

Timing of Developer's Commitment to New City Hall Construction

If Developer commences construction or installation of "Project Specific Work" for the SB 35 Project, then Developer shall pay City within 30 days following City's demand therefor an amount equal to 50% of the reasonable out-of-pocket costs and expenses incurred by City in connection with the design and planning for the New City Hall, not to exceed Three Million Dollars (\$3,000,000).

"Project Specific Work" is defined as work that is specific to either the SB 35 Project, a Tier 1 development project, or the Tier 2 Project under the Development Agreement, contemplated to be work beyond the Project Neutral Work. This would most notably be work associated with a building permit, such as a foundation permit or other construction associated with vertical infrastructure.

"Project Neutral Work", as defined in the DA, includes demolition, rough grading, make-ready utility work, offsite work, excavation and shoring, and such other work as the parties may mutually agree is Project Neutral Work.

Developer's Scope of Work for Core and Warm Shell Building

As part of the core and warm shell construction to be delivered by the Developer, the following items will be included:

- Concrete one level parking garage with shotcrete walls included and furnished with code minimum fire sprinkler system, fire alarm system and lighting.
- The New City Hall building will be core and shell (warm shell box) where the box will consist of building envelope and roof.
- Mechanical units will be provided on the roof and will be stubbed into the building for distribution under tenant improvement scope performed by City.
- All utilities, including fire stand pipes, will be stubbed in to the building and will be distributed as part of the tenant improvement work.
- Electrical panels will be provided and electrical services will be brought from the existing transformer connection location point into the building to a location to be shown in the construction drawings.
- The exterior envelope will be either wood frame with stucco and glass windows or metal stud framing with stucco and glass windows.
- The building will be designed to Essential Facility seismic codes.
- Store front doors will be provided. All exterior doors and hardware will be provided.
- All utility connections from the existing connection points to be brought into the building to a location to be shown in the construction drawings.

- The site work in the construction zone is included to have standard landscaping with irrigation and the parking lot to be asphalt, and concrete sidewalks commensurate with existing improvements. Any damage will be restored to original state.
- The civil and structural portions of the building will be designed by the City to LEED Silver.
- Roofing will be an industry standard roofing material.
- Roof will be designed and built to allow for solar panels to be installed by the City.

The City's obligations for the New City Hall project, as identified in the DA are the following:

- City will be responsible for designing, preparing construction documents and obtaining all necessary discretionary approvals and building permits for the New City Hall.
- The target budget (not including Design Deviations) for the work to be completed by the Developer for the core and warm shell New City Hall, consistent with the criteria established in the Civic Center Master Plan, assuming commencement of construction within 24 months, is Thirty One Million Dollars (\$31,000,000)
- City will commence design work within 30 days following the effective date of the Development Agreement for the Tier 2 Vallco Town Center Specific Plan (Effective Date). Thereafter, City will diligently proceed with any discretionary and ministerial approvals for the New City Hall, including any required architectural approvals, preparation of construction documents and permitting, including demolition, tree removal, make-ready utilities, excavation and building permits. The City shall complete all approvals and acquire permits for the New City Hall within 21 months of the Effective Date, subject to extensions that may occur per the DA.
- In order to allow for Developer's timely construction of the New City Hall, City shall vacate the Existing City Hall and deliver possession of the Existing City Hall site to Developer for construction within 24 months of the Effective Date, subject to extensions that may occur per the DA.
- If the City does not meet the above scheduled deadline, the Developer has the option to provide the In-Lieu Payment to the City instead of constructing the New City Hall.

If Developer elects to proceed with development of the Tier 2 of the Vallco Town Center Specific Plan, the Developer shall complete the New City Hall core and shell construction and deliver a Warm Shell New City Hall to the City within thirty six (36) months after the date that the City provided the approved building permits and relinquished the site to the Developer.

If the City's construction plans, specifications and drawings for the New City Hall deviate from the New City Hall Criteria and the deviations increase the cost to construct the New City Hall, the Developer will pay the cost of the design deviations not to exceed Four Million Dollars (\$4,000,000). Any design deviations that increase the New City Hall costs above the deviation cost allowance will be the responsibility of the City.