and/or pursue a challenge in law or equity to any new or increased Processing Fee, City may charge and Developer agrees to pay all Processing Fees for processing Development Project applications, including but not limited to any required supplemental or other further environmental review, plan checking and inspection and monitoring for land use approvals, design review, grading and building permits, General Plan maintenance fees, and other permits and entitlements required to implement the Project, at the rates which are in effect on a City-wide basis at the time those permits, approvals, entitlements, reviews or inspections are applied for, requested or required. Without limiting the above, by entering into this Agreement Developer accepts and shall not protest or challenge imposition of the types and amounts of Processing Fees in effect as of the Effective Date.

4.3 Other Agency Fees. Nothing in this Agreement shall preclude City from collecting fees from Developer that are lawfully imposed on the Project by another agency having jurisdiction over the Project, which the City is required to collect on behalf of such other agencies (“**Other Agency Fees**”).

4.4 Taxes and Assessments. City may impose and Developer agrees to pay any and all existing, new, modified or increased taxes and assessments imposed in accordance with the laws in effect as of the date due, at the rate in effect at the time of payment, including without limitation, the construction taxes imposed by Chapter 3.32 of the Municipal Code (“**Construction Tax**”).

4.5 Connection Fees. Subject to Developer’s right to protest and/or pursue a challenge in law or equity to any new or increased Connection Fee, City may charge and Developer shall pay any Connection Fee that is lawfully adopted.

**ARTICLE 5  
PUBLIC BENEFITS**

5.1 Public Benefits Obligations. In consideration of the rights and benefits conferred by City to Developer under this Agreement, Developer shall perform the public benefit obligations and pay to City the contributions set forth in this Article 5 all within the times set forth herein.

5.1.1 Community Amenity Funding. Developer agrees to pay City Ten Thousand Dollars (\$10,000.00) for each hotel room constructed for an estimated total of One Million Eight Hundred Fifty Thousand Dollars (\$1,850,000.00) in installments as described below, for City's use in the City Council's discretion subject to the following suggested guidelines ("**Community Amenity Payment**"), which payment shall be in addition to any Impact Fees otherwise due. Once paid, each installment of the Community Amenity Payment shall be nonrefundable, except as provided in Section 5.1.1.2 below. In the event City actions or conditions (including, but not limited to, conditions of the Project Approvals, interpretations of City ordinances, regulations and/or policies, and imposition of applicable building code requirements) regarding the Project Approvals cause the Project to be finally approved with fewer than 185 hotel rooms, the total Community Amenity Payment shall be Ten Thousand Dollars (\$10,000.00) multiplied by the number of hotel rooms approved for construction; provided, the Community Amenity Payment shall not be reduced if Developer elects to voluntarily reduce the number of hotel rooms.

5.1.1.1 The Community Amenity Payment shall be made in installments as follows:

(1) Within ninety (90) days of the Effective Date, Developer shall pay City a first installment of the Community Amenity Payment in the amount of Fifty Thousand Dollars (\$50,000.00).

(2) On or before December 1<sup>st</sup> of each year, beginning on the first December 1<sup>st</sup> after the Effective Date, until the Community Amenity Payment is paid in full, as part of each annual review and together with submission of the Annual Review Form, Developer shall pay City an installment of the Community Amenity Payment in the amount of Fifty Thousand Dollars (\$50,000.00).

(3) At the time of issuance of the first Building Permit for the Project, Developer shall pay twenty-five percent (25%) of the remainder of the Community Amenity Payment.

(4) At the time of issuance of the first Certificate of Occupancy for the Project, Developer shall pay the remainder of the Community Amenity Payment.

(5) In the event of a Litigation Challenge (described below in Section 9.3), all Community Amenity Payment installments shall be postponed until final resolution of the Litigation Challenge.

5.1.1.2 Except as specified herein, Community Benefit Payment installments paid to City shall be nonrefundable even if the Project is not built or occupied, and Developer acknowledges that such installments and the timing of their payment constitute partial consideration for City entering into this Agreement and are paid at Developer's risk. Notwithstanding the above, if this Agreement is terminated or the Project is not constructed due to bad faith action or failure to act by City regarding the Project Approvals leading to an uncured Default, which is not resolved after completion of the dispute resolution process in Section 12.8, then upon final judgment by a court of competent jurisdiction in Developer's favor such payments shall be refundable to Developer.

5.1.1.3 Funds may be used in any part of the City to benefit residents, businesses, and visitors, including on projects that will enhance and enrich the experience of the most proximate City residents, retail and restaurant customers, and hotel guests.

5.1.1.4 Without limiting City's discretion in its use of the Community Amenity Payment, the following types of uses or activities have been identified as candidates:

- (1) Local transportation facilities, such as the I-280 Trail, bicycle lanes, the I-280/Wolfe Road Interchange project, projects identified in the 2016 Cupertino Bicycle Transportation Plan, or projects identified in the 2018 Cupertino Pedestrian Transportation Plan (without replacing fair-share impact fees also owed by Developer);
- (2) Start-up costs for the Transportation Management Association ("**TMA**");
- (3) Permanent local public art projects or temporary exhibits (in addition to any public art installation or payment otherwise owed); and
- (4) Landscaping beautification improvements in public parks, parkways or roadway medians.

5.1.2 Transportation Demand Management (TDM) Program. Developer shall fund and fully implement the "**TDM Program**" described in Exhibit E attached hereto and incorporated herein. In addition, if at any time a TMA is formed whose coverage and service area includes the Property, Developer agrees to participate in the TMA in addition to funding and implementing the TDM Program. In the event a TMA is formed, Developer commits to pay an annual participation fee, which initially shall not exceed Ten Thousand Dollars (\$10,000.00) (the "**TMA Fee**"). Developer shall have the right to participate in any process established for formation of the TMA including, but not limited to, the right to comment on the scope and nature of the proposed TMA's coverage and service area and the amount of the annual participation fee. The annual TMA Fee paid by Developer may increase each year based on any increase in the Consumer Price Index over the prior one-year period, beginning the year after the year in which the TMA is formed

5.1.3 Preferential Hiring. Developer shall establish a program giving preference to Cupertino residents for employment in the Project in all positions, during initial staffing and on an ongoing basis as openings occur ("**Preferential Employment Program**"). The program

shall be subject to approval by the City Manager in his/her reasonable discretion. The Annual Review Form submitted by Developer pursuant to Section 6.1 shall include a report on Developer's outreach and hiring efforts and results during the preceding year.

5.1.4 Shuttle Service. In order to reduce automobile use in Cupertino, with the attendant effects on traffic and air quality, Developer shall provide access to a shuttle service available for the following purposes (the "**Shuttle Service**"):

5.1.4.1 for hotel guests traveling between the hotel and San Jose International Airport, Caltrain, BART, VTA, major employment centers and other destinations in the area;

5.1.4.2 for people traveling to or from the hotel related to using the Project's meeting rooms for functions; and

5.1.4.3 subject to availability, for nearby residents, businesses and the general public to travel between the hotel and area destinations.

5.1.5 Meeting Rooms. Developer shall allow City to use the Project's meeting rooms on a complimentary basis for official City business purposes ("**Meeting Room Benefit**"). The City shall request reservations for the Meeting Room Benefit at least fifteen (15) days in advance of any proposed use, and there shall be no caps on the amount of such use. Such use shall be subject to availability, but an existing City reservation cannot be canceled in favor of a paying user. Catering services for such uses shall be made available at a twenty-five percent (25%) discount from regular charges (provided, however, that to the extent the discount results in a charge less than the actual costs of the catering services, user shall be required to pay the actual costs), but the user will not be required to use the Project's catering.

5.1.6 Reduced Rates. Subject to availability, Developer shall establish a program to rent rooms in the hotel at a reduced rate to people visiting Cupertino for official business with City, and to dignitaries visiting for City purposes and events ("**Reduced Rate Benefit Program**"). The program shall be subject to approval by the City Manager in his/her reasonable discretion and shall include hotel rates at least ten percent (10%) lower than the hotel's lowest rate otherwise offered by the hotel through its available annual discount programs. In each case the City Manager shall confirm that a visitor qualifies for the Reduced Rate Benefit, and the City Manager may from time to time provide a list of persons who are pre-qualified.

5.1.7 Internships. Developer shall offer non-paid educational internships for students from Fremont Unified High School District, De Anza College or other local colleges interested in careers in the hospitality industry ("**Internships**"). Subject to hotel staffing needs and the availability of trained supervisors, internships shall be available to between one and five students at a time, during the summer and during the school year. Developer retains flexibility in arranging the duration of Internships, and anticipates 10-week terms involving 10-20 hours per week of onsite work that will provide a varied, interesting and educational experience in the Project's hotel, catering, meeting and other activities. Developer shall solicit applications from local schools; first preference for at least one-half of the Internships at any given time shall be given to City of Cupertino residents.

