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City of Corona
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Corona, CA 92882

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ARANTINE HILLS DEVELOPMENT AGREEMENT

This Arantine Hills Development Agreement ("**Agreement**") is entered into this 1st day of June, 2016, ("**Entry Date**") by and between the CITY OF CORONA, a municipal corporation ("**City**"), and ARANTINE HILLS HOLDINGS L.P., a Delaware limited partnership ("**Developer**"). The City and Developer are sometimes referred to individually as party and collectively as the "**Parties**", throughout this Agreement.

RECITALS

A. California Government Code Sections 65864 *et seq.* ("**Development Agreement Law**") authorizes cities to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and identifying the economic costs of such development.

B. Developer is the owner of legal and/or equitable interests in certain real property consisting of approximately 276 acres, which is located in the City of Corona, California, commonly known as the Arantine Hills Specific Plan. This real property is legally described and depicted in Exhibit "A," attached hereto and incorporated herein by reference (the "**Property**"), and thus qualifies to enter into this Agreement in accordance with the Development Agreement Law.

C. In conjunction with execution of this Agreement, the City has issued the approvals that are listed in Exhibit "B" and incorporated herein by reference (hereinafter, "**Existing Project Approvals**"). In connection with the Existing Project Approvals, the City has imposed certain conditions of approval for Development of the Project and has adopted the Mitigation Monitoring Program ("**MMP**") (collectively, the "**Project Conditions of Approval**"), which are attached hereto as Exhibit "C," and incorporated herein by reference.

D. Developer desires to Develop the Property with a master planned residential community of up to 1,621¹ residential units and up to 80,000 square feet of commercial/retail uses; along

¹ The targeted maximum for single family and multifamily housing is 1621 units. However, the Specific Plan allows for up to an additional 185 units of age qualified housing units within Planning Areas 6, 10 and/or 11 if a density bonus is utilized.

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with open space/recreational uses and public infrastructure (collectively, "**Project**"). Aside from the need to obtain Ministerial Approvals (defined herein), the Existing Project Approvals authorize Development of the Project. The Project is depicted in Exhibit "D," attached hereto and incorporated herein by reference.

E. The Parties understand that Developer may seek to expand and/or modify the Project area in the City in the future, and the Parties intend that this Agreement may be amended to and govern any such after-acquired property in the City put to such uses by Developer.

F. Developer and City agree that a development agreement should be approved and adopted for this Property in order to memorialize the expectations of City and Developer with respect to the Development of the Property and the infrastructure necessary to support Development of the Property, as more particularly described herein.

G. The City Council finds and determines that this Agreement is in the best public interest of the City and its residents and adopting this Agreement constitutes a present and valid exercise of the City's police power. The City and its City Council have determined that the Project is consistent with the Agreement and the Existing Land Use Regulations, as defined herein. This Agreement and the Project will achieve a number of City objectives, including the orderly development of the Property, the provision of public benefits to the City and its residents through public improvements, including improvements to the Property and public infrastructure improvements in and around the Property, and increased sales tax and property tax revenues.

H. The City finds and determines that all actions required of City precedent to approval of this Agreement by Ordinance No. 3232 of the City Council have been duly and regularly taken.

I. As part of the process of approving this Agreement and the Existing Project Approvals, the City Council has required the preparation of a Supplemental Environmental Impact Report ("**SEIR**") and has otherwise carried out all requirements of the California Environmental Quality Act ("**CEQA**") of 1970, as amended. The SEIR is a supplement to the Arantine Hills Specific Plan EIR (SCH No. 2006091093) certified by the City on August 15, 2012.

J. On April 25, 2016, following a duly noticed and conducted public hearing, the City Planning and Housing Commission recommended that the City Council approve this Agreement and the Existing Project Approvals (defined below).

K. On May 19, 2016, following a duly noticed and conducted public hearing and pursuant to CEQA, the City Council certified the SEIR for the Project.

L. On May 19, 2016, following a duly noticed and conducted public hearing, the City Council determined that the provisions of this Agreement are, or upon the adoption of the Existing Project Approvals will be, consistent with the City's General Plan and Zoning designation, and introduced Ordinance No. 3232 approving and authorizing the execution of this Agreement.

