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**DEVELOPMENT AGREEMENT**

BY AND BETWEEN

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

AND

**Port City Operating Company, LLC**,  
doing business as **St. Joseph's Medical Center of Stockton**  
a California nonprofit limited liability company

Effective Date: \_\_\_\_\_, 20\_\_\_\_\_

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**DEVELOPMENT AGREEMENT**

This Development Agreement (“**Agreement**”) dated for reference purposes as of \_\_\_\_\_, 2023 (“**Agreement Date**”), is entered into by and between Port City Operating Company, LLC, a California nonprofit limited liability company, doing business as St. Joseph’s Medical Center of Stockton (“**SJMC**”) and the City of Stockton, a California municipal corporation (“**City**”). SJMC and City are sometimes referred to individually herein as a “**Party**” and collectively as the “**Parties.**”

**RECITALS**

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 an entity 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 has adopted a development agreement ordinance codified as Chapter 16.128 of the City’s Municipal Code (“**Development Agreement Ordinance**”), which authorizes the execution of development agreements and sets forth the required contents and form of those agreements. The provisions of the Development Agreement Statute and the City’s Development Agreement Ordinance are collectively referred to herein as the “**Development Agreement Law.**”

C. Port City Operating Company, LLC is the fee owner of several properties consisting of approximately 18.7 acres combined that are located within the City, bounded by E. Cleveland Street on the north, E. Harding Way on the south, N. California Street on the west, and Cemetery Lane on the east and designated by the following APNs:

1. APN 127-190-32
2. APN 127-190-10
3. APN-127-190-09
4. APN 127-190-08
5. APN 127-180-44
6. APN 127-174-30
7. APN 127-173-28
8. APN 127-164-22
9. APN 127-164-15
10. APN 127-164-06
11. APN 127-164-08
12. APN 127-164-07
13. APN 127-150-33

14. APN 127-150-32
15. APN 127-150-31
16. APN 127-150-30
17. APN 127-150-29
18. APN 127-150-28
19. APN 127-164-16

These properties are collectively referred to in this Agreement as the “**Existing Medical Center.**” Port City Operating Company, LLC also owns additional land across the street from the Existing Medical Center at the corner of N. California Street, E. Maple Street, and on Chestnut Street, consisting of the following APNs:

20. APN 127-150-49
21. APN 127-150-24
22. APN 127-150-25
23. APN 127-150-48
24. APN 127-150-23
25. APN 127-180-16
26. APN 127-140-16

Three additional properties are owned by a related entity, Dignity Health Medical Foundation, are also used for surface parking to support medical services or directly for medical services, and are intended to be included within the scope of the Master Development Plan, consisting of the following APNs:

27. APN 127-172-11
28. APN 127-172-12
29. APN 127-172-16

The properties listed in subparagraphs 20-29, inclusive, are collectively referred to in this Agreement as the “**Off-site Lands.**”

One additional property, owned by Port City Operating Company, LLC, is used for behavioral health services, is in the vicinity of the Existing Medical Center and Off-site Lands and also is intended to be included within the scope of the Master Development Plan as one of the “Off-site Lands,” consisting of the following APN:

30. APN 125-360-15

Each of the foregoing parcels comprising the Existing Medical Center and the Off-site Lands is more particularly described and depicted in **Exhibits A and B** attached hereto and incorporated herein and are collectively referenced as the “**Property.**”

D. SJMC is a primary provider of a comprehensive array of medical services to the City of Stockton and San Joaquin County. SJMC traces its roots to 1899, with the opening of a 25-bed hospital at the same N. California Street location where the Existing Medical Center resides

today. Over more than 120 years of operation, SJMC has gradually expanded through the construction of multiple buildings to support emergency services, acute care, neonatal intensive care, outpatient services, comprehensive cardiovascular and oncology care, and a women's and children's health center.

E. Since 1899, pursuant to multiple permits issued and/or amended by the City (the “**Use Permits**”) over time and prior to the Project Approvals (as defined in Article 1), SJMC has continuously provided “**Medical Services**” (as that phrase is defined in the City's Municipal Code, Title 16 (the “**Development Code**”), Section 16.240.020 (Definitions Section)) within buildings located on the Existing Medical Center that were built and, in some cases, remodeled over this period of continuous operation. The Use Permits are identified by APN, date and building description on **Exhibit C** attached hereto and incorporated herein. Over the years, SJMC also has served as a teaching hospital, which is a “Medical-Related Service” through Graduate Medical Education on the Property. Graduate Medical Education includes traditional medical and graduate-level medical training (including residency programs). Additional training for schools of nursing, pharmacy, physical therapy, and technical professionals also is offered and will be offered on the Property. The Graduate Medical Education and other training are collectively referred to herein as “**GMET**.” The Medical Services and GMET together are the “**Existing Uses**,” all within the Property.

F. SJMC currently operates a heliport (used by helicopters and unmanned aerial vehicles (“drones”) on top of the southeast wing of the Main Hospital, i.e., APN 127-180-44, pursuant to Use Permit S27-86 (dated June 16, 1986 and July 8, 1986) (the “**Heliport Use Permit**”). The Heliport Use Permit will remain in place and will be amended to include additional heliport locations on the Planned Expansion (as defined in Recital, G, below).

G. The Existing Medical Center presently is utilized to maximum capacity with little room for expansion to meet the growing medical service needs of the City and surrounding community. SJMC also has determined that seismic retrofit improvements and/or replacements are necessary for some buildings at the Existing Medical Center, pursuant to Senate Bill 1953 as amended (the Alfred E. Alquist Hospital Seismic Safety Act of 1983), and SJMC intends to meet seismic requirements and also take the opportunity to modernize and expand facilities to enhance the Existing Uses provided on the Property (“**Planned Expansion**”). The Planned Expansion will require the demolition of some, but not all of the existing buildings to accommodate a more efficient use of the Existing Medical Center to provide Medical Services and expand such Medical Services. The Planned Expansion will also require the use of the Off-site Lands for modular structures both during and after construction, and also as part of the Planned Expansion. Off-site Lands also may be proposed for different uses for later phases of implementation of the Planned Expansion. The Planned Expansion also will require the relocation of existing public utilities as well as the location of new public and private utilities in public roads in order to maximize the physical footprint of the Planned Expansion.

H. The continued amendment or issuance of Use Permits to allow for the remodeling of existing buildings and/or construction of new buildings does not facilitate a long-term flexible plan for SJMC's use of the Property for Medical Services and GMET and parking for facilities during both construction and after completion of the Planned Expansion. SJMC intends to use the Master Development Plan process authorized by the City's Municipal Code Chapter 16.140 (the



“**Master Development Plan**”) to provide (1) a comprehensive framework for the continued use, development and expansion of the Property for Medical Services (including but not limited to hospital buildings, medical offices, support structures, modular structures, parking and temporary uses), (2) flexibility in future uses, (3) expanding heliport uses (including drones) under the Heliport Use Permit, and (4) maintaining the validity of the Use Permits that will not be affected by the Planned Expansion.

I. Through the Master Development Plan, SJMC seeks to meet certain objectives, including but not limited to: (1) add additional emergency, acute care and intensive care beds to accommodate anticipated growth through at least 2050; (2) continue the modernization of existing facilities to accommodate new clinical technology; (3) provide flexibility to allow for patient needs and services that will evolve over time; (4) expand facilities for local residency and other professional training programs (i.e., the GMET); (5) optimize the use of available land for Medical Services and GMET by consolidating surface parking into a multi-level parking structure and/or suitable off-site parking; (6) increase in-patient bed capacity for patients in early phases of the Planned Expansion by completing new facilities that will then allow for structural retrofits of buildings that will remain in use in the later phases of the Planned Expansion, thereby avoiding any interruption in acute care hospital services; and (7) provide for flexible design that will better accommodate surges in health care needs during emergency situations such as was experienced during the public health emergency known as the “**COVID-19 Pandemic**” that is believed to have originated in 2019, and was officially declared a world-wide pandemic in 2020. SJMC submitted to the City an application for a Master Development Plan, including a Site Master Plan, Development Standards and Design Guidelines, and a Phasing Plan, (collectively, the “**Project**”). This Agreement is intended to meet the requirements of the Master Development Plan Ordinance, Section 16.140.060(C).

J. The City Council has determined that flexibility is required under the Master Development Plan for future uses of the Property to provide Medical Services and GMET as well as an extended term to allow for such development because development of the Property as proposed by the Master Development Plan presents significant benefits to the City and the region, and the unique characteristics in the buildout of the buildings on the Property as follows:

1. Development of the Property will occur over many years, with a phased timeline for construction and potential adjustments to physical structures as health care delivery systems change over time;

2. The California Department of Health Care Access and Information (State HCAI) (previously known as the Office of Statewide Health Planning and Development) is required to approve the hospital building design and construction (including fire safety requirements), which may result in required changes to the design of and construction standards for the buildings and related structures;

3. A significant capital investment is required for the buildings on the Property;

4. SJMC is a nonprofit limited liability company; and

5. The Project will provide needed expansion of access to health care services,

local education of medical personnel, and significant employment opportunities for all income levels, including but not limited to under-served communities that comprise a significant portion of patients served by SJMC.

K. This Agreement sets forth, among other things, the applicable fees, policies, and zoning requirements that apply to development of the Project and provides SJMC with a vested right to develop the Project on the Property in accordance with the City's General Plan (as defined in Article 1 of this Agreement), and the land use designations and zoning applicable to the Property, each as in effect as of the Effective Date (as defined in Section 3.1 of this Agreement). Consistent with State policy expressed by Government Code section 65864, this Agreement is intended to reduce the uncertainty of the planning and entitlement process which can result in waste of resources and escalation of construction costs; provide certain assurances to SJMC that upon approval of the Master Development Plan, SJMC may proceed with development of the Project in accordance with the Project Approvals and Applicable Law (as defined herein) and subject to the terms of this Agreement; strengthen the public planning process; encourage private participation in comprehensive planning; and reduce the economic costs of development.