5.2 Transient Occupancy Tax Requirement. In consideration of the rights and benefits conferred by City to Developer under this Agreement, and in recognition that the transient occupancy tax (“**TOT**”) to be generated by the hotel is a significant incentive for City to enter into this Agreement, any hotel or similar business operating on the Property shall abide by the provisions of California Revenue and Taxation Code section 7280, Municipal Code section 3.12 and any other applicable law (collectively, “**TOT Law**”), as they may change from time to time, so as to assure that the TOT may be collected from each person occupying a room at the hotel (“**TOT Requirement**”). Without limiting the foregoing, to the extent permitted by law Developer shall not allow any person to occupy a particular room for longer than thirty consecutive calendar days, counting portions of days as full days, and shall require any person desiring to stay longer to check out and check back in, or otherwise as may be required by the TOT Law, so as to preserve the ability to collect the TOT from such person. Developer shall collect the TOT from all persons unless such person has been exempted by City and has documented such exemption as may be required by the TOT Law. Developer shall charge the TOT at the rate adopted by City, as it may change from time to time, and remit the TOT to City as required by City regulations. To the extent that any person’s stay extends beyond the time allowed under the TOT Law for collection of TOT, so that Developer may no longer collect TOT for the additional days, Developer shall pay City an amount equivalent to the TOT that otherwise might have been collected (the “**TOT In-lieu Payment**”), remitted along with TOT collected.

5.3 Upscale Hotel. Developer has represented to City that the Project will provide a facility described as an “upper upscale boutique hotel”, which City interprets in part to mean that the hotel will charge higher rates and will provide better amenities than most hotels, which in turn means that the hotel will generate more TOT and add to Cupertino’s prestige. City has relied on this characterization and benefits as an incentive to enter into this Agreement. Therefore, any hotel or similar business operating on the Property shall meet or exceed the standards to qualify as “Upper Upscale” as promulgated by Smith Travel Research (“**STR**”), or if the STR rating system no longer is available then another similar source of hotel rating mutually acceptable to the Parties (the “**Minimum Hotel Standard**”).

5.4 Ongoing Obligations. The following public benefit obligations are ongoing obligations that shall continue in effect during and after the Term of this Agreement and after termination of this Agreement in accordance with the following criteria, and the ongoing nature of the obligations shall be memorialized in one or more recorded documents binding on the Property and its uses, the form(s) of which shall be prepared and mutually agreed upon by the Parties no later than and as a condition to issuance of the first Building Permit for the Project (collectively, the “**Public Benefits Covenants**”).

5.4.1 The TDM Program shall remain in effect so long as and whenever a hotel or other business operates on the Property; provided, a change in the type of business may require changes to the TDM Program as needed to recognize different transportation-related effects and needs.

5.4.2 Payment of the Annual TMA Fee, once started, shall continue so long as the TMA is in existence, so long as and whenever a hotel or other business operates on the Property.

5.4.3 The Preferential Employment Program shall remain in effect so long as and whenever a hotel or other business operates on the Property.

5.4.4 The Shuttle Service, Reduced Rate Benefit, Internships, TOT Requirement (including the TOT In-lieu Payment), Meeting Room Benefit and Minimum Hotel Standard shall remain in effect so long as and whenever a hotel or similar type of business operates on the Property.

5.5 City of Cupertino Business License. Developer, at its expense, shall obtain and maintain a City of Cupertino business license at all times, and shall include a provision in all general contractor agreements for the Project requiring each such general contractor to obtain and maintain a City of Cupertino business license during performance of the work of construction.

5.6 Sales Tax Point of Sale Designation. Developer shall use good faith, diligent efforts to the extent allowed by law to require all persons and entities providing bulk lumber, concrete, structural steel and pre-fabricated building components, such as roof trusses, to be used in connection with the construction and development of, or incorporated into, the Project, to (a) obtain a use tax direct payment permit; (b) elect to obtain a subcontractor permit for the job site of a contract valued at Five Million Dollars (\$5,000,000) or more; or (c) otherwise designate the Property as the place of use of material used in the construction of the Project in order to have the local portion of the sales and use tax distributed directly to City instead of through the county-wide pool. Developer shall instruct its general contractor(s) for the Project to, and shall cause such general contractor(s) to instruct its/their subcontractors to, cooperate with City to ensure the local sales/use tax derived from construction of the Project is allocated to City to the fullest extent possible. To assist City in its efforts to ensure that such local sales/use tax is so allocated to City, Developer shall on an annual basis, or more frequently upon City's request, provide City with such information as shall be reasonably requested by City regarding subcontractors working on the Project with contracts in excess of the amount set forth above, including a description of all applicable work and materials and the dollar value of such subcontracts, and, if applicable, evidence of their designation, such as approvals or applications for the direct payment permit, of City as the place of use of such work and materials. City may use such information to contact each subcontractor who may qualify for local allocation of use taxes to City.

## ARTICLE 6 ANNUAL REVIEW

### 6.1 Annual Review.

6.1.1 Purpose. As required by California Government Code section 65865.1 and Municipal Code section 19.144.060(H), City and Developer shall review this Agreement and all actions taken pursuant to the terms of this Agreement with respect to the development of the Project every twelve (12) months to determine good faith compliance with this Agreement. Specifically, City's annual review shall be conducted for the purposes of determining compliance by Developer with its obligations under this Agreement and document the status of Project development. Annual review shall continue after the Term, so City may determine compliance with the ongoing public benefit obligations described in Article 5.

6.1.2 Conduct of Annual Review. The annual review shall be conducted as provided in this Section 6.1.2. By December 1st of each year, Developer shall provide documentation of its good faith substantial compliance with this Agreement and the terms of the Public Benefits Covenants during the previous calendar year, including a completed Annual Review Form in the form provided in **Exhibit F** and such other information as may reasonably be requested by the City Manager. If the City Manager finds good faith compliance by Developer with the terms of this Agreement and the Public Benefits Covenants, Developer shall be notified in writing and the review for that period shall be concluded. If the City Manager is not satisfied that Developer is performing in accordance with the terms and conditions of this Agreement or one or more of the Public Benefits Covenants, the City Manager shall prepare a written report specifying why the Developer may not be in good faith compliance, refer the matter to the City Council, and notify Developer in writing at least fifteen (15) business days in advance of the time at which the matter will be considered by the City Council. This notice shall include the time and place of the City Council's public hearing to evaluate good faith compliance with this Agreement and the Public Benefits Covenants, a copy of the City Manager's report and recommendations, if any, and any other information reasonably necessary to inform Developer of the nature of the proceeding. The City Council shall conduct a public hearing at which Developer must submit evidence that it has complied in good faith with the terms and conditions of this Agreement and the Public Benefits Covenants. Developer shall be given an opportunity to be heard at the hearing. The findings of the City Council on whether Developer has complied in good faith for the period under review shall be based upon substantial evidence in the record. If the City Council determines, based upon substantial evidence, that Developer has complied in good faith with the terms and conditions of this Agreement and the Public Benefits Covenants, the review for that period shall be concluded. If the City Council determines, based upon substantial evidence in the record, that Developer has not complied in good faith with one or more terms and conditions of this Agreement or the Public Benefits Covenants, or there are significant questions as to whether Developer has substantially complied in good faith, the City Council, at its option, may continue the hearing and may notify Developer of the City's intent to meet and confer with Developer within thirty (30) days of such determination, prior to taking further action. Following such meeting, the City Council shall resume the hearing in order to further consider the matter and to make a determination regarding Developer's good faith compliance. In the event the City Council determines Developer is not in good faith compliance

with the terms and conditions of this Agreement, City may give the Developer a written Notice of Breach, in which case the provisions of Section 12.1, below, shall apply.

6.1.3 Failure to Conduct Annual Review. Failure of City to conduct an annual review shall not constitute a waiver by the City of its rights to otherwise enforce the provisions of this Agreement nor shall Developer have or assert any defense to such enforcement by reason of any such failure to conduct an annual review.

6.1.4 Certificate of Compliance. If, at the conclusion of the annual review described in Section 6.1.2, the Developer is found to be in good faith compliance with this Agreement and the Public Benefits Covenants, City shall, upon request by Developer, issue a Certificate of Compliance (“**Certificate**”) to Developer stating that after the most recent annual review and based upon the information actually known to an appropriate official of City specified in such Certificate that: (a) this Agreement remains in effect (for the remainder of the Term), and (b) the Developer is not in Default of this Agreement or the Public Benefits Covenants. The Certificate shall be in a recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, and shall state the anticipated date of commencement of the next annual review. Developer may record the Certificate at its sole cost and expense without cost or expense to City.

## **ARTICLE 7 COOPERATION AND IMPLEMENTATION**

7.1 Subsequent Approvals. Certain subsequent land use approvals, entitlements, and permits other than the Existing Approvals, will be necessary or desirable for implementation of the Project (“**Subsequent Approvals**”). The Subsequent Approvals may include, without limitation, the following: amendments of the Existing Approvals, demolition and grading permits, excavation permits, building permits, design review permits, sign permits, sewer and water connection permits, encroachment permits, certificates of occupancy, lot line adjustments or lot merger, site plans, development plans, land use plans, building plans and specifications, and any amendments to, or repealing of, any of the foregoing. Except as otherwise expressly provided herein, the City shall not impose requirements or conditions upon the development and construction of the Project that are inconsistent with the Existing Approvals, including the terms and conditions of this Agreement, and any Subsequent Approvals as may be obtained from time to time.

7.2 Scope of Review of Subsequent Approvals. City, in approving the Existing Approvals and vesting the Project through this Agreement, is limiting its future discretion with respect to the Project and Subsequent Approvals to determining whether the application for a Subsequent Approval is consistent with and meets the criteria set forth in the Applicable City Regulations, Existing Approvals, and where applicable, other Project Approvals previously granted. Subject to the foregoing, City reserves discretion to impose appropriate Exactions in connection with issuance of Subsequent Approvals, as necessary to bring the Subsequent Approval into compliance with Applicable Law and Existing Approvals. At such time as any Subsequent Approval applicable to the Property is approved by City, then such Subsequent Approval shall become subject to all the terms and conditions of this Agreement applicable to

Project Approvals and shall be automatically vested and treated as a “Project Approval” under this Agreement.