M. On June 1, 2016, the City Council adopted Ordinance No. 3232 approving and authorizing the execution of this Agreement. A copy of Ordinance No. 3232 is on file at the

office of the City Clerk, with adopted findings and conditions pertaining thereto, including those relating to the environmental documentation for the Project.

COVENANTS

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. This Agreement uses a number of terms having specific meanings, as defined below. These specially defined terms are distinguished by having the initial letter capitalized, when used in the Agreement. The defined terms include the following:

1.1.1 *"Administrative Project Amendments"* means an amendment or minor modification to the Project, pursuant to Section 8.5.3 of the Arantine Hills Specific Plan, that is consistent with this Agreement and Existing Land Use Regulations, and will result in no new significant impacts not addressed and mitigated in the EIR and SEIR.

1.1.2 *"Agreement"* means this Development Agreement and all attachments and exhibits hereto.

1.1.3 *"City"* means the City of Corona, a municipal corporation.

1.1.4 *"City Council"* means the City Council of the City.

1.1.5 *"CFD"* means a community facilities district established pursuant to the Mello-Roos Community Facilities Act of 1982 (Government Code §§53311 *et seq.*).

1.1.6 *"Days"* means calendar days.

1.1.7 *"Developer"* means Arantine Hills Holdings, L.P., a Delaware limited partnership, and its successors and assigns to all or any part of the Property.

1.1.8 *"Development" or "Develop"* means the improvement of the Property for the purposes of developing the Project in accordance with the Project Approvals, completing the structures, improvements and facilities comprising the Project including, but not limited to: grading; the construction of specified road, water, sewer and flood control infrastructure directly related to the Project whether located within or outside the Property; the construction of buildings, structures, and other related facilities, the installation of landscaping and other facilities and improvements necessary or appropriate for the Project, and the maintenance, repair, or reconstruction of any building, structure, improvement, landscaping or facility after the construction and completion thereof on the Property, pursuant to the Project Approvals and Project Conditions of Approval.

1.1.9 "*Development Exaction*" means any requirement of the City in connection with or pursuant to any Existing or Subsequent Land Use Regulation or Project Approvals for the dedication of land, the construction of improvements for public facilities, or the payment of fees in order to lessen, offset, mitigate or compensate for the impacts of Development on the environment or other public interests.

1.1.10 "*Development Impact Fees*" shall mean those fees established and adopted by City with respect to development and its impacts pursuant to applicable governmental requirements, including Section 66000 *et seq.*, of the California Government Code, including impact fees, linkage fees, exactions, assessments or fair share charges or other similar impact fees or charges imposed on or in connection with new development by the City. Development Impact Fees do not mean or include processing fees. The Development Impact Fees applicable to the Project are set forth on Exhibit "E" attached hereto and incorporated herein by reference. Except for the Non-Locked Development Impact Fees, the Development Impact Fees that are in effect on the Entry Date are the only Development Impact Fees that the City may impose or levy on the Project. For purposes of assessing Development Impact Fees, residential densities of eight (8) units per acre or less are considered single family units while residential densities greater than this are considered multifamily units.

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

1.1.12 "*Effective Date*" means the date this Agreement is recorded.

1.1.13 "*Entry Date*" means the date the Parties execute this Agreement.

1.1.14 "*Existing Land Use Regulations*" means all ordinances, laws, resolutions, codes, rules, regulations, policies, requirements, guidelines or other actions of City, including but not limited to the provisions set forth in the City's General Plan, Municipal Code, Arantine Hills Specific Plan and Zoning Code and including all Development Impact Fees, which affect, govern or apply to the Development of the project and use of the Property in a manner consistent with this Agreement, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, the maximum height and size of proposed buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the Development of the Property, subject to the terms of this Agreement, whether adopted by the City Council or the voters in an initiative, which are in effect on the Entry Date, pursuant to California Government Code Section 65866.

1.1.15 "*Existing Project Approvals*" means all Project Approvals approved or issued on or before the Entry Date that are listed in Exhibit "B".