L. The City has prepared a draft environmental impact report for the Project ("DEIR") and held hearings pursuant to the California Environmental Quality Act ("CEQA") (Public Resources Code section 21000, *et seq.*). The City published a public Notice of Availability (NOA) for the Draft EIR on \_\_\_\_\_, inviting comment from the general public, agencies, organizations, and other interested parties. The NOA was filed with the State Clearinghouse (SCH # \_\_\_\_\_), the County Clerk, and a newspaper of regional circulation pursuant to the public noticing requirements of CEQA. The public review period was from \_\_\_\_\_ through \_\_\_\_\_ (45 days). The City published a Final Environmental Impact Report consisting of the DEIR, the comments submitted on the DEIR, and the City's Responses to Comments on the DEIR on \_\_\_\_\_, 20\_\_ (the "FEIR").

M. The Planning Commission on \_\_\_\_\_, 20\_\_\_\_, recommended the following action by adoption of Resolutions Nos., \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ to the City Council: certification of the FEIR, approval of the Master Development Plan (including the Site Master Plan, the Development Standards and Design Guidelines, and the Phasing Plan, and all appendices and attachments thereto), and approval of this Agreement.

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

1. Certification of the FEIR and approval of the Mitigation Monitoring and Reporting Program ("**MMRP**") by Resolution No. \_\_ adopted by the City Council on \_\_\_\_, 20\_\_ and

2. Approval of the Master Development Plan (which includes the Site Master Plan, the Development Standards and Design Guidelines, all variances identified in the Master Development Plan, the Phasing Plan, all Use Permits (or modifications to existing Use Permits, including but not limited to the Heliport Use Permit), all required Temporary Use or Temporary Activity Permits, Demolition Permits or Administrative Permits), and all appendices and

attachments thereto, dated \_\_\_\_\_, 202\_\_ (the “**Master Development Plan**”) by Resolution No. \_\_\_\_\_ adopted by the City Council on\_, 20\_\_.

O. SJMC also intend to submit to the City for consideration and approval a parcel merger application (the “**Parcel Merger**”) that is intended to result in the merger of the APNs listed and depicted on **Exhibit D** attached hereto and incorporated herein and a tentative parcel map that will combine the parcels listed and depicted on **Exhibit E** attached hereto and incorporated herein (the “**Parcel Map**”). It is anticipated that the Parcel Merger and Parcel Map applications will be considered and acted upon by the City after approval of the Master Development Plan.

P. Under this Agreement, SJMC will provide substantial community benefits in connection with the Project as more specifically described herein, including:

1. Providing additional capacity for acute care treatment for patients of all income levels and all payer sources.
2. Enhancing building capacity for utilization of technology in the provision of health care services.
3. Modernizing and upgrading the Existing Medical Center to meet seismic retrofit requirements and maintain functionality of buildings.
4. Improving flexibility of patient bed arrangements to meet surges in need for medical care such as was experienced with the COVID-19 Pandemic.
5. Increasing the quantity and quality of space for graduate educational services with the goal of retaining physicians and other medical professional technical staff trained at the Medical Center within San Joaquin County.
6. Improving the quantity, quality and proximity of parking for patients, visitors and staff.
7. Changing internal site circulation to complement City objectives of increasing reliance upon bicycle travel both around and into the site, as well as enhancing emergency access for paramedics and patients transported by other third parties and focusing non-patient access to the rear of the Medical Center.
8. Update existing utility connections to accommodate enhanced medical services and provide sufficient emergency back-up for expanded capacity.
9. Providing open space and gathering areas for respite during stressful times, including pedestrian pathways to connect to open space and gathering areas.
10. Providing the City with reasonable assurances for maintenance of landscaping for public lands dedicated to the City consistent with City standards, including the option to annex into the City’s existing Landscape Maintenance Assessment District.

11. Continuing the long history of investments by SJMC in the community that support healthy lifestyles for underserved populations through access to expanded and modernized health care facilities.

12. Creating both short-term construction jobs related to Property development, including Property grading, infrastructure and building construction, and permanent employment-generating uses as a result of the enhanced health care facilities that are proposed as part of the Project, consistent with City objectives for creation of employment opportunities for residents.

Q. To the extent requested in the future by SJMC, the Parties intend to work in good faith to consider potential use of public financing (at the sole and exclusive discretion of SJMC) for certain Public Benefit Facilities needed in connection with the Project and as identified in Section 6.1.2 under the Statewide Community Infrastructure Program, a program created to facilitate tax exempt financing of eligible impact fee and public improvement costs (“SCIP”) (or other similar program established by the California Statewide Community Development Authority (“CSCDA”)) or the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311 *et seq.*) (“Mello-Roos Act”). The financing of such items through SCIP (or other similar CSCDA program) or a Mello-Roos Act community facilities district (“CFD”) would fulfill the express legislative goals of the Development Agreement Statute; strengthen the public planning process by linking development rights to financing of public facilities; encourage participation by private landowners in the comprehensive planning required by such financing; reduce economic risk and costs of development by spreading the costs of needed facilities over time; and allow SJMC, in exchange for voluntary participation in such financing programs, to proceed with development in accordance with City policies, rules and regulations.

R. The City has determined that the development of the Project will be consistent with the City’s fiscal policies. Unless alternative or supplemental funding is identified to the satisfaction of the City, SJMC will fund the required public improvements that have been identified as mitigation measures in the EIR. The Project also does not add any residential units to the City. As such, the City has determined that no Public Facilities Finance Plan (“PFFP”) or related administrative guidelines are required for the Project.

S. The City has further determined that by entering into this Agreement, the City will further the purposes set forth in the Development Agreement Ordinance and the City will benefit from an increased range of employment options and enhanced Medical Services created by the Project for residents of the City.

T. For the reasons recited herein, the City and SJMC have determined that the Project is a development for which this Agreement is appropriate. This Agreement will eliminate uncertainty regarding Project Approvals, thereby encouraging planning for, investment in, and commitment to use and development of the Property. Development of the Property in accordance with the terms of this Agreement will in turn provide substantial public benefits to the City, thereby achieving the goals and purposes for which the Development Agreement Law was enacted.

U. The terms and conditions of this Agreement have undergone review by City staff, the Planning Commission and the City Council at publicly noticed meetings, and have been found

to be fair, just and reasonable, in conformance with the Development Agreement Law and consistent with the goals, policies, standards and land use designations specified in the General Plan, and consistent with the requirement under Government Code Section 65867.5, and further, the City Council finds that the economic interests of the City's citizens and the public health, safety and welfare will be best served by entering into this Agreement.

V. The City has approved this Agreement by Ordinance No. \_\_\_\_\_, adopted by the City Council on \_\_\_\_\_, 20 (**"Enacting Ordinance"**).

## **AGREEMENT**

### **ARTICLE 1. DEFINITIONS**

**"Agreement"** means this Development Agreement and all Exhibits hereto.

**"Agreement Date"** means the reference date identified in the preamble to this Agreement.

**"Annual Review"** is defined in Section 10.1.

**"Applicable City Regulations"** is defined in Section 4.2.

**"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 are enacted, adopted, and amended from time to time, as more particularly described in Section 4.5.

**"Assignee"** is defined in Section 13.3.

**"Assignment"** is defined in Section 13.2.

**"Buildout"** is defined in Section 3.2.2.

**"Building Moratorium"** is defined in Section 15.4.3.

**"CEQA"** is defined in Recital L.

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

**"CFD"** is defined in Recital Q.

**"Changes in Applicable Law"** is defined in Section 4.5.

**"City"** means the City of Stockton, a California municipal corporation.

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

“**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, agents, employees, contractors and representatives.

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

“**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, as defined below.

“**Consultant Fees**” is defined in Section 5.3.

“**Continuing Use Permits**” is defined in Section 8.3.6.

“**COVID-19 Pandemic**” is defined in Recital I.

“**CSCDA**” is defined in Recital Q.

“**Default**” is defined in Section 14.1.

“**DEIR**” is defined in Recital L.

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

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

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

“**Development Code**” is defined in Recital E.

“**Effective Date**” means the date that this Agreement becomes effective as determined under Section 3.1.

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

“**Exactions**” means financial requirements or dedications that have been imposed by the City under this Agreement or in connection with the Project Approvals, 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. The term “Exactions” also includes future financial requirements or dedications imposed by the City in connection with the issuance of Subsequent Approvals provided such future financial requirements or dedications are contemplated by the Project Approvals or otherwise permitted by the terms of this Agreement. For purposes of this



Agreement, Exactions do not include Impact Fees.

“*Existing Medical Center*” is defined in Recital C.

“*Extension Term*” is defined in Section 3.2.2.

“*FEIR*” is defined in Recital L.

“*Final*” means the date on which (1) all applicable appeal periods for the filing of any administrative appeal challenging the issuance or effectiveness of each of the Project Approvals and this Agreement shall have expired and no such appeal shall have been filed; (2) in the event of any administrative appeal or Litigation Challenge challenging any of the Project Approvals and/or this Agreement, that the administrative appeal or Litigation Challenge is settled or there is a final determination or judgment upholding the Project Approvals and this Agreement, as applicable, and the administrative appeal or Litigation Challenge is no longer subject to appeal.

“*Future Expansion*” is defined in Section 4.1.1, and includes the expansion identified in the Master Development Plan as both “Phase 5” and “Future Expansion.”

“*General Plan*” means the Envision Stockton 2040 General Plan of the City of Stockton adopted by the City Council on December 4, 2018.

“*GMET*” is defined in Recital E.

“*Heliport Use Permit*” is defined in Recital F.

“*Impact Fees*” means the monetary amount charged by the 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.

“*Impact Fee Lock Period*” is defined in Section 5.1.

“*Initial Term*” is defined in Section 3.2.1.

“*Litigation Challenge*” is defined in Section 9.1.1.

“*Litigation Delay*” is defined in Section 15.4.2.

“*Major Modification*” is defined in Section 12.2.

“*Master Development Plan*” is defined in Recital H, as approved by City Council Resolution No. \_\_\_\_\_.

“*Medical Services*” is defined in Recital E.

“**Minor Modification**” is defined in Section 12.3.

“**MMRP**” is defined in Recital N(1).

“**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 SJMC’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 Municipal Code of the City of Stockton, 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 and which apply City-wide or to a portion of the City that includes the Property.