### 7.3 Processing Applications for Subsequent Approvals.

7.3.1 Timely Submittals by Developer. Developer acknowledges that City cannot begin processing applications for Subsequent Approvals until Developer submits complete applications on a timely basis. Developer shall use diligent good faith efforts to (a) provide to City in a timely manner any and all documents, applications, plans, and other information necessary for City to carry out its obligations hereunder; and (b) cause Developer’s planners, engineers, and all other consultants to provide to City in a timely manner all such documents, applications, plans and other materials required under Applicable Law. It is the express intent of Developer and City to cooperate and diligently work to obtain any and all Subsequent Approvals.

7.3.2 Timely Processing by City. Upon submission by Developer of all appropriate applications and Processing Fees for any pending Subsequent Approval, City shall, to the full extent allowed by Applicable Law, promptly and diligently, subject to City ordinances, policies and procedures regarding hiring and contracting, commence and complete all steps necessary to act on Developer’s currently pending Subsequent Approval applications including: (a) providing at Developer’s expense and subject to Developer’s request and prior approval, reasonable overtime staff assistance, additional staff and/or staff consultants for concurrent, expedited planning and processing of each pending Subsequent Approval application; (b) if legally required, providing notice and holding public hearings; and (c) acting on any such pending Subsequent Approval application. To the greatest extent permitted by the Existing Approvals or Applicable Law, Subsequent Approvals will be processed administratively by City staff. Developer’s obligation to pay for the processing of Subsequent Approvals, including staff time, materials and third-party consultants, shall be based on the City’s actual out-of-pocket costs, plus a fifteen percent (15%) markup of consultant costs, per existing policy, to cover City’s costs of managing such third-party consultants and administering their contracts.

7.3.3 CEQA. In connection with its consideration and approval of Existing Approvals, the City prepared and adopted the MND, which evaluated the environmental effects of the Existing Approvals for the Project, and has adopted mitigation measures to reduce the significant environmental effects therefrom. The Parties acknowledge that certain Subsequent Approvals may legally require additional analysis under CEQA. Nothing contained in this Agreement is intended to prevent or limit the City from complying with CEQA. In acting on Subsequent Approvals, City will rely on the MND to the fullest extent permissible by CEQA as determined by City in the exercise of its independent judgment. In the event additional environmental review is required for a Subsequent Approval, City shall limit such additional review to the scope of analysis mandated by CEQA and shall not adopt new mitigation measures except as legally required, all as determined by the City as the lead agency under CEQA in the exercise of its independent judgment.

7.4 Other Agency Subsequent Approvals; Authority of City. City shall cooperate with Developer, to the extent appropriate and as permitted by Applicable Law, in Developer’s efforts to obtain, as may be required, Other Agency Subsequent Approvals. Notwithstanding the

issuance to Developer of Other Agency Subsequent Approvals, Developer agrees that City shall have the right to review, modify, approve and/or reject any and all submissions subject to the Other Agency Subsequent Approvals which, but for the authority of the other governmental or quasi-governmental entities issuing the Other Agency Subsequent Approvals, would otherwise require City approval. Developer agrees that City may review, modify, approve and/or reject any such materials or applications to ensure consistency with this Agreement and the Project Approvals and Developer shall incorporate any and all changes required by City prior to submitting such materials and applications to the other governmental or quasi-governmental entities for review and/or approval.

## **ARTICLE 8 AMENDMENT OF AGREEMENT AND PROJECT APPROVALS**

8.1 Amendment by Written Consent. Except as otherwise expressly provided herein (including Section 6.1 relating to City’s annual review and Section 12.3 relating to termination in the event of a breach), this Agreement may be terminated, modified or amended only by mutual written consent of the Parties hereto or their successors in interest or assignees and in accordance with the provisions of Government Code sections 65967, 65867.5 and 65868.

8.2 Project Approval Amendments. To the extent permitted by Applicable Law, Project Approvals may, from time to time, be amended in the following manner:

8.2.1 Administrative Project Amendments. Upon Developer’s written request for an amendment or modification to the Project Approvals or Subsequent Approvals, the City Manager shall determine: (i) whether the requested amendment or modification is minor when considered in light of the Project as a whole; and (ii) whether the requested amendment or modification is consistent with this Agreement and Applicable Law. If the City Manager or his/her designee finds, in his or her sole discretion, that the proposed amendment or modification is minor, consistent with this Agreement and Applicable Law, and will result in no new significant impacts not addressed and mitigated in the MND, the amendment or modification shall be determined to be an “**Administrative Project Amendment**” and shall not require an amendment to this Agreement. Upon the City Manager’s approval, any Administrative Project Amendment shall be automatically incorporated into the applicable Project Approvals and this Agreement. Without limiting the foregoing, and by way of example, after City approval of the Existing Approvals, Developer requests for lot line adjustments, minor changes in improvement plans, minor changes in land uses involving minimal acreage, minor alterations in vehicle circulation patterns or vehicle access points, minor changes in the amount of parking and parking layout, changes in pathway alignments, substitutions of comparable landscaping for any landscaping shown on any final development plan or landscape plan, variations in the location of structures that do not substantially alter the infrastructure connections or facilities that do not substantially alter the design concepts of the Project, and minor adjustments to the Site Map or Property Description may be treated as Administrative Project Amendments.

8.2.2 Major Project Amendments. Any amendment to the Project Approvals which is determined not to be an Administrative Project Amendment as set forth above in Section 8.2.1 shall be deemed a “**Major Project Amendment.**” A Major Project Amendment shall be processed in the same manner and require the same approvals as the original Project

Approval, including, where so required, giving of notice and a public hearing before the Planning Commission and City Council in accordance with Applicable Law. The City Manager or his or her designee shall have the authority to determine if an amendment is a Major Project Amendment subject to this Section 8.2.2 or an Administrative Project Amendment subject to Section 8.2.1.

8.3 Amendment of this Agreement. This Agreement may be amended from time to time, in whole or in part, by mutual written consent of the Parties or their successors in interest, as follows:

8.3.1 Administrative Agreement Amendments. Any amendment to this Agreement which does not substantially affect (a) the Term; (b) permitted uses of the Property; (c) provisions for the reservation or dedication of land; (d) conditions, terms, restrictions or requirements for Subsequent Approvals; (e) increases in the density or intensity of the use of the Property or the maximum height or size of proposed buildings; (f) monetary contributions by Developer; or (g) the provision of public benefits described in Article 5, shall be deemed an “**Administrative Agreement Amendment**” and the City Manager or his or her designee, except to the extent otherwise required by Applicable Law, may approve the Administrative Agreement Amendment without notice and public hearing.

8.3.2 Major Agreement Amendments. Any amendment to this Agreement which is determined not to be an Administrative Agreement Amendment as set forth above in Section 8.3.1 shall be deemed a “**Major Agreement Amendment**” and shall require giving of notice and a public hearing before the Planning Commission and City Council in accordance with Applicable Law. The City Manager or his or her designee shall have the authority in her or her sole discretion to determine if an amendment is a Major Agreement Amendment subject to this Section 8.3.2 or an Administrative Agreement Amendment subject to Section 8.3.1.

8.3.3 Requirement for Writing. No modification, amendment or other change to this Agreement or any provision hereof shall be effective for any purpose unless specifically set forth in a writing which refers expressly to this Agreement and is signed by duly authorized representatives of both Parties or their successors in interest. A copy of any change shall be provided to the City Council within thirty (30) days of its execution.

8.4 Amendments to Development Agreement Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Statute as those provisions existed as of the date of execution of this Agreement. No amendment or addition to those provisions which would materially affect the interpretation or enforceability of this Agreement shall be applicable to this Agreement, unless such amendment or addition is specifically required by the California State Legislature, or is mandated by a court of competent jurisdiction. If such amendment or change is permissive (as opposed to mandatory), this Agreement shall not be affected by same unless the Parties mutually agree in writing to amend this Agreement to permit such applicability.

**ARTICLE 9**  
**INSURANCE, INDEMNITY AND COOPERATION IN THE EVENT OF**  
**LEGAL CHALLENGE**

9.1 Insurance Requirements. Prior to commencement of construction activities (including demolition) and through completion of all construction activities for the Project, Developer shall procure and maintain, or cause its contractor(s) to procure and maintain, a commercial general liability policy in an amount not less than Five Million Dollars (\$5,000,000) combined single limit, including contractual liability together with a comprehensive automobile liability policy in the amount of Two Million Dollars (\$2,000,000), combined single limit. Such policy or policies shall be written on an occurrence form. Developer's insurance shall be placed with insurers with a current A.M. Best's rating of no less than A-:VII or a rating otherwise approved by the City in its sole discretion. Developer shall furnish at City's request appropriate certificate(s) of insurance evidencing the insurance coverage required hereunder, and City Parties shall be named as additional insured parties in such policies. The certificate of insurance shall contain a statement of obligation on the part of the carrier to notify City of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination (ten (10) days advance notice in the case of cancellation for nonpayment of premiums) where the insurance carrier provides such notice to the Developer. Coverage provided hereunder by Developer shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of City.