1.1.16 "*Ministerial Approvals(s)*," or "*Ministerial Act(s)*" means a permit approval or clearance, in substantial conformance with the Existing Land Use Regulations,

including, without limitation, substantial conformance determinations for tentative tract maps, Bedford Canyon channel alignment, determinations of compliance with the Project Conditions of Approval, site plans, grading plans, grading plan modifications, improvement plans, building plans and specifications, right-of-way plans, Project advertising signs, construction/security trailer permits, authorizing the use of a private recreational center as a sales and marketing facility, and ministerial issuance of one or more final maps, zoning clearances, grading permits, grading plan modifications, improvement permits, building permits, lot line adjustments for non-recorded lot lines, encroachment permits, temporary use permits, certificates of use and occupancy, and approvals and entitlements and related matters as necessary for the Development of the Project as distinguished from an activity which is included in the definition of Discretionary Action or Discretionary Approval.

1.1.17 "*Mortgagee*" means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security device, a lender or each of their respective successors and assigns.

1.1.18 "*Non-Locked Development Impact Fees*" means any regional pass-through fees, including, but not limited to, Transportation Uniform Mitigation Fee ("TUMF") and the Multiple Species Habitat Conservation Plan ("MSHCP") fee, and any water or sewer fees imposed by the City.

1.1.19 "*Phase 1*" consists of the construction of 308 single family production units on the Property or a combination of single family and condominium/townhome production units that have the same or a lesser external trip count as 308 single family production units. Any reference in this Agreement to Phase 1, phases or phasing for construction of the Project shall not mean the same, and shall not be construed to mean the same, as the terms "phase," "phasing," or similar terms described in the Arantine Hills Specific Plan. For purposes of this Agreement, Phase 1 does not include any commercial or retail structures or uses otherwise allowed pursuant to the Project Approvals.

1.1.20 "*Phase 2*" consists of the construction of 600 production residential dwelling units. Any reference in this Agreement to Phase 2, phases or phasing for construction of the Project shall not mean the same, and shall not be construed to mean the same, as the terms "phase," "phasing," or similar terms described in the Arantine Hills Specific Plan. For purposes of this Agreement, Phase 2 does not include any commercial or retail structures or uses otherwise allowed pursuant to the Project Approvals.

1.1.21 "*Phase 3*" consists of the construction of 390 production residential dwelling units. Any reference in this Agreement to Phase 3, phases or phasing for construction of the Project shall not mean the same, and shall not be construed to mean the same, as the terms "phase," "phasing," or similar terms described in the Arantine Hills Specific Plan. For purposes of this Agreement, Phase 3 does not include any commercial or retail structures or uses otherwise allowed pursuant to the Project Approvals.

1.1.22 "*Phase 4*" consists of the construction of the remainder of the production residential dwelling units per the Existing Project Approvals following construction of Phases 1, 2 and 3. Any reference in this Agreement to Phase 4, phases or phasing for construction of the

Project shall not mean the same, and shall not be construed to mean the same, as the terms "phase," "phasing," or similar terms described in the Arantine Hills Specific Plan. For purposes of this Agreement, Phase 4 does not include any commercial or retail structures or uses otherwise allowed pursuant to the Project Approvals.

1.1.23 "*Private Parks*" means the approximate eight and seventy-three hundredths (8.73) acres of private park areas to be developed by Developer and maintained by the Homeowner's Association.

1.1.24 "*Project*" means the project allowed by the Existing Project Approvals, as set forth in Recital D to this Agreement. The Existing Project Approvals authorize Development of the Project, subject to issuance of various Ministerial Approvals and/or Discretionary Approvals, as applicable.