“**Notice of Breach**” is defined in Section 14.1.

“**Off-site Lands**” is defined in Recital C.

“**Other Agency Fees**” means fees and charges imposed by other governmental agencies which in some cases are collected by the City on behalf of such other agencies.

“**Parcel Map**” is defined in Recital O and depicted on **Exhibit E**.

“**Parcel Merger**” is defined in Recital O and depicted on **Exhibit D**.

“**Party/Parties**” is defined in the introductory paragraph preceding the Recitals of this Agreement.

“**Permitted Delay**” is defined in Section 15.4.1.

“**PFFP**” is defined in Recital R.

“**PFF Credits**” is defined in Section 5.7.3.

“**Planned Expansion**” is defined in Recital G.

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

“**Prevailing Wage Laws**” is defined in Section 7.2.1.

“**Processing Fees**” means all fees charged on a City-wide basis to cover the cost of City processing of Subsequent Approvals and further including any required supplemental or further



environmental review, plan checking, inspection and monitoring at the rates which are in effect at the time those permits, approvals, parcel and/or subdivision maps, entitlements, reviews or inspections are applied for or requested.

“*Project*” is defined in Recital I.

“*Project Approvals*” means all of the approvals identified in Recital N, the Use Permits (unless otherwise terminated or as amended by the Project Approvals) and, when and as approved in accordance with the terms of this Agreement, and any Subsequent Approvals. Project Approvals shall also include the Parcel Merger and the Parcel Map identified in Recital O, and any and all Temporary Use or Temporary Activity Permits, Administrative Permits, or Demolition Permits that may be required to implement the Master Development Plan.

“*Property*” is defined in Recital C, and may also include properties approved for any “Future Expansion” as defined in Section 4.1.1.

“*Sanitary Sewer Capacity Assessment*” is defined in Section 4.6.

“*SCIP*” is defined in Recital Q.

“*SJMC*” means Port City Operating Company, LLC, a California nonprofit limited liability company, doing business as St. Joseph’s Medical Center of Stockton and its permitted successors and assigns.

“*State HCAI*” is defined in Recital J(2).

“*Subdivision Map Act*” means California Government Code sections 66410 through 66499.58, as it may be amended from time to time.

“*Subsequent Approvals*” is defined in Section 8.2.

“*Subsequent Discretionary Approvals*” is defined in Section 8.2.2.

“*Subsequent Ministerial Approvals*” is defined in Section 8.2.1.

“*Term*” is defined in Section 3.2.1.

“*Use Permits*” is defined in Recital E and with reference to Exhibit C.

“*Water Supply Assessment*” is defined in Section 4.6.

## ARTICLE 2. REPRESENTATIONS AND WARRANTIES

**2.1** City Representations and Warranties. The City represents and warrants to SJMC that:

**2.1.1** Corporate Formation and Powers. The 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 the City under this Agreement.

**2.1.2 Duly Authorized.** 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 approvals have been obtained.

**2.1.3 Valid Obligation.** This Agreement is a valid obligation of the City and is enforceable in accordance with its terms.

The foregoing representations and warranties are made as of the Agreement Date. During the Term of this Agreement, the City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, immediately give written notice of such fact or condition to SJMC.

**2.2 SJMC Representations and Warranties.** SJMC represents and warrants to the City that:

**2.2.1 Company Formation and Powers.** SJMC is duly organized, validly existing and in good standing under the laws of the State of California and is authorized to conduct business in California and has all necessary powers under the laws of the State of California to own property and in all other respects enter into and perform the undertakings and obligations of the Landowner under this Agreement.

**2.2.2 Duly Authorized.** The execution and delivery of this Agreement and the performance of the obligations of SJMC hereunder have been duly authorized by all necessary corporate, partnership or company action and all necessary shareholder, member or partner approvals, as applicable, have been obtained.

**2.2.3 Valid Obligation.** This Agreement is a valid obligation of SJMC and is enforceable in accordance with its terms.

**2.2.4 SJMC's Property Interest.** SJMC has a legal or equitable interest in each of the parcels comprising the Property, except for those parcels identified in Recital C as owned by Dignity Health Medical Foundation (APNs 127-172-11, -12, and -16). SJMC has obtained consent to file this application for a development agreement.

**2.2.5 No Bankruptcy.** SJMC 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 SJMC's creditors; (c) suffered the appointment of a receiver to take possession of all, or substantially all, of SJMC's assets; (d) suffered the attachment or other judicial seizure of all, or substantially all, of SJMC's assets; or (e) admitted in writing its inability to pay its debts as they come due.

The foregoing representations and warranties are made as of the Agreement Date. During the Term of this Agreement, SJMC shall, upon learning of any fact or condition which would cause any of the warranties and representations in this 2.3 not to be true, immediately give written notice of such fact or condition to the City.

### ARTICLE 3. EFFECTIVE DATE AND TERM

**3.1 Effective Date.** The Effective Date of this Agreement (“**Effective Date**”) 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 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.

#### **3.2 Term.**

**3.2.1 Initial Term of Agreement.** Subject to extension for Litigation Delay as provided in Section 15.4.2 below, the “**Initial Term**” of this Agreement shall commence on the Effective Date and shall not expire until 20 (twenty) years from the Effective Date, unless extended or earlier terminated as provided herein. As used herein “**Term**” means the Initial Term, plus any Extension Terms (defined in Section 3.2.2). The Term of the Agreement has been determined by the City to be necessary based upon the showing by SJMC of (a) the potential for an extended, and likely beyond 20 (twenty) year time frame for full build-out of the Project (including Future Expansion as defined in Section 4.1.1), (b) the significant investment by SJMC in preparing a Master Development Plan that will guide the build-out of the Project, (c) the character of the Project as an in-fill project that requires significant and costly planning and on-site infrastructure improvements to more effectively use otherwise under-utilized areas of the Project site, (d) the fact that medical service delivery and the types of facilities that are needed for new service delivery models is subject to significant fluctuations over time, (e) the constraints on construction schedules that occur due to the parallel funding requirements to satisfy State seismic upgrade requirements, and (f) St. Joseph’s is the only major medical facility that is proposing an expansion of this significance and which will provide significant benefits to the residents of Stockton and the surrounding region. The duration of Vested Rights is defined and limited in some cases in Section 4.1 and 4.1.2 of this Agreement.

**3.2.2 Extensions of Initial Term.** Construction of a Medical Center presents unique challenges (in terms of financing, phasing, evolving health care needs that affect building design and lay-out, the need to minimize disruption to ongoing health care services during construction, state mandated construction requirements and the level of oversight of both design and construction by State HCAI), each of which requires additional time for the completion of the Project. The intent of the Parties is to extend the Initial Term of this Agreement as may be necessary to allow the Build Out of the Project pursuant to the Master Development Plan. For purposes of this Agreement, “**Build Out**” shall mean and include (1) the issuance of a certificate of occupancy on the last structure identified in the Master Development Plan, including any structures that are identified for either construction or expansion (whether permanent or temporary) in all phases identified in the Master Development Plan (i.e., Phases 1-5 plus any Future Expansion that may be approved under the procedures established by the Master

Development Plan) and (2) demolition (either as part of the Planned Expansion or as may be determined to be necessary as part of any Future Expansion). Therefore, the Initial Term shall be extended by two successive eight (8) year increments from the date of expiration of the applicable Term (with each extension being an “**Extension Term**”), provided that at the end of the Initial Term:

(a) SJMC is not, at the time, in Default of any of its obligations hereunder following notice and expiration of applicable cure periods;

(b) the applicable SJMC warranties and representations in Section 2.2 above continue to be true and correct; and

(c) Prior to the start of the first (8) year Extension Term, SJMC has begun construction on the Acute Care Hospital Tower identified in the Master Development Plan.

(d) Prior to the start of the second eight (8) year Extension Term, SJMC has begun construction of phase 4 as identified in the Master Development Plan, or has otherwise provided to the City satisfactory confirmation that the deadline for seismic improvements identified in phase 4 has been extended by the State, in which case the extension will still be automatic.

No extensions beyond the two successive eight (8) year increments identified above shall be granted unless SJMC applies for and receives approval of an extension in accordance with Stockton Municipal Code Section 16.128.120.

Following the expiration of the Term or the earlier Build Out of the Project (including all Phases identified in the Master Development Plan) and satisfaction of all of SJMC’s obligations in connection therewith, this Agreement shall be deemed terminated and of no further force and effect.

**3.2.3 Memorandum of Extension.** If an Extension Term is granted, the City and SJMC agree to execute, acknowledge and record in the Official Records of San Joaquin County a separate memorandum evidencing approval of each Extension Term. The failure to file the Memorandum of Extension shall not affect or otherwise void the validity of the Extension Term.

## **ARTICLE 4. DEVELOPMENT OF THE PROPERTY**

**4.1 Vested Rights.** The Property is hereby made subject to the provisions of this Agreement, including but not limited to the Exceptions to Vested Rights stated in Section 4.1.2. Subject to the Exceptions to Vested Rights, SJMC shall have the vested right to develop the Property and the Project in accordance with and subject to the Project Approvals (as defined in Article 1 and specifically referenced in Recitals N and O), any Subsequent Approvals and any administrative amendments to any of the Project Approvals or Subsequent Approvals, Applicable Law and this Agreement, which shall control the permitted uses, density and intensity of use of the Property; rate of development; the maximum height and size of buildings on the Property,

setbacks, and square footage; parking (both permanent and temporary, and on-site or off-site); use of modular structures (whether temporary or long-term); heliport quantity, location and approaches; all signage (inclusive of spiritual symbolism and any digital communication signage); provisions for reservation or dedication of land for public purposes and location and relocation of public utilities and public improvements; temporary uses and structures; and rights to demolish buildings.