9.2 Indemnity and Hold Harmless. Developer shall indemnify, defend (with counsel reasonably acceptable to City) and hold harmless City Parties from and against any and all Claims, including Claims for any bodily injury, death, or property damage, resulting directly or indirectly from the development or construction of the Project and, if applicable from compliance with the terms of this Agreement, and/or from any other acts or omissions of Developer under this Agreement, whether such acts or omissions are by Developer or any of Developer's contractors, subcontractors, agents or employees; provided that Developer's obligation to indemnify and hold harmless (but not Developer's duty to defend) may be limited to the extent such Claims are found to arise from the active negligence or willful misconduct of any City Party. This Section 9.2 includes any and all present and future Claims arising out of or in any way connected with Developer's or its contractors' obligations to comply with any applicable State Labor Code requirements and implementing regulations of the Department of Industrial Relations pertaining to "public works" (collectively, "**Prevailing Wage Laws**"), including all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code sections 1726 and 1781. Developer's obligations under this Section 9.2 shall survive expiration or earlier termination of this Agreement.

9.3 Defense and Cooperation in the Event of a Litigation Challenge. City and Developer shall cooperate in the defense of any court action or proceeding instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, or the Project Approvals ("**Litigation Challenge**"), and the Parties shall keep each other informed of all developments relating to such defense, subject only to confidentiality requirements that may prevent the communication of such information. To the extent Developer

desires to contest or defend such Litigation Challenge, (a) Developer shall take the lead role defending such Litigation Challenge and may, in its sole discretion, elect to be represented by the legal counsel of its choice, with the costs of such representation, including Developer's administrative, legal and court costs, paid solely by Developer; (b) City may, in its sole discretion, elect to be separately represented by the legal counsel of its choice in any such action or proceeding with the costs of such representation including City's administrative, legal, and court costs and City Attorney oversight expenses, paid by Developer; and (c) Developer shall indemnify, defend, and hold harmless City Parties from and against any damages, attorneys' fees or cost awards, including attorneys' fees awarded under Code of Civil Procedure section 1021.5, assessed or awarded against City by way of judgment, settlement, or stipulation. Any proposed settlement of a Litigation Challenge shall be subject to City's and Developer's approval not to be unreasonably withheld, conditioned or delayed. If the terms of the proposed settlement would constitute an amendment or modification of this Agreement or any Project Approvals, the settlement shall not become effective unless such amendment or modification is approved by City and Developer in accordance with Applicable Law, and City reserves its full legislative discretion with respect to any such City approval. If Developer opts not to contest or defend such Litigation Challenge, City shall have no obligation to do so. Developer shall reimburse City for its costs incurred in connection with the Litigation Challenge within ten (10) business days following City's written demand therefor, which may be made from time to time during the course of such litigation. Developer's obligations under this Section 9.3 shall survive expiration or earlier termination of this Agreement.

## **ARTICLE 10 ASSIGNMENT, TRANSFER AND NOTICE**

10.1 Assignment. Material consideration and incentive for City agreeing to enter into this Agreement are those public benefits described in Article 5 that are dependent on the Property being developed and operated on a long-term basis as an "Upper Upscale" hotel as described in Section 5.3. For that reason, certain restrictions on the right of Developer to assign or transfer its interest under this Agreement with respect to the Property during the Term are necessary in order to assure the achievement of the goals, objectives and public benefits of the Project and this Agreement. Developer agrees to and accepts the restrictions set forth in this Section 10.1 as reasonable and as a material inducement for City to enter into this Agreement.

10.1.1 Assignment Criteria. Developer shall have the right to sell or transfer its fee interest, or ground lease its interests in the Property, or convey or assign or its right to operate a hotel or similar business on the Property, or enter into a contract for operation of a hotel or similar business, to any person, partnership, joint venture, firm, company, corporation or other entity (any of the foregoing, an "Assignee") subject to the written consent of City, which shall not be unreasonably withheld, delayed or conditioned to the reasonable satisfaction of the City Manager, if Developer or the Assignee satisfies the following conditions:

10.1.1.1 The proposed Assignee provides acceptable and verifiable documentation that it is in the business of developing, owning and/or operating "Upper Upscale" hotels as described in Section 5.3 and has substantial experience in such hotel operations, such experience being at a minimum developing, owning and/or operating two or more such hotels within the preceding ten years;

10.1.1.2 The proposed Assignee provides acceptable and verifiable documentation that it has sufficient financial resources to undertake development and/or operation of the Property as an “Upper Upscale” hotel and perform the obligations of Developer under this Agreement, including meeting the Public Benefit Covenants;

10.1.1.3 Developer is not in Default under this Agreement or under any Public Benefit Covenant, or the Assignee agrees to cure any Default promptly after the assignment;

10.1.2 Affiliate Assignment. Notwithstanding the foregoing, Developer may assign its rights under this Agreement without the consent of City (but after providing City the notice and Assignee’s assumption agreement pursuant to Section 10.1.3) to any corporation, limited liability company, partnership or other entity which is controlling of, controlled by, or under common control with Developer, and “control,” for purposes of this definition, means effective management and control of the other entity, subject only to major events requiring the consent or approval of the other owners of such entity (“**Affiliated Party**”).

10.1.3 Notice. At least thirty (30) days prior to Developer’s desired assignment date, Developer shall provide City with written notice of any proposed transfer or assignment of Developer’s rights or obligations hereunder (each, an “**Assignment**”) together with such information needed to document satisfaction of the conditions in Section 10.1 required for an Assignment, and request City’s consent to such Assignment as provided herein. Each such notice shall be accompanied by evidence of Assignee’s assumption of Developer’s obligations hereunder in the form of **Exhibit G**, which shall be recorded in the Official Records of Santa Clara County (assuming City approves the Assignment) concurrent with transfer to the Assignee. City shall provide its written consent or other response within thirty (30) days of City’s receipt of the notice and required documentation.

10.1.4 Payment of Costs. Developer shall pay the actual costs borne by City in connection with its review of the proposed Assignment, including costs of attorney review.

10.2 Release of Transferring Developer. Except with respect to a permitted transfer and assignment to an Affiliated Party, notwithstanding any sale, transfer or assignment of the Property, Developer shall continue to be obligated under this Agreement as to all of the Property so transferred unless City has consented to the assignment as provided above and receives and records Assignee’s assumption agreement.

### 10.3 Assignment to Financial Institutions or Mortgagee.

10.3.1 Notwithstanding any other provision of this Agreement, Developer may assign all or any part of its rights and duties under this Agreement to any financial institution or Mortgagee from which Developer has borrowed funds for use in constructing the Project or otherwise developing the Property and neither such assignment nor the financing shall require consent from City; provided, City shall be given notice of such intended assignment at least ten business days beforehand, and before such assignment may take effect such financial institution or Mortgagee shall give City confirmation acknowledging and agreeing that its interest in the Property is subject to this Agreement and, both during and after the Term, to the Public Benefit

Covenants. Developer shall provide a copy of the deed of trust to City within ten (10) business days following execution thereof. A conditional assignment or other transfer by a financial institution or Mortgagee back to Developer as part of any financing transaction shall not require City's consent.

10.3.2 Any person acquiring title or taking possession of the Property from a financial institution or Mortgagee following a foreclosure or deed in lieu of foreclosure must satisfy the criteria for an Assignee in Section 10.1.1, with documentation of such satisfaction provided to City before transfer of title or possession.

10.4 Successive Assignment. In the event there is more than one Assignment under the provisions of this Article 10, the provisions of this Article 10 shall apply to each successive Assignment and Assignee.

## **ARTICLE 11 MORTGAGEE PROTECTION**

11.1 Mortgagee Protection. Neither entering into this Agreement nor a breach hereof shall defeat, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value. Nothing in this Agreement shall prevent or limit Developer, at its sole discretion, from granting one or more Mortgages encumbering all or a portion of Developer's interest in the Property or portion thereof or improvement thereon as security for one or more loans or other financing, but all of the terms and conditions contained in this Agreement shall be binding upon and effective against and shall run to the benefit of Mortgagee who acquires title or possession to the Property, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise. Any Mortgage shall be subject and subordinate to the Public Benefits Covenants, even if the document extending the Public Benefits Covenants past the Term has not yet been recorded. Developer shall provide the City with a copy of the deed of trust or mortgage within ten (10) days after its recording in the official records of Santa Clara County so as to demonstrate its subordination to the Public Benefits Covenants; provided, however, that Developer's failure to provide such document shall not affect any Mortgage, including without limitation, the validity, priority or enforceability of such Mortgage.

11.2 Mortgagee Not Obligated. No Mortgagee (including one who acquires title or possession to the Property, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise) shall have any obligation to construct or complete construction of improvements, or to guarantee such construction or completion; provided, however, that a Mortgagee shall not be entitled to devote the Property to any use except in full compliance with this Agreement and the other Project Approvals nor to construct any improvements thereon or institute any uses other than those uses or improvements provided for or authorized by this Agreement, or otherwise under the Project Approvals. Except as otherwise provided in this Section 11.2, all of the terms and conditions contained in this Agreement and the other Project Approvals shall be binding upon and effective against and shall run to the benefit of any person or entity, including any Mortgagee, or its transferee, who acquires title or possession to the Property, or any portion thereof.