1.1.25 "*Project Approvals*" means all site-specific (meaning specifically applicable to the Project only and not generally applicable to some or all other properties within the City) plans, maps, permits, and entitlements to use of every kind and nature that are sought or agreed to in writing by Developer in its sole and absolute discretion to Develop the Project and that have been approved by the City or other entity with jurisdiction over the Project. Project Approvals include, but are not limited to, general plan amendments, site plans, tentative and final subdivision maps, design guidelines, variances, zoning designations, conditional use permits, grading, building, encroachment and other similar permits, the site-specific provisions of general plans, environmental assessments, including environmental impact reports and negative declarations, and any amendments, addendum or modifications to those plans, maps, permits, assessments and entitlements. "Project Approvals" include the Existing Project Approvals, Subsequent Project Approvals, and Project Conditions of Approval. All Project Approvals and amendments to any Project Approvals shall automatically vest herein with no further action required by the Developer, except as may be required by the Project Conditions of Approval.

1.1.26 "*Project Conditions of Approval*" means all of the conditions of approval contained in the Project Approvals and the MMP.

1.1.27 "*Property*" means the real property described and depicted in Exhibit "A".

1.1.28 "*Public Trail*" means the approximate one and ninety-two hundredths (1.92) acres of multi-purpose trails and parkway to be developed by Developer and maintained by the Homeowner's Association, and that allows public access.

1.1.29 "*Reservation of Authority*" means the rights and authority excepted from the assurances and rights provided to Developer under this Agreement and reserved to City under Section 3.13 of this Agreement.

1.1.30 "*Subsequent Project Approvals*" means all Ministerial and Discretionary Project Approvals that: (a) are sought or agreed to in writing by Developer, in its sole and absolute discretion, to Develop the Project; (b) have been approved by the City or other entity with jurisdiction over the Project; (c) are consistent with this Agreement; and (d) are approved or issued after the Entry Date in connection with Development of the Property.

1.1.31 "*Subsequent Land Use Regulations*" means any change in or addition to the Existing Land Use Regulations adopted or becoming effective after the Entry Date of this Agreement, including, without limitation, any change in any applicable general or specific plan, zoning, subdivision, or building regulation, including, without limitation, any such change by means of an ordinance, initiative, resolution, policy, order or moratorium, initiated or instituted for any reason whatsoever by the Mayor, City Council, Planning Commission or any other board, agency, commission or department of City, or any officer or employee thereof, or by the electorate, as the case may be, or changes in state law, which would, absent this Agreement, otherwise be applicable to the Project.

1.1.32 "*Term*" shall mean the period of time from the Entry Date until the termination of this Agreement as provided in Section 2.4, unless earlier terminated or further extended as provided in this Agreement.

1.1.33 "*Total Cost*" means, without limitation, all labor, materials, tools, equipment, services and incidental and customary work necessary to plan, engineer, design, environmentally review, permit, site, bid and construct a public facility or improvement project, including, without limitation, all costs and expenses for the following: engineering, architectural, appraisal, legal and other consultant services throughout the real property acquisition efforts and preconstruction and construction phases; real property acquisitions; bid preparation and administration services, soil, project and other inspection and testing services; construction and project management services; and all construction and project close-out activities.

1.2 **Exhibits.** The following documents are attached to, and by this reference made a part of, this Agreement: Exhibit "A," Legal Description and Depiction; Exhibit "B," Existing Project Approvals; Exhibit "C," Project Conditions of Approval; Exhibit "D," Depiction of the Project; Exhibit "E," Development Impact Fees/Credits, Exhibit "F," Map of Benefit Area for Reimbursements, and Exhibit "G," Performance Bond.

2. GENERAL PROVISIONS.

2.1 **Binding Effect of Agreement.** Subject to extension by mutual agreement of Developer and the City, this Agreement shall become operative on the Effective Date. From and following the Effective Date, actions by the City and Developer with respect to the Development of the Property, including actions by the City on applications for Subsequent Project Approvals affecting the Property, shall be subject to the terms and conditions of this Agreement.

2.2 **Ownership of Property.** City and Developer acknowledge and agree that Developer has a legal or equitable interest in the Property and thus Developer is qualified to enter into and be a Party to this Agreement under the Development Agreement Law, California Government Code Section 65864, *et seq.*

2.3 Assignment.

2.3.1 **Right to Assign.** Developer shall have the right to sell, mortgage, hypothecate, assign or transfer ("**Transfer**") this Agreement, and any and all of its rights, duties and obligations hereunder, either in whole or in part, to any person, partnership, joint venture,