**4.1.1 Application of Vested Rights to Future Expansion.** The City acknowledges that the Master Development Plan identifies both Phase 5 and Future Expansion for the Medical Center, with the Development of both Phase 5 and Future Expansion potentially occurring either on the Property or off-site. (The phrase “**Future Expansion**” shall include both the expansion identified in the Master Development Plan as Phase 5 and Future Expansion.) For some off-site properties, SJMC does not presently have ownership or otherwise control the property for development. In the event that SJMC is successful in acquiring property from private parties or determining that Future Expansion on properties owned by SJMC or related entities (e.g., the Off-site Lands) is feasible, upon completion of any necessary Environmental Review for the demolition or construction of buildings identified for Future Expansion, and issuance of Subsequent Approvals under the applicable procedures of Section 8.2 of this Agreement, the Vested Rights and Exceptions to Vested Rights, identified in this Article shall thereafter apply to Future Expansion. To implement this extended scope of Vested Rights and Exceptions to Vested Rights, the City and SJMC shall execute an amendment to this Agreement that adds additional lands within the definition of “Property” described and depicted in **Exhibits A and B**. Provided that Subsequent Approvals have been issued for Future Expansion, the addition of lands to the definition of “Property” will constitute a Minor Modification of this Agreement and will be subject to the procedures in Section 12.3.

**4.1.2 Exceptions to Vested Rights.** The City and SJMC specifically agree that the term of Vested Rights for each of the provisions identified below is limited as set forth herein:

4.1.2.1 **City Impact Fees:** The City Impact Fees referenced in Section 5.1 of this Agreement shall be limited to those City Impact Fees in effect as of the Effective Date of this Agreement, and shall be vested at the rate in effect as of the Effective Date of this Agreement and for a period of ten (10) years thereafter (referenced as the “**Impact Fee Lock Period**” in Section 5.1). Upon the expiration of the Impact Fee Lock Period, the Impact Fees shall be charged at the rate then in effect and shall be subject to periodic increases pursuant to standard City updates to City Impact Fees thereafter.

**4.2 Applicable City Regulations.** The City and SJMC acknowledge and agree that per the Development Agreement Statute, the City is restricted in its authority to limit its police power by contract and that the particular limitations, reservations and exceptions set forth in this Agreement are intended to reserve to the City those selected police powers that cannot be so limited. Notwithstanding the foregoing reservations and exceptions, it is the intent of the City and SJMC that this Agreement be construed to provide SJMC with rights afforded by law, including but not limited to, the Development Agreement Statute. Therefore, the laws, rules, regulations, official policies, standards, and specifications of the City in effect as of the date of the initial Project Approvals to the development of the Property and Project shall be, collectively, the following “**Applicable City Regulations**”:

**4.2.1 Project Approvals and Agreement.** Those rules, regulations, official policies, standards, and specifications of the City set forth in the Project Approvals and this Agreement, except to the extent any rules, regulations, official policies, standards or specifications of the City have been modified by the Master Development Plan;

**4.2.2 City Rules as of Effective Date.** 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) in force and effect on the Effective Date governing permitted uses, building locations, timing and manner of construction, densities, intensities of uses, heights and sizes, setbacks, square footage, heliport location and approach, signage, subdivisions and requirements for on- and off-site infrastructure and public improvements, temporary uses and structures, demolition of buildings, and including the City's zoning development standards applicable to the Project and the Property.

**4.2.3 Procedural Rules.** 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;

**4.2.4 Building Codes.** New City Laws that revise the City's uniform construction codes, including the 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, that such New City Laws are uniformly applied on a City-wide basis to all substantially similar types of development projects and properties and are not inconsistent with requirements or standards imposed by State HCAI.

**4.2.5 Public Health and Safety.** New City Laws that are necessary to protect physical health and safety of the public; provided, that such New City Laws are uniformly applied on a City-wide basis to all substantially similar types of development projects and properties and are not inconsistent with requirements or standards imposed by State HCAI;

**4.2.6 New City Laws Not in Conflict.** New City Laws that do not materially interfere with SJMC's vested rights under this Agreement or the Project Approvals;

**4.2.7 New City Laws Mandated by Changes in Applicable Law.** New City Laws mandated by Changes in Applicable Law as provided in Section 4.5 below provided that such Changes in Applicable Law are not inconsistent with requirements or standards imposed by State HCAI; and

**4.2.8 Other New City Laws.** New City Laws that do not apply to the Property and/or the Project due to the limitations set forth above, but which the Parties mutually agree in writing shall be incorporated into the Applicable City Regulations.

**4.2.9 State Laws that Apply to Medical Facilities.** The City acknowledges that (and as further stated in Section 4.5 of this Agreement), any New City Laws will only apply to the extent those laws are not in conflict with State laws, rules or regulations that pre-empt local



regulation of medical and hospital facilities, including but not limited to laws, rules or regulations imposed by State HCAI that pertain to emergency storage of wastewater or potable water for medical and hospital facilities.

**4.3 Life of Project Approvals.** The term of any and all Project Approvals shall automatically be extended for the longer of the Term of this Agreement or the term otherwise applicable to such Project Approvals. Without limiting the generality of the foregoing, pursuant to the Subdivision Map Act, any vesting or tentative maps heretofore or hereafter approved in connection with development of the Project or the Property shall be extended for the Term (and may be subject to other extensions provided under the Subdivision Map Act). In addition, and based on the factors set forth in Section 3.2.1 of this Agreement, nothing in this Section is intended to limit the application of common law vested rights to the Project Approvals from and after the Term of this Agreement, as set forth in *Avco Community Developers, Inc. v. South Coast Regional Commission, 17 Cal 3d 785 (1976), cert denied, 429 US 1083 (1977)*. In the event that this Agreement is terminated prior to the expiration of the Term, the term of any Project Approval and the vesting period for any subdivision map approved as a Project Approval shall be the term otherwise applicable to the approval, which shall commence to run on the date that the Project Approval was issued. The City acknowledges and agrees that this is an upgrade of an existing site upon which Medical Services have been provided for more than twelve decades. As such, even if SJMC does not develop the entirety of the Property consistent with this Agreement and the Project Approvals (including phasing and timing of development and Build Out of the Project), the underlying zoning for the Property shall remain in place so long as the Property is used to provide Medical Services.

**4.4 Timing of Development.** The City and SJMC acknowledge that SJMC cannot at this time predict what portions of the Project will be included within any phase of the Project, when or the rate at which the phases will be developed or the order in which each phase will be developed. Such decisions can depend upon numerous factors that are not within the control of SJMC, such as State requirements for hospital services (including design, construction and sequencing of buildings), funding available for the Medical Center, patient needs, market orientation and demand, interest rates, availability of financing and other similar factors. In particular, and not in any limitation of any of the foregoing, since the California Supreme Court held in *Pardee Construction Co. v. The Town of Camarillo, 37 Cal.3d 465 (1984)*, 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 prevailing over such parties' agreement, it is the desire to avoid that result by acknowledging that, except as otherwise provided for in this Agreement (including with respect to phasing of the Public Benefit Facilities and other public improvements and community benefits), SJMC's vested rights under this Agreement include the right to develop the Property (including any Future Expansion) and the Project in such order and at such rate and at such times as SJMC deems appropriate in the exercise of its discretion, subject to the terms, requirements and conditions of the Project Approvals and this Agreement, including provisions addressing required phasing of on- and off- site public improvements.

**4.5 Changes in Applicable 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 (i) changes in State or Federal laws or (ii) any regional governmental agency that, due to the operation of State law (and not the act of the City through a memorandum of understanding, joint exercise of powers authority, or otherwise that is undertaken or entered into following the Effective Date) (“**Changes in Applicable Law**”). In the event Changes in Applicable 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 Applicable Law. Following the meeting between the Parties, the provisions of this Agreement may, to the extent legally feasible, and upon mutual agreement of the Parties, be modified or suspended, but only to the minimum extent necessary to comply with such Changes in Applicable Law. In such event, this Agreement together with any required modifications shall continue in full force and effect. Nothing in this Agreement shall preclude SJMC from contesting by any available means (including administrative or judicial proceedings) such Changes in Applicable Law or their applicability to the Project.

**4.6 Sanitary Sewer and Potable Water.** The California Water Service Company Stockton District has found there will be sufficient potable water and the City has found there will be sufficient sanitary sewer capacity to serve the Existing Uses, future development contemplated by the General Plan, including the Project, based upon the findings of the California Water Service Company Stockton District on October 26, 2022 approving the revised Water Supply Assessment submitted by SJMC and dated October 5, 2022 (“**Water Supply Assessment**”) and the “Collection System Impacts of Proposed St. Joseph’s Medical Center Expansion,” prepared for the City’s Municipal Utility Department by West Yost and dated January 12, 2023 (“**Sanitary Sewer Capacity Assessment**”). Both the Water Supply Assessment and the Sanitary Capacity Sewer Assessment are incorporated as technical appendices as part of the approved Master Development Plan. The City acknowledges SJMC’s reliance on the finding of availability of necessary water and sewer capacity to serve the Medical Center, as confirmed in the EIR for the Project, the Water Supply Assessment, and the Sanitary Sewer Capacity Assessment. The City acknowledges that the estimate of California Water Service Company Stockton District water supply in the Water Supply Assessment is now included in the baseline analysis of water usage for the City and the analysis of necessary sewer capacity is now included in the baseline analysis of sanitary sewer capacity for the City. The City further acknowledges that SJMC will provide essential medical services throughout the Medical Center and that, in the event of a City-wide water shortage, the California Water Service Company Stockton District will need to consider the water requirements for essential medical services in any future action that may be necessary to address a water shortage. Subject to this provision and a reasonable requirement to preserve water and sewer capacity for essential medical services, nothing in this Agreement is intended to exempt the Project from any water use rationing requirements that may be imposed on a City-wide basis from time to time in the future or be construed as a specific reservation of any existing sanitary sewer or potable water capacity.

**4.6.1 State Regulatory Requirements Regarding Water Supply, Fuel, and Wastewater Storage and Conveyance.** The Master Development Plan (Section 4.6) includes reference to State requirements for water supply, fuel, and wastewater storage on-site, sufficient to support up to 72-hours of emergency operations at the Medical Center as part of seismic upgrade requirements. The Master Development Plan also includes potential locations for the on-site holding tanks for water supply fuel, and wastewater. City will coordinate with SJMC to include



appropriate references in the City's Emergency Response Plan regarding the removal of wastewater to the extent feasible during any emergency storage event. SJMC acknowledges that it will need to contract with local septic haulers in case of emergencies. In event of an emergency, the City may be addressing treatment facilities as a priority.