11.3 Notice of Default to Mortgagee. If City receives a notice from a Mortgagee requesting a copy of any Notice of Default given Developer hereunder and specifying the address for service thereof, then City agrees to use its diligent, good faith efforts to deliver to such Mortgagee, concurrently with service thereon to Developer, any Notice of Default given to Developer. Each Mortgagee shall have the right during the same period available to Developer to cure or remedy, or to commence to cure or remedy, the event of Default claimed or the areas of noncompliance set forth in City's Notice of Default. If a Mortgagee is required to obtain possession in order to cure any Default, the time to cure shall be tolled so long as the Mortgagee is attempting to obtain possession, including by appointment of a receiver or foreclosure, but in no event may this period exceed 120 days from the date the City delivers the Notice of Default to Developer.

11.4 No Supersedure. Nothing in this Article 11 shall be deemed to supersede or release a Mortgagee or modify a Mortgagee's obligations under any subdivision or public improvement agreement or other obligation incurred with respect to the Project outside this Agreement, nor shall any provision of this Article 11 constitute an obligation of City to such Mortgagee, except as to the notice requirements of Section 11.3.

11.5 Mortgagee Requested Amendments. The Parties agree that they will make reasonable amendments to this Agreement, at the expense of Developer, to meet the requirements of any lender or Mortgagee for the Project. For the purposes of this Section 11.5, a reasonable amendment is one that does not relieve Developer of any of its material obligations under this Agreement or impair the ability of the City to enforce the terms of this Agreement. The Parties further agree that any reasonable amendments to the Mortgagee protection provisions of this Agreement required to conform to current industry practice, as determined by City, would qualify as an Administrative Agreement Amendment and may be processed in accordance with the provisions of Article 8 of this Agreement.

## **ARTICLE 12 DEFAULT; REMEDIES; TERMINATION**

12.1 Breach and Default. Subject to a Permitted Delay in Section 13.4 or a mutual extension pursuant to Section 13.11, except as otherwise provided by this Agreement, breach of, failure, or delay by either Party to perform any term or condition of this Agreement shall constitute a "**Default.**" In the event of any alleged Default of any term, condition, or obligation of this Agreement, the Party alleging such Default shall give the defaulting Party notice in writing specifying the nature of the alleged Default and the manner in which the Default may be satisfactorily cured ("**Notice of Breach**"). The defaulting Party shall cure the Default within thirty (30) days following receipt of the Notice of Breach, provided, however, if the nature of the alleged Default is non-monetary and such that it cannot reasonably be cured within such thirty (30) day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter at the earliest practicable date, shall be deemed to be a cure, provided that if the cure is not so diligently prosecuted to completion, then no additional cure period shall be required to be provided. If the alleged failure is cured within the time provided above, then no Default shall exist and the noticing Party shall take no further action to exercise any remedies available hereunder. If the alleged failure is not cured, then a

Default shall exist under this Agreement and the non-defaulting Party may exercise any of the remedies available under this Agreement.

12.2 Withholding of Permits. In the event of a Default by Developer, or following City sending a Notice of Breach to Developer pursuant to Section 12.1 above and during the cure period provided therein, upon a finding by the City Manager that Developer is in breach, City shall have the right to refuse to issue any permit or other Subsequent Approval to which Developer would otherwise have been entitled pursuant to this Agreement until such Default or breach is cured. This provision is in addition to and shall not limit any actions that City may take to enforce the conditions of the Project Approvals.

12.3 Termination. In the event of a Default by a Party, the non-defaulting Party shall have the right to terminate this Agreement upon giving notice of intent to terminate pursuant to Government Code section 65868 and regulations of City implementing such section. Following notice of intent to terminate, the matter shall be scheduled for consideration and review in the manner set forth in Government Code section 65867 and City regulations implementing said section. Following consideration of the evidence presented in said review before the City Council, a Party alleging Default by the other Party may give written notice of termination of this Agreement to the other Party. Termination of this Agreement shall be subject to the provisions of Section 12.9 hereof.

12.4 Specific Performance for Violation of a Condition. If City issues a Project Approval pursuant to this Agreement in reliance upon a specified condition being satisfied by Developer in the future, and if Developer then fails to satisfy such condition, City shall be entitled to an award of specific performance for the purpose of causing Developer to satisfy such condition.

12.5 Legal Actions.

12.5.1 Institution of Legal or Equitable Actions. In addition to any other rights or remedies, a Party may institute legal or equitable action for mandamus, specific performance or other injunctive or declaratory relief to cure, correct or remedy any Default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation thereof, or to obtain any other remedies consistent with the purpose and terms of this Agreement. Any such legal action shall be brought in the Superior Court for Santa Clara County, California, except for actions that include claims in which the Federal District Court for the Northern District of the State of California has original jurisdiction, in which case the Northern District of the State of California shall be the proper venue.

12.5.2 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against City, service of process on City shall be made by personal service upon the City Clerk of City or in such other manner as may be provided by law. In the event that any legal action is commenced by City against Developer, service of process on Developer shall be made by personal service upon Developer's General Counsel, Developer's registered agent for service of process, or in such other manner as may be provided by law.

12.6 Rights and Remedies Are Cumulative. The rights and remedies of the Parties are cumulative, and the exercise by a Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party, except as otherwise expressly provided herein.

12.7 No Damages. In no event shall a Party, or its boards, commissions, officers, agents or employees, be liable in damages for any Default under this Agreement, it being expressly understood and agreed that the sole legal remedy available to a Party for a breach or violation of this Agreement by the other Party shall be an action in mandamus, specific performance or other injunctive or declaratory relief to enforce the provisions of this Agreement by the other Party, or to terminate this Agreement. This limitation on damages shall not preclude actions by a Party to enforce payments of monies or fees or the performance of obligations requiring an obligation of money from the other Party under the terms of this Agreement including, but not limited to, obligations to pay the Community Amenity Payment, Annual TMA Fee, attorneys' fees and obligations to advance monies or reimburse monies. In connection with the foregoing provisions, each Party acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of such Party's choice in connection with, the rights and remedies of such Party hereunder and the waivers herein contained, and after such advice and consultation has presently and actually intended, with full knowledge of such Party's rights and remedies otherwise available at law or in equity, to waive and relinquish such rights and remedies to the extent specified herein, and to rely solely on the remedies provided for herein with respect to any breach of this Agreement by the other Party.

12.8 Resolution of Disputes. With regard to any dispute involving the Project, the resolution of which is not provided for by this Agreement or Applicable Law, a Party shall, at the request of another Party, meet with designated representatives of the requesting Party promptly following its request. The Parties to any such meetings shall attempt in good faith to resolve any such disputes. In the event the Parties are unable to resolve the issue and reach an agreement within thirty (30) days, either Party may initiate non-binding mediation of the dispute by submitting a request to the other Party. The Parties will select a mutually acceptable mediator with knowledge and experience in project development and construction issues of the type at issue, within fourteen (14) days, or if unable to agree on a mediator within said period, either party may submit the matter to mediation at JAMS or other mediation service mutually acceptable to the Parties in accordance with its then applicable rules and policies, with each Party being responsible for its own fees, costs and expenses of any mediation, including fifty percent (50%) of the mediator's fees, costs and expenses. The Parties will take all practicable steps to complete any mediation within ninety (90) days. Nothing in this Section 12.8 shall in any way be interpreted as requiring that Developer or City reach agreement with regard to those matters being addressed, nor shall the outcome of these meetings be binding in any way on City or Developer unless expressly agreed to in writing by the Parties to such meetings.

12.9 Surviving Provisions. In the event this Agreement is terminated, neither Party shall have any further rights or obligations hereunder, except for those obligations of Developer which by their terms survive expiration or termination hereof, including but not limited to those obligations set forth in Sections 9.2 and 9.3.

**ARTICLE 13**  
**GENERAL PROVISIONS**

13.1 Condemnation. As used herein, “**Material Condemnation**” means a condemnation of all or a portion of the Property that will have the effect of materially impeding or preventing development of the Project in accordance with this Agreement and the Project Approvals. In the event of a Material Condemnation, Developer may (a) request the City to amend this Agreement in accordance with the Development Agreement Statute and/or to amend the Project Approvals, which amendment shall not be unreasonably withheld; (b) decide, in its sole discretion, to challenge the condemnation; or (c) request that City agree to terminate this Agreement by mutual agreement, which agreement shall not be unreasonably withheld, by giving a written request for termination to the City. If the condemnation is not a Material Condemnation, Developer shall have no right to request termination of this Agreement pursuant to this Section 13.1. Nothing in this Agreement shall be, or deemed to be, any waiver or release by Developer of any compensation or damages awarded pursuant to a Material Condemnation.

13.2 Covenants Binding on Successors and Assigns and Run with Land. Except as otherwise more specifically provided in this Agreement, this Agreement and all of its provisions, rights, powers, standards, terms, covenants and obligations, shall be binding upon the Parties and their respective successors (by merger, consolidation, or otherwise) and assigns, lessee, and all other persons or entities acquiring the Property, 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 successors and assigns, as provided in Government Code section 65868.5, and shall be enforceable as equitable servitudes and constitute covenants running with the land pursuant to applicable laws.