**4.7 Location of Public and Private Utilities.** SJMC has presented to the City a conceptual plan for the relocation of public utilities that are impacted by the Medical Center Expansion and also a conceptual plan to locate public and private utilities within public rights of way that will be necessary to serve the Project. The final plan for public and private utility easements will be presented to the City with final improvement plans and will be subject to review and approval by the City Engineer. Attached as **Exhibit F** and incorporated herein is the Conceptual Plan for Public and Private Utilities within and along Cemetery Lane, E. Maple Street, E. Cleveland Street, and N. California Street, which shall form the basis for the final improvement plans that will be submitted to the City Engineer, and which have been included in the Master Development Plan as conceptual public and private utility relocation/location plans. Upon approval of the final improvement plans by the City Engineer, City and SJMC shall jointly prepare and execute any and all easements, encroachment agreements, rights of way, licenses, other agreements or approvals that may be necessary to implement the final plans approved for public and private utilities. In the event the Parties determine that existing private utilities within public rights of way are not presently supported by easements, the Parties shall work cooperatively to prepare and have approved the necessary easements, without the need to relocate any existing private utilities.

**4.8 Modular Structures.** The Master Development Plan allows for the use of modular structures, including required landscaping improvements, on identified sites both during and after construction, subject to the approval by the Community Development Director of the Administrative Use Permit. In light of the significant financial investment in modular structures, the Administrative Use Permit shall extend the term of the use of modular structures for not less than twenty (20) years. At the time of the application for the Administrative Use Permit, SJMC shall demonstrate to the satisfaction of the Community Development Director compliance with the landscaping requirements of the Master Development Plan, and with respect to the modulars proposed for the site bounded by E. Harding, Cemetery Lane, and Maple Street, landscaping shall be sufficient to provide screening from public visibility of adjacent streets.

## **ARTICLE 5. FEES, EXACTIONS, AND IMPACT FEE CREDITS**

**5.1 Impact Fees.** For the period commencing on the Effective Date and continuing until 2033 ("**Impact Fee Lock Period**"), SJMC shall pay when due any and all fees charged by City for impacts from commercial (medical) uses and/or light industrial support buildings (as identified in **Exhibit G** and referred to collectively as the "**Impact Fees**") that are in effect as of the Effective Date of this Agreement. The total Impact Fees payable by SJMC with respect to each commercial (medical) building and/or light industrial support buildings for which a building permit is obtained during the Impact Fee Lock Period shall be capped at the rate in effect as of the Effective Date of this Agreement. If, at any time during the Impact Fee Lock Period, the total amount of Impact Fees then in effect exceeds the applicable maximum Impact Fee amount, the City shall allocate the actual Impact Fees paid by SJMC proportionately to then applicable Impact

Fees as the City may determine in its reasonable discretion, and SJMC agrees that the City shall not be bound by the requirements of the Mitigation Fee Act (Government Code § 66000 *et seq.*) with respect to such Impact Fees. SJMC hereby further waives and releases any claims it may have to challenge the legality of the imposition, use or expenditure of the Impact Fees collected by the City during the Impact Fee Lock Period on the grounds that the City's imposition, use or expenditure of such fees violates one or more requirements or limitations imposed by the Mitigation Fee Act or any other provision of Applicable Law. Following expiration of the Impact Fee Lock Period, the City may charge and, subject to SJMC's right to pay under protest and pursue a challenge in law or equity to any new or increased Impact Fees, SJMC shall pay any and all Impact Fees imposed by the City, including new Impact Fees adopted after the Effective Date; provided, however, the City shall only require SJMC to pay new Impact Fees (including increases in existing Impact Fees) that are uniformly applied by the City to all substantially similar types of development projects and properties.

**5.2 Processing Fees.** The City may charge, and SJMC agrees to pay, all uniformly applied Processing Fees for land use approvals, parcel and/or subdivision maps, grading and building permits, general plan maintenance fees, and other entitlements and permits that are applied for on any or all portions of the Project.

**5.3 Consultant Fees.** In addition to charging the foregoing Processing Fees, the City, in its reasonable discretion and following consultation and agreement with SJMC, may contract with one or more outside inspectors, engineers or consultants to perform all or any portion of the monitoring, inspection, testing and evaluation services to be performed in connection with construction and development of the Project ("**Consultant Fees**"). SJMC shall pay to the City, within thirty (30) days following the City's written demand therefor and the City's submission of invoices, the full amount of all Consultant Fees, plus a fifteen percent (15%) administration charge. The Consultant Fees, together with the associated administrative charge, shall be in addition to, and not in lieu of, the Processing Fees; provided, however, the City agrees not to double-charge SJMC (through the imposition of both a Processing Fee and Consultant Fee) for any individual monitoring, inspection, testing or evaluation service.

**5.4 Connection Fees.** SJMC shall pay Connection Fees lawfully adopted by the City, and/ or any Connection Fees assessed by third-party utility providers and other agencies assessing such fees at the rates in effect from time to time.

**5.5 Other Agency Fees.** Nothing in this Agreement shall preclude the City from collecting from SJMC Other Agency Fees, which the City is required or has agreed to collect pursuant to Applicable Law.

**5.6 Exactions.** The City may impose and SJMC shall comply with those Exactions required by this Agreement and the Project Approvals. In addition, the City may impose Exactions in connection with the Subsequent Approvals provided such Exactions are contemplated by the Project Approvals or otherwise permitted by the terms of this Agreement.

**5.7 Public Facilities Fees and Credits.** Intentionally omitted. If at any future time SJMC believes it is entitled to credits or reimbursements as a result of construction of off-site improvements, the City and SJMC will meet and confer, with City's standard provisions for

credits or reimbursements will be relied upon, if applicable.

**5.8 Area of Benefit.** SJMC shall be subject to future Areas of Benefit only as required by Municipal Code section 16.72.050. If at any future time SJMC believes it is constructing off-site improvements that will benefit other properties, the City and SJMC will meet and confer, with the City applying “Area of Benefit” provisions consistent with that Municipal Code section.

**5.9 Oversized Improvements.** SJMC is not required as part of the Project Approvals to oversize any public facilities. If at any future time SJMC believes it is constructing oversized improvements, the City and SJMC will meet and confer, and the City’s standard provisions for reimbursement for oversized improvements will be relied upon, if applicable.

**5.10 Taxes and Assessments.** SJMC is a nonprofit entity and, as such, does not pay property taxes on the Property. To the extent otherwise applicable, SJMC covenants and agrees to pay prior to delinquency all existing taxes and assessments and any and all new taxes or assessments that are adopted after the Effective Date, which are applicable under California law to a nonprofit, and which conform to the terms of this Agreement, including Section 6.1 below. Nothing herein shall be deemed to limit SJMC’s right to pay any new or increased taxes or assessments under protest and pursue a challenge in law or equity to any such new or increased taxes or assessments.

## **ARTICLE 6. FINANCING AND PUBLIC IMPROVEMENTS**

**6.1 Financing Tools for Public Improvement Capital Costs.** Intentionally omitted. If SJMC determines at a future time to propose any public facilities financing, the City and SJMC will meet and confer, and the City’s usual policies related to public financing will be relied upon, if applicable.

**6.2 Financing Mechanisms for Private Improvements.** City agrees to use best efforts to assist SJMC in identifying and securing local, regional, state or federal grant funding or other public financing sources that will cover all or a portion of the cost of the fire sprinkler and 200-year Urban Level of Flood Protection Improvements identified in Section 6.5 of this Agreement.

**6.3 Roadway Improvements.** Except as set forth in Section 6.3.1, SJMC, at its expense, shall design, construct, and thereafter dedicate to the City the roadway improvements identified in Conditions of Approval, in accordance with the timeframes identified in the Conditions of Approval. In the event that SJMC does not complete construction in accordance with the time periods established in the Conditions of Approval, the City Manager or his or her designee has the right to withhold future building permits until the construction of the improvement is completed. In recognition of the fact that the Project consists of medical facilities to provide Medical Services, prior to the exercise of this right, the City Manager or his or her designee shall provide written notice of the intention to withhold future building permits, with a thirty (30) day period for the Parties to meet and confer to agree upon an acceptable schedule for the construction of the improvement.

**6.3.1 Fair Share Contribution Limitation.** If the Project Approvals (and

specifically the Conditions of Approval) identify only a fair share contribution by SJMC toward a particular roadway improvement, SJMC shall be entitled to credit or reimbursement for any payment in excess of that fair share, under the City's standard procedures.

**6.3.2** Intentionally omitted.

**6.3.3** Intentionally omitted.

**6.3.4 Interior Private Streets.** Notwithstanding anything herein to the contrary and unless otherwise approved by the Community Development Director, SJMC shall complete all new private interior streets within the Property prior to occupancy of the Acute Care Hospital Tower . The improvements shall provide safe and reasonable access to interior streets, reflecting the conditions of approval set forth in the Project Approvals, and shall be improved and upgraded as needed for the duration of construction to reflect changed conditions as construction progresses. The interim improvements shall be shown on a plan approved by a civil engineer licensed to practice in the State of California and shall be reviewed and approved by the City Engineer or his designee prior to implementation.

**6.4 Oversized Utility Improvements.** None required.

**6.5 Phasing of Required Improvements.** The Master Development Plan and the MMRP identify improvements (both public and private) that are required to serve the Project and mitigate environmental impacts from the Project. As the Project will be constructed over several years and in phases, the City has agreed (through the Conditions of Approval that implement the environmental mitigation requirements and other terms of the Master Development Plan) to the phased construction of identified improvements to correspond with identified phases of construction of the Project (the "**Phased Improvements**"). The Phased Improvements specifically include, but are not limited to the timing of implementation of fire sprinklers in existing hospital buildings (i.e., as renovations to existing buildings occur) and the implementation of drainage improvements to achieve a 200-year Urban Level of Flood Protection in the existing below grade structure (i.e., as and when funding becomes available to finance this improvement).

**6.6** Intentionally omitted.

**6.7 Acquisition of Land Owned by Third Parties.** In any instance where SJMC is required or elects to construct any public improvement on land not owned by SJMC, at its sole cost and expense, subject to the potential reimbursement as provided in standard City policies, or oversizing reimbursement pursuant to an Area of Benefit or Municipal Utilities Department reimbursement as provided in Sections 5.8 and 5.9 above, shall acquire or fund the acquisition of, the real property interests necessary for the construction of such public improvements. If requested by SJMC, where the affected property owner has rejected an offer by SJMC based upon market value as determined by an appraisal prepared by a City approved appraiser in cooperation with the City, and upon SJMC 's provision of adequate funding, the City shall promptly and timely negotiate and seek the purchase of the necessary real property interests to allow SJMC to construct the public improvements as required by the Project Approvals. Under these circumstances, in accordance with the procedures established by law, including Government Code section 66462.5(a), requiring approval of a final map where neither the subdivider nor public agency has

an interest in land sufficient to allow off-site improvements to be constructed or installed where the City fails to acquire the necessary property interests by negotiation, the City shall consider use of its power of eminent domain to acquire such real property interests. SJMC shall pay all costs associated with such acquisition or condemnation proceedings. The City shall provide reasonable documentation to SJMC evidencing such costs at the time of invoicing SJMC. Nothing herein is intended to or shall prejudice or commit the City regarding any findings and determinations required to be made in connection with adoption of a resolution of necessity.

**6.8** Intentionally omitted.

**6.9 Public Improvement Agreements.** SJMC's obligation to construct the Public Benefit Facilities and other on- and off-site public improvements shall be set forth in one or more public improvement agreements to be entered into by the Parties on or before approval of a final subdivision map for the applicable portion of the Project, or if no map is required, permit conditions of approval for the applicable portion of the Project. The public improvement agreements shall be in a form provided by the City Engineer and approved by the City Attorney. Upon acceptance of the public improvements, or components thereof, the City shall release to SJMC any bonds or other security posted in connection with performance thereof, other than warranty period security, as more fully provided in the applicable improvement agreements between the City and SJMC.

**6.10 Services and Maintenance.** Except for the improvements identified in Section 6.10.1, all public improvements dedicated to the City shall be serviced and maintained by the City.

**6.10.1 Maintenance of Sewer Improvements.** The relocated and new sewer improvements are depicted on Exhibit G, attached hereto and incorporated herein, and will be located partially within Cemetery Lane (a public street) and partially on land owned by SJMC. The Parties have agreed that the portion of the sewer improvements extending from the SJMC property line to Cemetery Lane, beginning at "# 1 New Manhole", through Cemetery Lane to "#2 New Manhole," and continuing to "#3 New Private Lift Station," which lift station is located on SJMC property, shall be maintained by SJMC. This area is generally depicted on Exhibit G as "Area A." Extending from #3 New Private Lift Station to "#4 New Manhole," which is located on E. Cleveland Street, as depicted on Exhibit G, shall be maintained by SJMC. This area is generally depicted on Exhibit G as "Area B."

## **ARTICLE 7. DEVELOPMENT STANDARDS AND REQUIREMENTS**

**7.1 Compliance with Applicable Law.** SJMC, at its sole cost and expense, shall comply with requirements of, and obtain all permits and approvals required by Applicable Law, including requirements of regional, State and Federal agencies having jurisdiction over the Project.

**7.2 Prevailing Wage Requirements.**

**7.2.1 Public Works Subject to Prevailing Wage.** SJMC acknowledges and agrees that certain public improvements paid for directly or indirectly with the proceeds of CFD Bonds or other public funds will, under applicable California law, constitute construction, alteration,



demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds as provided under California Labor Code section 1720. To the extent required under California law, SJMC shall comply with, and cause its contractors and subcontractors to comply with, all State Labor Code requirements and implementing regulations of the Department of Industrial Relations pertaining to “public works,” including the payment of prevailing wages in connection with development of the Project (collectively, “**Prevailing Wage Laws**”) with respect to those public works, only. SJMC shall require the contractor for the Project or any portion thereof involving only such publicly financed improvements, to submit, upon request by the City, certified copies of payroll records to the City, and to maintain and make records available to the City and its designees for inspection and copying to ensure compliance with Prevailing Wage Laws. SJMC shall also include in each of its contractor agreements, a provision in form acceptable to the City, obligating the contractor to require its contractors and/or subcontractors to comply with Prevailing Wage Laws (but only where applicable under this Section), and to submit, upon request by the City, certified copies of payroll records to the City and to maintain and make such payroll records available to the City and its designees for inspection and copying during regular business hours at the Property or at another location within the City.

**7.2.2 SJMC Indemnity.** SJMC shall defend (with counsel reasonably acceptable to the City), indemnify, assume all responsibility for, and hold harmless the City and its officers, officials, employees, volunteers, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys’ fees and costs) arising out of or in any way connected with SJMC’s or its contractors’ obligations to comply with all Prevailing Wage Laws, including any and all Claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code sections 1726 and 1781.

**7.3 Community Benefit.** SJMC shall satisfy the requirement for a “community amenity” set forth in Municipal Code section 16.140.070(D) by continuing the long-standing history of financial and in-kind contributions to programs and services that support and promote community health, with special focus on the underserved and vulnerable population of the City and surrounding communities. Such support is expected to take the form of (1) provision of medical and mental health services to those who are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay; (2) funding for community health programs that improve health outcomes for the underserved and vulnerable; (3) funding and in-kind support for initiatives to support the homeless; (4) funding and in-kind support for regional health-equity initiatives; (5) partnership with other community nonprofit organizations to provide grants that achieve objectives outlined by the San Joaquin County Community Health Needs Assessment; or (6) other programs that support positive health outcomes (including both physical and mental health) in the City and surrounding region. At the request of City, SJMC shall provide a report, no more frequently than annually, to identify the financial and in-kind contributions made pursuant to this Section.

## **ARTICLE 8. COOPERATION AND IMPLEMENTATION**

**8.1 Annexation into Districts.** Intentionally omitted.

**8.2 Subsequent Approvals.** Certain subsequent land use approvals, entitlements, and permits other than the Project Approvals (collectively, “**Subsequent Approvals**”), will be necessary or desirable for implementation of the Project. The Subsequent Approvals may include the following ministerial and discretionary applications and permits: amendments of the Project Approvals, grading permits, building permits, sewer and water connection permits, certificates of occupancy, parcel mergers lot line adjustments, site plans, development plans, land use plans, building plans and specifications, parcel maps and/or subdivision maps, commission use permits, design review, demolition permits (if not part of the Project Approvals or for Future Expansion), improvement agreements, encroachment permits, and any amendments to, or repealing of, any of the foregoing. In connection with any Subsequent Approvals, the City shall exercise its discretion in accordance with Applicable Law, the Project Approvals and, as provided by this Agreement, including the reservations of authority set forth herein.

**8.2.1 Subsequent Ministerial Approvals.** “**Subsequent Ministerial Approvals**” are permits or approvals that are required by the Master Development Plan or, if not addressed in the Master Development Plan, by Applicable Law, and that are to be issued upon compliance with uniform, objective standards, and regulations, including but not limited to the Development Standards and Design Guidelines in the Master Development Plan. Any future change to the Master Development Plan itself may be considered Subsequent Ministerial Approvals if within the definitions established in the Master Development Plan and, if so, shall be governed by the administrative procedures set forth in Chapter 8 of the Master Development Plan. In the event of any conflict with procedures in Chapter 16.104 (Changes to an Approved Project) of the City’s Development Code, Chapter 8 of the Master Development Plan shall control. Subsequent Ministerial Approvals shall also include all approvals identified in the Master Development Plan as Ministerial Approvals, including but not limited to any review of phases identified in the Master Development Plan (including Future Expansion) for conformance with the Site Master Plan or the application of the Development Standards and Design Guidelines to each planned phase of the Medical Center. Subsequent Ministerial Approvals shall also include design review for each building within the Master Development Plan, lot line adjustments, parcel mergers, applications for road construction permits or authorizations; grading and excavation permits; building permits, including electrical, plumbing, mechanical, Title 24 Electrical, and Title 24 Handicap permits or approvals; certificates of occupancy; encroachment permits; water connection permits; and any other similar permits required for the development and operation of the Project.

**8.2.2 Subsequent Discretionary Approvals.** “**Subsequent Discretionary Approvals**” are all other Subsequent Approvals, including amendments of the Project Approvals, site development plan or development area plan approvals that are not within the definition of Ministerial Approvals in the Master Development Plan, improvement agreements, use permits (if required under the Master Development Plan), subdivision maps, re-zonings, or permits that are not defined in Section 8.2.1 as Subsequent Ministerial Approvals. Any re-subdivisions, any amendments to, or repealing of, any of the approvals identified as Subsequent Discretionary Approvals are also Subsequent Discretionary Approvals unless otherwise provided for in the Subsequent Approval.

**8.3 Processing Applications for Subsequent Approvals.**

**8.3.1 SJMC Covenant to Timely Submit Complete Applications.** SJMC

acknowledges that the City cannot begin processing applications for Subsequent Approvals until SJMC submits complete applications on a timely basis. SJMC shall use its best efforts to (i) provide to the City in a timely manner any and all documents, applications, plans, and other information necessary for the City to carry out its obligations hereunder; and (ii) cause SJMC's planners, engineers, and all other consultants to provide to the City in a timely manner all such documents, applications, plans and other materials required under Applicable Law. It is the express intent of SJMC and the City to cooperate and diligently work to obtain any and all Subsequent Approvals. The City acknowledges that SJMC is a non-profit medical services provider and that timing of commencement of the Project and submittal of information necessary for the City to process any Subsequent Approvals will depend upon funding availability for the Planned Expansion.

**8.3.2 City Covenant to Timely Process Complete Applications.** Upon submission by SJMC of all appropriate applications and processing fees for any Subsequent Approval, the City shall, to the full extent allowed by law, promptly and diligently, subject to City ordinances, policies and procedures regarding hiring and contracting, commence and complete all steps necessary to act on SJMC's then pending Subsequent Approval applications including: (i) providing at SJMC's expense and subject to SJMC'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; (ii) if legally required, providing notice and holding public hearings; and (iii) acting on any such pending Subsequent Approval application.