13.3 Notice. Any notice, demand or request which may be permitted, required or desired to be given in connection herewith shall be given in writing and directed to the City and Developer as follows:

If to the City:           City Clerk  
                                  City of Cupertino  
                                  10300 Torre Avenue  
                                  Cupertino, CA 95014-3202

with a copy to:         City Attorney  
                                  City of Cupertino  
                                  10300 Torre Avenue  
                                  Cupertino, CA 95014-3202

and a copy to: City Manager  
City of Cupertino  
10300 Torre Avenue  
Cupertino, CA 95014-3202

If to Developer: Cupertino Village LP  
c/o Kimco Realty Corporation  
Attn: Legal Department  
1621-B South Melrose Drive  
Vista, CA 92081

with a copy to: Kimco Realty Corporation  
Attn: Legal Department  
3333 New Hyde Park Road  
Suite 100, P.O. Box 5020  
New Hyde Park, NY 11042-0020

Notices to be deemed effective shall be delivered by certified mail, return receipt requested, or commercial courier, with delivery to be effective upon verification of receipt. Any Party may change its respective address for notices by providing written notice of such change to the other Parties.

#### 13.4 Permitted Delays.

13.4.1 Performance by either of the Parties of an obligation hereunder shall be excused during any period of Permitted Delay. “**Permitted Delay**” shall mean delay beyond the reasonable control of a Party caused by an inability to perform caused by (a) calamities, including without limitation earthquakes, floods, and fire; (b) civil commotion; (c) riots or terrorist acts; (d) lockouts, strikes or other forms of material labor disputes; (e) material shortages of labor, equipment, facilities, materials or supplies; (f) vandalism; (g) failure of transportation or freight embargos; (h) vandalism; (i) condemnation or requisition; (j) litigation challenge, referendum or initiative; (k) orders of governmental, civil, military or naval authority, including any development, water or sewer moratorium; (l) the failure of any governmental agency, public utility or communication provider to issue a permit, authorization consent or approval required for development, construction, use or operation of the Project or portion thereof within typical, standard or customary timeframes; or (m) unusually severe weather, but only to the extent that such weather or its effects (including, without limitation, dry out time) result in delays that cumulatively exceed twenty (20) days for any winter season. A Party’s financial inability to perform or obtain financing or adverse economic conditions generally shall not be grounds for claiming a Permitted Delay.

13.4.2 The Party claiming a Permitted Delay shall notify the other Party of its intent to claim a Permitted Delay, the specific grounds of the same and the anticipated period of the Permitted Delay. An extension of time for any such cause shall be for the period of the Permitted Delay and shall commence to run from the time of the commencement of the cause, if

Notice by the Party claiming such extension is sent within thirty (30) days of the commencement of the claimed cause. If Notice is sent after such thirty (30) day period, then the extension shall commence to run no sooner than thirty (30) days prior to the giving of such Notice. The period of Permitted Delay shall last no longer than the conditions preventing performance. Notwithstanding any other provision hereof to the contrary, the Term of this Agreement shall not be extended by the period of any Permitted Delay.

13.5 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.

13.6 Waivers. Notwithstanding any other provision in this Agreement, any failures or delays by any Party in asserting any of its rights and remedies under this Agreement shall not operate as a waiver of any such rights or remedies, or deprive any such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. A Party may specifically and expressly waive in writing any condition or breach of this Agreement by the other Party, but no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. Consent by one Party to any act by the other Party shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future.

13.7 Construction of Agreement. All Parties have been represented by counsel in the preparation and negotiation of this Agreement, and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Unless the context clearly requires otherwise, (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine, and neuter genders shall each be deemed to include the others; (c) “shall,” “will,” or “agrees” are mandatory, and “may” is permissive; (d) “or” is not exclusive; (e) “includes” and “including” are not limiting; and (f) “days” means calendar days unless specifically provided otherwise.

13.8 Headings. Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, or conditions of this Agreement.

13.9 Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a specific situation, is found to be invalid, or unenforceable, in whole or in part for any reason, the remaining terms and provisions of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement would be defeated by loss of the invalid or unenforceable provisions, in which case any Party deprived of an essential benefit thereunder shall have the option to terminate this Agreement from and after such determination by providing written notice thereof to the other Party.

13.10 Time is of the Essence. Time is of the essence of this Agreement. All references to time in this Agreement shall refer to the time in effect in the State of California.

13.11 Extension of Time Limits. The time limits set forth in this Agreement may be extended by Permitted Delays or mutual consent in writing of the Parties in accordance with the provisions of this Agreement.

13.12 Other Necessary Acts. Each Party shall in good faith do all things as may reasonably be necessary or appropriate to carry out this Agreement, and the Project Approvals, and to execute with acknowledgment or affidavit if required and deliver to the other, file or submit all such further information, instruments and documents as may be reasonably necessary to carry out the purposes and objectives of the Project Approvals and this Agreement and to provide and secure to the other Party the full and complete enjoyment of its rights and privileges under this Agreement.

13.13 Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Developer and the City.

13.14 Entire Agreement. This Agreement (including all Recitals and all exhibits attached hereto, each of which is fully incorporated herein by reference), integrates all of the terms and conditions mentioned herein or incidental hereto, and constitutes the entire understanding of the Parties with respect to the subject matter hereof, and all prior or contemporaneous oral agreements, understandings, representations and statements, and all prior written agreements, understandings, representations, and statements are terminated and superseded by this Agreement.

13.15 Estoppel Certificate. Developer or its lender may, at any time, and from time to time, deliver written notice to City requesting City to certify in writing to Developer or any Mortgagee (a) that this Agreement is in full force and effect; (b) that this Agreement has not been amended or modified or, if so amended or modified, identifying the amendments or modifications, or terminated or if terminated the subject of termination; (c) that Developer is not in Default of the performance of its obligations, or if in Default, to describe therein the nature and extent of any such Defaults; (d) those obligations under this Agreement that have been satisfied since the date of the last annual review and those obligations under this Agreement that remain unsatisfied; and (e) such other information or matters relating to this Agreement and/or the Project as may be reasonably requested by Developer. Developer shall pay, within thirty (30) days following receipt of City's invoice, the actual costs borne by City in connection with its review of the proposed estoppel certificate, including the costs of attorney review. The City Manager shall be authorized to execute any certificate requested by Developer hereunder. The form of estoppel certificate shall be in a form reasonably acceptable to the City Attorney. The City Manager shall execute and return such certificate within thirty (30) days following Developer's request therefor. Developer and City acknowledge that a certificate hereunder may be relied upon by tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and Mortgagees. The request shall clearly indicate that failure of the City to respond within the thirty-day period will lead to a second and final request. Failure to respond to the second and final request within fifteen (15) days of receipt thereof shall be deemed approval of the estoppel certificate.

13.16 Recordation of Termination. Upon completion of the Project and Developer's payment of all Impact Fees under Article 4 and Developer's completion of the requirements, obligations and payments under Article 5 and recordation of the Public Benefits Covenants, or upon any earlier termination of this Agreement upon the mutual written consent of the Parties or as otherwise expressly provided herein, a written statement acknowledging Developer's satisfaction of all obligations under this Agreement or such termination, in form and content reasonably satisfactory to the Parties, shall be provided by City to be executed by the Parties and recorded by City or Developer in the Official Records of Santa Clara County.

13.17 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City, unless specifically provided otherwise or the context requires otherwise.

13.18 Negation of Partnership. The Parties specifically acknowledge that the Project is a private development, that no Party to this Agreement is acting as the agent of any 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. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in the businesses of Developer, the affairs of the City, or otherwise, or cause them to be considered joint venturers or members of any joint enterprise.

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

13.20 Governing State Law. This Agreement shall be construed in accordance with the laws of the State of California, without reference to its choice of law provisions.

13.21 Exhibits. The following exhibits are attached to this Agreement and are hereby incorporated herein by this reference for all purposes as if set forth herein in full:

- Exhibit A: Property Legal Description
- Exhibit B: Property Boundary and Depiction of the Project
- Exhibit C: Description of the Project
- Exhibit D: Existing Impact Fees
- Exhibit E: TDM Program
- Exhibit F: Annual Review Form
- Exhibit G: Form of Assignment and Assumption Agreement

If the recorder refuses to record any exhibit, the City Clerk may replace it with a single sheet bearing the exhibit identification letter, stating the title of the exhibit, the reason it is not being recorded, and that the original, certified by the City Clerk, is in the possession of the City Clerk and will be reattached to the original when it is returned by the recorder to the City Clerk.

***[SIGNATURES ON FOLLOWING PAGE]***

**IN WITNESS WHEREOF**, the City and Developer have executed this Agreement as of the Effective Date.

**CITY:**

CITY OF CUPERTINO, a municipal corporation

By: \_\_\_\_\_  
Amy Chan, Interim City Manager  
*[Signature must be notarized]*

**ATTEST:**

By: \_\_\_\_\_  
Grace Schmidt, City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Rocio Fierro, Acting City Attorney

**DEVELOPER:**

CUPERTINO VILLAGE LP,  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

*[Signatures must be notarized]*





**EXHIBIT A**

**PROPERTY DESCRIPTION**

Real property in the City of Cupertino, County of Santa Clara, State of California, described as follows:

BEING ALL OF PARCEL THREE AS SAID PARCEL IS DESCRIBED IN THAT CERTAIN GRANT DEED RECORDED ON MARCH 10, 2006 AS DOCUMENT NUMBER 18838564, OFFICIAL RECORDS OF SANTA CLARA COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF PARCEL A, AS SHOWN ON THAT CERTAIN MAP FILED FOR RECORD IN MAP BOOK 406, PAGE 27, SANTA CLARA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID PARCEL A;

THENCE ALONG THE EASTERLY AND SOUTHERLY LINES OF SAID PARCEL A, THE FOLLOWING FOUR COURSES:

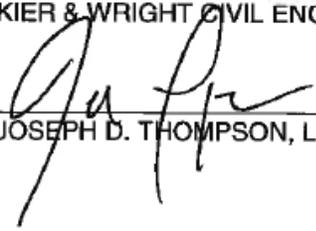
SOUTH 00° 35' 45" WEST, 229.24 FEET; SOUTHWESTERLY ALONG A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 37.50 FEET THROUGH A CENTRAL ANGLE OF 90° 00' 00" FOR AN ARC LENGTH OF 58.90 FEET; SOUTH 00° 35' 45" WEST, 13.75 FEET; AND NORTH 89° 24' 15" WEST, 235.50 FEET TO AN INTERIOR CORNER OF SAID PARCEL A;

THENCE NORTH 00° 35' 45" EAST, 274.79 FEET TO THE NORTHERLY LINE OF SAID PARCEL A;

THENCE NORTH 89° 24' 02" EAST, 273.06 FEET ALONG SAID NORTHERLY LINE TO THE TRUE POINT OF BEGINNING.

CONTAINING 74,979 SQUARE FEET OR 1.7213 ACRES OF LAND, MORE OR LESS.

KIER & WRIGHT CIVIL ENGINEERS & SURVEYORS, INC.

  
\_\_\_\_\_  
JOSEPH D. THOMPSON, LS 8121

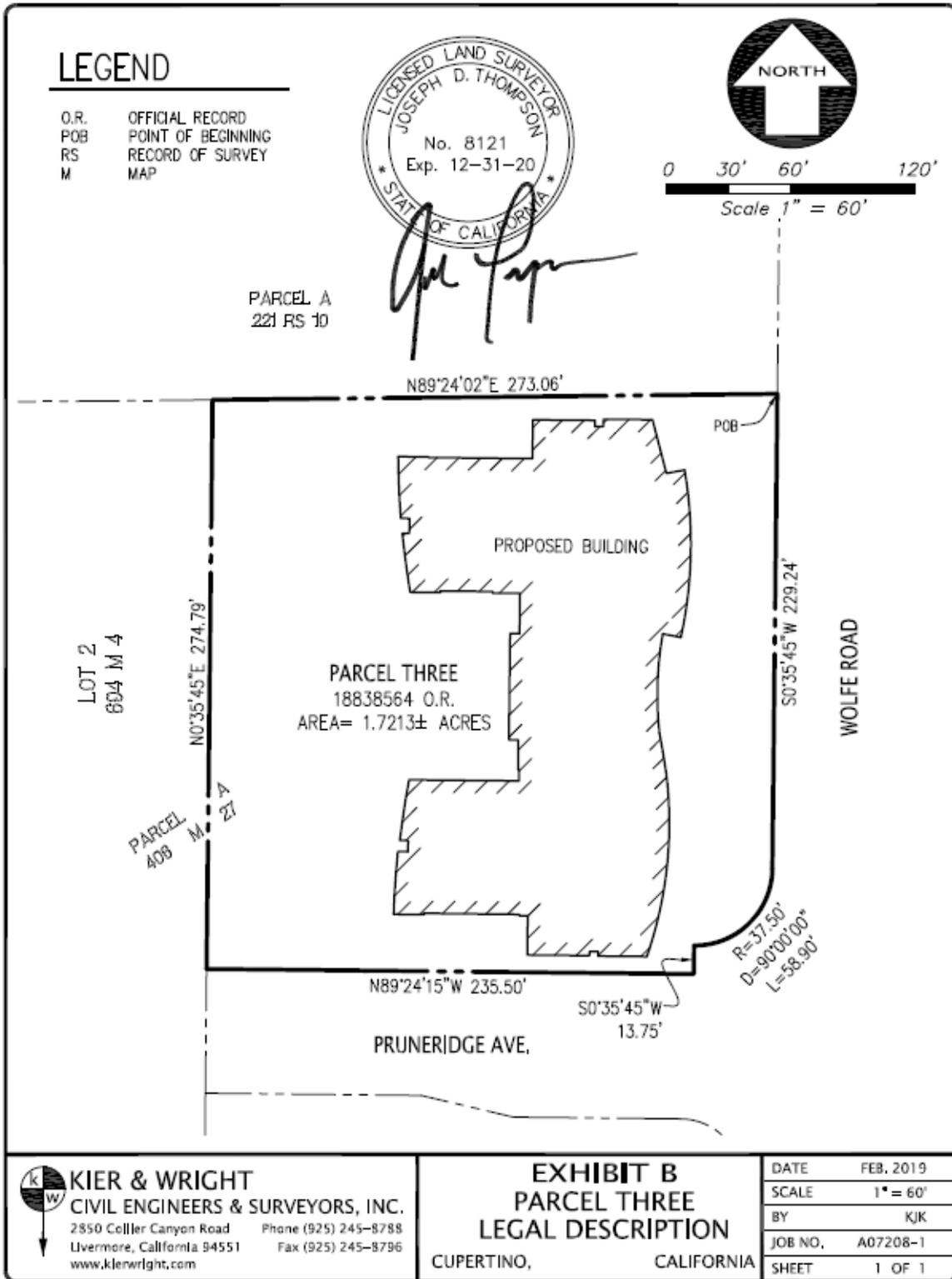
2-27-19  
DATE



Exhibit A

**EXHIBIT B**

**SITE MAP AND DEPICTION OF PROJECT**



**KIER & WRIGHT**  
 CIVIL ENGINEERS & SURVEYORS, INC.  
 2850 Collier Canyon Road Phone (925) 245-8788  
 Livermore, California 94551 Fax (925) 245-8796  
 www.kierwright.com

**EXHIBIT B**  
**PARCEL THREE**  
**LEGAL DESCRIPTION**  
 CUPERTINO, CALIFORNIA

DATE	FEB. 2019
SCALE	1" = 60'
BY	KJK
JOB NO.	A07208-1
SHEET	1 OF 1

Exhibit B

## **EXHIBIT C**

### **DESCRIPTION OF PROJECT**

Cupertino Village LP, the project applicant, is proposing the Cupertino Village Hotel Project (“proposed project”) that would involve the construction of a boutique hotel on a 1.72-acre site. The site is currently developed with two commercial buildings, one of which is occupied. The proposed project would involve demolishing the existing commercial buildings and redeveloping the site with a new 185-room boutique hotel, including event meeting rooms, restaurant, and bars. The proposed project would establish a five-story hotel with below-grade parking.

The building would have a maximum height of 60 feet, subject to applicable requirements in the General Plan.

**EXHIBIT D**

**EXISTING IMPACT FEES**

1. Housing Mitigation Fee – City Code Chapter 19.172
2. Public Art Contribution – City Code Chapter 19.148
3. Citywide Transportation Impact Fee – City Code Chapter 14.02
4. Parkland Dedication In-lieu Fee – City Code Chapter 13.08 (not applicable because hotel use is considered non-residential)

## EXHIBIT E

### TDM PROGRAM

#### 1. TDM Management and Marketing Structure

- a. Transportation Coordinator. A Transportation Coordinator will be assigned with the authority to implement TDM strategies and oversee the management and marketing of TDM programs. The Transportation Coordinator will be responsible for developing information materials, managing transportation services offered as part of the TDM program (i.e. websites, transit passes etc.), monitoring results, and coordinating with City/VTA staff and on-site representatives as needed. The Transportation Coordinator will also be responsible for providing annual reports on implementation of the TDM strategies and programs in coordination with the annual review of the Development Agreement.

#### 2. TDM Program Content

- a. TDM Communications. Information on transportation options and/or links to the appropriate website or app will be conveyed to all prospective employees who receive an offer to work within the Project, to all hotel guests, and to all persons renting meeting rooms (to be made available to meeting attendees).
- b. Transit Passes. Annual VTA Eco Passes shall be made available to each employee.
- c. Transportation Information Boards and Website. The Project will have a location at which employees, guests and meeting attendees can obtain the above information on alternative transportation services. At a minimum, information posted at these sites will include a link to the website and contact information for the Transportation Coordinator and Representatives. Information may also include train and bus schedules, information on the 511 Rideshare program and transit pass programs.
- d. Rideshare Facilitation. The TDM Coordinator or TDM Representative will assist employees in identifying other employees who may be able to carpool to the site together. The TDM Coordinator or TDM Representative will assist with carpool and vanpool formation by finding suitable partners with similar work schedules, origins, and destinations. The TDM Coordinator or TDM Representative will assist the employee in registering for ridematching services such as those offered by 511.org.
- e. Development of Transportation Materials. The Transportation Coordinator will be responsible for developing materials that provide information on how to get to and from the site using alternative modes. This may include:
  - i. Transit passes available through transit agencies

- ii. Walking and biking routes within the area including estimated times
- iii. Bike parking facilities available on-site
- iv. Links to the schedules including train and bus schedules

### **3. TDM Design Features and Amenities**

- a. Bicycle Facilities. At least ten (10) bike storage spaces will be provided for employees, guests and visitors in the garage.
- b. Bikesharing. Bike share systems provide a network of public bicycles from self-service bike share stations located in different places. Similar to carsharing, members can check out a bicycle, ride to their destination and return the bicycle to any bike share pod in the system. Bike share systems can provide real time information on the status of available bikes and empty docks through the web, kiosk and mobile application. A bikeshare program will be looked into for the Project in conjunction with other nearby commercial properties.
- c. Carpool and vanpool spaces. A certain number of parking spaces for carpool or vanpool vehicles will be provided and can encourage ridesharing. Parking spaces will be clearly marked and located in highly visible areas.