**8.3.3 Processing Consistent with Vested Rights.** With the Project Approvals, the City has made a final policy decision that the Project is in the best interests of the public health, safety and general welfare. Applications for Subsequent Ministerial Approvals that are consistent with this Agreement and the Project Approvals shall be processed and considered in a manner consistent with the vested rights granted by this Agreement and shall be deemed to be tools to implement those final policy decisions and shall be approved by the City so long as they are consistent with this Agreement and the Project Approvals. While the City expressly reserves its discretion with respect to all Subsequent Discretionary Approvals, the City agrees that it shall not use its authority in considering any application for a Subsequent Discretionary Approval to change the policy decisions reflected by the Project Approvals, including by reducing the density or number of buildings or changing the permitted uses of the Property or the permitted rate of development, or otherwise to prevent development of the Project as set forth in the Project Approvals.

**8.3.4 City Discretion.** Nothing herein shall limit the ability of the City to require the necessary reports, analyses, or studies to assist in determining that the requested Subsequent Ministerial Approval is consistent with this Agreement and the Project Approvals. If the City determines that an application for a Subsequent Ministerial Approval is not consistent with this Agreement or the Project Approvals and should be processed as an application for a Subsequent Discretionary Approval rather than a Subsequent Ministerial Approval, the City shall specify in writing the reasons for such determination and may propose a modification which would be processed as a Subsequent Ministerial Approval. SJMC shall then either modify the application to conform to this Agreement and the Project Approvals, as the case may be, or the City shall process the application as an application for a Subsequent Discretionary Approval.



**8.3.5 City Review of Future Expansion of Medical Center.** The Master Development Plan identifies a phase identified as “**Phase 5**” on the Site Master Plan as well as general references to other potential Future Expansion (with both referenced collectively in this Agreement as the “**Future Expansion**”). The Future Expansion in the Master Development Plan includes concepts, only, for possible future construction of additional medical or acute care hospital buildings, along with a recognition that additional parking (whether on-site or off-site) to serve the additional buildings and continued operation of the Medical Center will likely be required. The Project Approvals include this Future Expansion as part of the Site Master Plan. The Parties acknowledge and agree that the Project Approvals include Future Expansion, subject to the administrative requirements in Chapter 8 of the Master Development Plan. In the event SJMC seeks to implement Future Expansion (as defined in this Agreement), the City will process that application as consistent with the Project Approvals, subject to the completion of any additional environmental review as may be necessary. The Parties also acknowledge and agree that if additional properties are acquired or come under the control of SJMC that are proposed for all or any part of the Future Expansion that the procedures for Subsequent Approvals in this Section 8.3 shall apply.

**8.3.6 Use Permits and Changes to the Approved Master Development Plan.** Certain Use Permits identified on Exhibit C pertain to existing buildings and will remain in place and in use at the Medical Center (the “**Continuing Use Permits**”). The Continuing Use Permits are incorporated into and now considered a part of the Master Development Plan. Any future change to the Master Development Plan, including the Continuing Use Permits, shall be governed by the administrative procedures set forth in Chapter 8 of the Master Development Plan. In the event of any conflict with procedures in Chapter 16.104 (Changes to an Approved Project) of the Development Code, Chapter 8 of the Master Development Plan shall control.

**8.4 Mitigation Measures.** SJMC shall comply with the mitigation measures in the MMRP, which reflect the mutually agreed-upon timing of specified improvements and SJMC’s pro rata share of funding, where applicable. SJMC shall compensate the City for its use of any outside expertise required to review and make a determination on any submitted phase-specific greenhouse gas emissions reports, feasibility reports, and compliance reports.

**8.5 Other Agency Subsequent Approvals; Authority of City.** Other public agencies not within the control of the City may possess authority to regulate aspects of the development of the Property separately from or jointly with the City, and this Agreement does not limit the authority of such other public agencies. Nevertheless, the City shall be bound by, and shall abide by, its covenants and obligations under this Agreement in all respects when dealing with any such agency regarding the Property. The City shall cooperate with SJMC, to the extent appropriate and as permitted by law, in SJMC’s efforts to obtain, as may be required, Other Agency Subsequent Approvals.

**8.5.1 City Cooperation in Connection with State HCAI Approval of Design, Construction and Sequencing of Certain Buildings at the Medical Center.** The City acknowledges that SJMC will be required to obtain approval from State HCAI of the design, construction and sequencing of certain buildings and utility and infrastructure improvements at the Medical Center. Review by State HCAI will also include standards related to fire safety, which will control over

any standards or regulations of the City. The buildings subject to State HCAI approval are identified in the Master Development Plan. This approval may result in required changes to, among other things, building structure, fenestration, awnings, setbacks, and other physical features of the hospital building and/or layout of the Project on the Property, including utility and infrastructure improvements. The City shall evaluate and process any such changes pursuant to the administrative procedures in Chapter 8 of the Master Development Plan, including the processing of such changes as a Subsequent Ministerial Approval if such changes qualify for ministerial approval under the Master Development Plan. Buildings on the Site Master Plan that require State HCAI approval shall be exempt from City design review.

**8.6 Subsequent CEQA Review.** The City has certified the FEIR, which evaluates the environmental effects of full development, operation and use of the Project, including to the extent the design and impacts are known the Future Expansion, and has imposed all feasible mitigation measures to reduce the significant environmental effects of the Project. The Parties understand that the FEIR is intended to be used not only in connection with the Project Approvals, but also, to the extent legally permitted, in connection with necessary Subsequent Approvals and development of any Future Expansion. However, the Parties acknowledge that certain Subsequent Approvals and development of Future Expansion may legally require additional analysis under CEQA. For example, a change in the Project could require additional analysis under CEQA if the triggering conditions identified in CEQA Guidelines section 15162 are met. In the event supplemental or additional CEQA review is required for a Subsequent Approval, the City shall limit such supplemental or additional CEQA review to the scope of analysis mandated by CEQA in light of the scope of City's discretion to be exercised in connection with the Subsequent Approval. SJMC acknowledges that, if the City determines based upon supplemental or additional CEQA review that the Project will result in new significant effects or substantially increase the severity of effects that were identified in the EIR, the City may require additional feasible mitigation measures necessary to mitigate such impacts. In the event further mitigation measures are identified by such additional environmental review, the City may require, and SJMC shall comply at its expense (subject to any fair share contribution by other responsible parties or agencies) with, all feasible mitigation measures necessary to substantially lessen new or substantially more severe significant environmental impacts of the Project, which were not foreseen at the time of execution of this Agreement.

## ARTICLE 9.

### THIRD PARTY LEGAL CHALLENGE, INDEMNITY AND INSURANCE

#### 9.1 Cooperation in the Event of Legal Challenge.

**9.1.1 Cooperation by Parties.** The City and SJMC 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.

**9.1.2 Potential Joint Defense.** If SJMC desires to contest or defend a Litigation Challenge and the Parties determine to undertake a joint defense or contest of such Litigation

Challenge: (i) the Parties will cooperate in the joint defense or contest of such challenge; ii) SJMC shall select the attorney(s) to undertake such defense, subject to the City's approval, which shall not be unreasonably withheld; iii) SJMC will take the lead role in defending such Litigation Challenge; iv) upon SJMC's request, the City shall enter into a joint defense agreement in a form reasonably acceptable to the City Attorney to facilitate the sharing of materials and strategies related to the defense of such Litigation Challenge without waiver of attorney client privilege; v) SJMC shall reimburse the City, within forty-five (45) days following the City's written demand therefor, which may be made from time to time during the course of such litigation, all reasonable costs incurred by the City in connection with the Litigation Challenge.

**9.1.3 Potential Separate Defense.** If SJMC desires to contest or defend any Litigation Challenge and if at any time one or both of the Parties determine that they require separate representation: i) SJMC shall take the lead role in defending such Litigation Challenge; ii) SJMC shall be separately represented by legal counsel of its choice; iii) in any action or proceeding, the City shall be separately represented by the legal counsel of its choice, selected after consultation with SJMC (including consultation as to the scope and budget for such separate representation), with reasonable costs of such representation to be paid by SJMC; iv) SJMC shall reimburse the City, within forty-five (45) days following the City's written demand therefor, which may be made from time to time during the course of such litigation, all reasonable costs incurred by the City in connection with the Litigation Challenge; v) prior to exceeding any previously established budget for the separate City legal representation, the City shall confer with and obtain SJMC's input on any proposed budget augmentation or scope revision; and vi) upon SJMC's request, the City shall enter into a joint defense agreement in a form reasonably acceptable to the City Attorney to facilitate the sharing of materials and strategies related to the defense of such Litigation Challenge without waiver of attorney client privilege.

**9.1.4 Cost Awards and Proposed Settlements.** SJMC shall indemnify, defend, and hold harmless City Parties from and against any damages, attorneys' fees or cost awards, assessed or awarded against the City by way of judgment, settlement, or stipulation entered in connection with a Litigation Challenge. Any proposed settlement of a Litigation Challenge by a Party shall be subject to the approval of the other Party, such 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 the City in accordance with Applicable Law, and the City reserves its full legislative discretion with respect thereto.

**9.2 Indemnity.** SJMC shall indemnify, at the City's request defend, and hold the City Parties harmless from and against any and all Claims arising directly as a result of SJMC's acts, omissions, negligence or willful misconduct in connection with SJMC's performance under this Agreement or arising directly as a result of SJMC's (or SJMC's contractors, subcontractors, agents, or employees) work performed in connection with the development of the Property or the Project, including without limitation, Claims involving bodily injury, death or property damage. SJMC's indemnification obligations set forth in this Section shall not apply to the extent any such Claims are the result of the sole negligence or willful misconduct of any City Party.