### **4. TDM Program Compliance.**

- a. Implementation, Monitoring and Enforcement. Ongoing monitoring is needed to ensure compliance with the TDM Program, in conjunction with the project design features and proximity to transit. As a result of periodic review, this TDM Program may be modified, with the prior approval of the City Planning Director, from time to time to include alternate equally or more effective measures. If a TMA is formed and the Project is part of the TMA, the City Planning Director shall, annually, review the TDM Program to minimize duplicative efforts that are provided by the TMA.

**EXHIBIT F**

**ANNUAL REVIEW FORM**

***[TO BE SUBMITTED BY DECEMBER 1<sup>ST</sup> OF EACH YEAR]***

This Annual Review Form is submitted to the City of Cupertino (“City”) by Cupertino Village LP (“Developer”) pursuant to the requirements of California Government Code section 65865.1 and Chapter 19.144 of the City’s Municipal Code regarding Developer’s good faith compliance with its obligations under the Development Agreement between the City and Developer having an Effective Date of \_\_\_\_\_ (“Development Agreement”). All Article and Section references are to the Development Agreement. Any capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Development Agreement.

Annual Review Period: \_\_\_\_\_ to \_\_\_\_\_.

Generally summarize the status of Developer’s efforts and progress in processing permit applications and constructing the Project.

Generally summarize specific strategies to be followed in the coming year intended to facilitate the processing of permits and/or Project construction.

Specify whether Developer’s compliance with any of the following agreements have been satisfied during this annual review period:

- \_\_\_\_\_?

Specify whether applicable Existing Impact Fees, processing fees, connection fees and/or other fees due and payable under Article 4 have been paid during this annual review period, including but not limited to the following:

- Housing Mitigation Fees.
- Public Art Contribution.
- Transportation Impact Fees.
- \_

Describe Developer’s compliance with the following Public Benefits under Article 5 during this annual review period:

- Community Amenity Payment pursuant to Section 5.1.1.
- TDM Program pursuant to Section 5.1.2.
- Participation in TMA and payment of annual TMA Fee pursuant to Section 5.1.2.

- Preferential Employment Program pursuant to Section 5.1.3.
- Shuttle Service pursuant to Section 5.1.4.
- Meeting Room Benefit pursuant to Section 5.1.5.
- Reduced Rate Benefit pursuant to Section 5.1.6.
- Internships pursuant to Section 5.1.7.
- Transient Occupancy Tax Requirement, including any TOT In-lieu Payment, pursuant to Section 5.2.
- Minimum Hotel Standard pursuant to Section 5.3.

Describe whether other applicable Development Agreement obligations were completed during this annual review period.

Describe any extension of the time limits or deadlines in the Development Agreement as a result of Permitted Delay pursuant to Section 13.4.

Specify whether Developer has assigned the Development Agreement or otherwise conveyed the Property during this annual review period.

The undersigned representative confirms that Developer is:

\_\_\_\_\_ In good faith compliance with its obligations under the Development Agreement for this annual review period.

\_\_\_\_\_ Not in good faith compliance with its obligations under the Development Agreement for this annual review period, in response to which Developer is taking the actions set forth in the attachment hereto.

IN WITNESS WHEREOF, Developer has executed this Annual Review Form as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**DEVELOPER:**  
 CUPERTINO VILLAGE LP,  
 a California limited partnership

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**EXHIBIT G**

**FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT**

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

*Exempt from Recording Fee per  
Government Code Section 27383*

*Space Above This Line for Recorder's Use Only*

**ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER  
DEVELOPMENT AGREEMENT**

This Assignment of Rights and Obligations under Development Agreement (this "Assignment") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ ("Effective Date"), by and between \_\_\_\_\_, a \_\_\_\_\_ ("Assignor") and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee"). Assignor and Assignee are collectively referred to herein as the "Parties."

**R E C I T A L S**

A. Assignor and the City of Cupertino, a California municipal corporation ("City") have entered into that certain Development Agreement dated as of \_\_\_\_\_ ("DA") which was recorded in the Official Records of Santa Clara County on \_\_\_\_\_ as Instrument No. \_\_\_\_\_.

B. Assignor *[has requested approval from the City of the assignment to Assignee described herein pursuant to Section 10.1 of the DA]* **OR** *[has the right to make the assignment to Assignee under Section 10.1 of the DA.]*

C. *[City has consented to the assignment described herein pursuant to Section 10.1 of the DA.]* **OR** *[Assignor has provided the City with documentation establishing that the assignment is appropriate pursuant to Article 10 of the DA because \_\_\_\_\_.]*

**A G R E E M E N T S**

NOW, THEREFORE, in exchange for the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Exhibit G

1. Assignment and Assumption of Interest. Assignor hereby transfers, assigns and conveys to Assignee, all of Assignor's right, title and interest in and to, and all obligations, duties, responsibilities, conditions and restrictions under, the DA (the "**Rights and Obligations**"). Assignee, for itself and its successors and assigns, hereby accepts the foregoing assignment, assumes all such Rights and Obligations, and expressly agrees for the benefit of City, to pay, perform and discharge all obligations of Assignor under the DA and to comply with all covenants and conditions of Assignor arising from or under the DA.

2. Governing Law; Venue. This Assignment shall be interpreted and enforced in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Assignment shall be filed and litigated exclusively in the Superior Court of Santa Clara County, California or in the Federal District Court for the Northern District of California.

3. Entire Agreement/Amendment. This Assignment constitutes the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all prior written and oral agreements with respect to the matters covered by this Assignment. This Assignment may not be amended except by an instrument in writing signed by each of the Parties and consented to in writing by City.

4. Further Assurances. Each Party shall execute and deliver such other certificates, agreements and documents and take such other actions as may be reasonably required to consummate or implement the transactions contemplated by this Assignment and the DA.

5. Benefit and Liability. Subject to the restrictions on transfer set forth in the DA, this Assignment and all of the terms, covenants, and conditions hereof shall extend to the benefit of and be binding upon the respective successors and permitted assigns of the Parties.

6. Rights of City. All rights of City under the DA and all obligations to City under the DA which were enforceable by City against Assignor prior to the Effective Date of this Assignment shall be fully enforceable by City against Assignee from and after the Effective Date of this Assignment.

7. Rights of Assignee. All rights of Assignor and obligations to Assignor under the DA which were enforceable by Assignor against City prior to the Effective Date of this Assignment shall be fully enforceable by Assignee against City from and after the Effective Date of this Assignment.

8. Release. As of the Effective Date, Assignor hereby relinquishes all rights under the DA, and all obligations of Assignor under the DA shall be terminated as to, and shall have no more force or effect with respect to, Assignor, and Assignor is hereby released from any and all obligations under the DA.

9. Attorneys' Fees. In the event of any litigation pertaining to this Assignment, the losing party shall pay the prevailing party's litigation costs and expenses, including without limitation reasonable attorneys' fees.

10. City Consent; City Is A Third-Party Beneficiary. City's countersignature below is for the limited purposes of indicating consent to the assignment and assumption and release set forth in this Assignment (if necessary under the DA) pursuant to Sections 10.1 and 10.2 of the DA, and for clarifying that there is privity of contract between City and Assignee with respect to the DA. The City is an intended third-party beneficiary of this Assignment, and has the right, but not the obligation, to enforce the provisions hereof.

11. Recordation. Assignor shall cause this Assignment to be recorded in the Official Records of Santa Clara County, and shall promptly provide conformed copies of the recorded Assignment to City and Assignee.

12. Address for Notices. Assignee's address for notices, demands and communications under the DA is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. Captions; Interpretation. The section headings used herein are solely for convenience and shall not be used to interpret this Assignment. The Parties acknowledge that this Assignment is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both have participated in the negotiation and drafting of this Assignment, this Assignment shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

14. Severability. If any term, provision, condition or covenant of this Assignment or its application to any party or circumstances shall be held by a court of competent jurisdiction, to any extent, invalid or unenforceable, the remainder of this Assignment, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law unless the rights and obligations of the Parties have been materially altered or abridged thereby.

15. Counterparts. This Assignment may be executed in counterparts, each of which shall, irrespective of the date of its execution and delivery, be deemed an original, and the counterparts together shall constitute one and the same instrument.

***[SIGNATURES START ON NEXT PAGE.]***

IN WITNESS WHEREOF Assignor and Assignee have executed this Assignment as of the date first set forth above.

**ASSIGNOR:**

\_\_\_\_\_, a  
\_\_\_\_\_

By:                     **FORM – DO NOT SIGN**                      
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**ASSIGNEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

By:                     **FORM – DO NOT SIGN**                      
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**[NOTE: The presence of the signature blocks below in this form shall not be deemed to require the consent of the City to any assignment that does not otherwise require the consent of City under the DA.]**

City of Cupertino, a California municipal corporation, hereby consents to the assignment and assumption described in the foregoing Assignment and Assumption Agreement.

**CITY:**

**CITY OF CUPERTINO**, a  
California municipal corporation

By:                     **FORM – DO NOT SIGN**                      
                    \_\_\_\_\_, City Manager

**ATTEST:**

\_\_\_\_\_  
\_\_\_\_\_, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
\_\_\_\_\_, City Attorney