**9.3 Insurance.** Prior to commencement of construction of a portion of the Project that encroaches on the public right of way, SJMC shall procure and maintain, or cause its contractor(s)

to procure and maintain, until the earlier of (a) the expiration of the Term; or (b) the completion of the improvement under construction, a commercial general liability policy in an amount required by the City under standard City policies for private construction of improvements in public rights of way. Alternatively, City agrees to consider self-insurance provided by SJMC or a general contractor in an equivalent amount on terms approved by the City's Risk Management division. If SJMC desires to satisfy the foregoing insurance requirements through its contractor, then SJMC shall require in its construction contract with the general contractor that said general contractor comply with all of the requirements of this Section 9.3. SJMC or its contractor shall furnish at the 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 the 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 SJMC. Coverage provided hereunder by SJMC or its contractor shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by the 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 the City.

## **ARTICLE 10. ANNUAL REVIEW**

**10.1 Periodic Review.** As required by California Government Code Section 65865.1 and pursuant to Section 16.128.110 of the Development Agreement Ordinance, the City of Stockton Planning Commission 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 at a duly noticed public hearing to determine good faith compliance with this Agreement ("**Annual Review**"). Specifically, the Annual Review shall be conducted for the purposes of determining good faith compliance with the terms and/or conditions of this Agreement, including compliance with mitigation measures in the MMRP. Each Annual Review shall also document the status of Project development. In the event the Planning Commission recommends modification or termination of this Agreement in connection with such Annual Review, the action to effectuate such modification or termination must be taken by City Council.

**10.2 Failure to Conduct Annual Review.** Failure of the 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 SJMC have or assert any defense to such enforcement by reason of any such failure to conduct an annual review.

## **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 SJMC, at its sole discretion, from granting one or more Mortgages encumbering all or a portion of SJMC'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. SJMC 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 San Joaquin County; provided, however, that SJMC's failure to provide such document shall not (i) affect any Mortgage, including without limitation, the validity, priority, or enforceability of such Mortgage, or (ii) affect the validity of this Agreement or constitute an event of Default, provided the relevant documentation is provided to the City within the time periods for the Cure stated in Section 14.1.

**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, who acquires title or possession to the Property, or any portion thereof.

**11.3 Notice of Default to Mortgagee.** If the City receives a notice from a Mortgagee requesting a copy of any Notice of Default given SJMC hereunder and specifying the address for service thereof, then the City agrees to use its diligent, good faith efforts to deliver to such Mortgagee, concurrently with service thereon to SJMC, any Notice of Default given to SJMC. Each Mortgagee shall have the right during the same period available to SJMC to cure or remedy, or to commence to cure or remedy, the event of Default claimed, or the areas of noncompliance set forth in the 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 SJMC.

**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 the City to such Mortgagee, except as to the notice requirements of Section 11.3.

## **ARTICLE 12. AMENDMENT OF AGREEMENT**

**12.1 Amendment by Written Consent.** Except as otherwise expressly provided herein (including Article 10 relating to the City's annual review and Article 14 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, and City Municipal Code Section 16.128.

**12.2 Major Modifications to Agreement.** Except where flexibility is allowed under the Master Development Plan for any of the following modifications, any amendment to this Agreement which affects or relates to (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 discretionary actions; (e) the type, location, density and intensity of the use of the Property or the maximum height or size of proposed buildings; or (f) monetary contributions or providing of other community benefits by SJMC, shall be deemed a “**Major Modification**” and shall require giving of notice and a public hearing before the Planning Commission and City Council. Any amendment which is not a Major Modification shall be deemed a “**Minor Modification**” and shall not, except to the extent otherwise required by Applicable Law, require notice of public hearing before the Parties may execute an amendment hereto. The City Manager or his or her designee shall have the authority to determine if an amendment is a Major Modification or a Minor Modification.

**12.3 Minor Modification.** The City Manager or his or her designee shall have the authority to review and approve amendments to this Agreement provided that such amendments are not Major Modification. No public notice shall be required for a Minor Modification.

**12.4 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 the City and SJMC.

### ARTICLE 13. ASSIGNMENT

**13.1 General.** Because of the necessity to coordinate development of the entirety of the Property pursuant to plans for the Project, particularly with respect to the provision of on- and off-site public improvements and public services and benefits, certain restrictions on the right of SJMC to assign or transfer its interest under this Agreement with respect to the Property, or any portion thereof, are necessary in order to assure the achievement of the goals, objectives and public benefits of the Project and this Agreement. SJMC agrees to and accepts the restrictions set forth in this Article 13 as reasonable and as a material inducement to the City to enter into this Agreement.

**13.2 Notice of Assignment.** SJMC shall provide the City with written notice of any proposed transfer or assignment of SJMC’s rights or obligations hereunder (each, an “**Assignment**”) at least thirty (30) days prior to such Assignment and request the City’s consent to such Assignment, as provided herein. Each such notice of proposed Assignment shall be accompanied by evidence of the corporate, limited liability company or other legal entity’s existence and good standing and a proposed form of Assignee’s assumption of SJMC’s obligations hereunder substantially in the form of **Exhibit H**, which would be recorded in the Official Records of San Joaquin County concurrent with the transfer. SJMC shall pay the actual costs borne by the City in connection with its review of the proposed Assignment, including the costs incurred by the City Attorney’s Office.

**13.3 Assignment Processing.** Notwithstanding any other limitations in this Article 13, SJMC may, upon provision of Notice, execution of an agreement documenting such Assignment in accordance with Section 13.2, and provision of evidence of entity formation and good standing, at any time, assign its rights and obligations under this Agreement with respect to all or any portion of the Property without the consent of the City to any person, partnership, joint venture, firm, company, corporation or other entity (any of the foregoing, an “**Assignee**”) acquiring all or a portion of the Property.

**13.4 Release of Transferring Developer.** Upon a transfer of all or a portion of the Property, SJMC shall be released from any further liability or obligations hereunder with respect to the portion so transferred and the Assignee shall be deemed to be the “**Successor Owner**” under this Agreement with respect to such transferred Property as specified in the assignment and assumption agreement provided: (i) neither SJMC nor Assignee is in default under this Agreement at the time of such transfer; (ii) SJMC and Assignee have executed and acknowledged and delivered to the City for recordation in the Official Records of the County an assignment and assumption agreement substantially in the form of Exhibit I attached hereto; and (iii) the Assignee has expressly assumed for the benefit of the City the obligations of SJMC as to the portion of the Property so transferred. No release of SJMC shall be effective unless and until each of the above conditions has been met. Notwithstanding anything to the contrary contained in this Agreement, if an Assignee Defaults under this Agreement, such Default shall not constitute a Default by SJMC (or any other Assignee) with respect to any other portion of the Property hereunder and shall not entitle the City to terminate or modify this Agreement with respect to such other portion of the Property.

**13.5** Intentionally omitted.

**13.6 Partial Assignment.** Subject to the limitations set forth in this Article 13, in the event of a transfer of a portion of the Property, SJMC shall have the right to assign its rights, duties and obligations under this Agreement that are applicable to the transferred portion, and retain all rights, duties and obligations applicable to the retained portions of the Property. Upon SJMC’s request, the City, at SJMC’s expense, shall cooperate with SJMC and any proposed Assignee to allocate rights, duties and obligations under this Agreement and the Project Approvals between the assigned portion of the Property and the retained Property. Assignee shall succeed to the rights, duties, and obligations of SJMC only with respect to the parcel or parcels, or portion of the Property so purchased, transferred, ground leased or assigned, and SJMC shall continue to be obligated under this Agreement with respect to any remaining portions of the Property retained by SJMC and not assigned.

**13.7 Successive Assignment.** In the event there is more than one Assignment under the provisions of this Article 13, the provisions of this Article 13 shall apply to each successive Assignment and Assignee.

**13.8 Other Permitted Transfers.** The provisions in this Article 13 shall not be deemed to prohibit or otherwise restrict SJMC from (i) granting easements or licenses or modifying existing easements to facilitate development of the Property consistent with the Project Approvals; encumbering the Property or any portion hereof or of the improvements thereon by a Mortgage

securing financing with respect to the Property or Project; (iii) transferring all or a portion of the Property pursuant to a foreclosure, conveyance in lieu of foreclosure, or other remedial action in connection with a Mortgage, or to any transferee from a Mortgagee or owner of the Property upon foreclosure or after a conveyance in lieu of foreclosure; or (iv) transfer within related entities.

**ARTICLE 14.**  
**DEFAULT; REMEDIES; TERMINATION**

**14.1 Breach and Default.** Subject to Permitted Delays or by mutual consent in writing, and 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 diligently prosecuted to completion, then no additional cure period shall 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. As provided in Section 13.6 above, following transfer of a portion of the Property and partial assignment of this Agreement to an Assignee, a Default by such Assignee under this Agreement shall not constitute a Default by SJMC (or any other Assignee) with respect to any other portion of the Property hereunder and shall not entitle the City to terminate or modify this Agreement with respect to such other portion of the Property. the City expressly acknowledges that SJMC may raise in defense to an alleged Default the requirements, standards or obligations that may be imposed by State HCAI and, if found applicable, the requirements, standards or obligations of State HCAI will control.

**14.2 Withholding of Permits.** In the event of a Default by SJMC (where the determination of such Default has been made by the City Council based on substantial evidence presented at a noticed public hearing), the City shall have the right to refuse to issue any permit or other Subsequent Approvals to which SJMC would otherwise have been entitled pursuant to this Agreement until such Default is cured. This provision is in addition to and shall not limit any actions that the City may take to enforce the conditions of the Project Approvals.

**14.3 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 the 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 the 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 14.9. Where SJMC is the defaulting Party and SJMC has previously conveyed portions of the Property and partially assigned this Agreement to one or more third party transferees, the City's right to terminate this Agreement shall be limited to those portion(s) of the Property then owned by SJMC.

**14.4 Specific Performance for Violation of a Condition.** If the City issues a Project Approval pursuant to this Agreement in reliance upon a specified condition being satisfied by SJMC in the future, and if SJMC then fails to satisfy such condition, the City, in addition to its other rights and remedies available under public improvement agreements, performance bonds or other instruments, shall be entitled to specific performance through legal action filed pursuant to Section 14.5.1, and subject to any defenses to such action that may be raised by SJMC, for the purpose of causing SJMC to satisfy such condition. By entering into this Agreement, SJMC is under no legal obligation to develop the Property and SJMC shall not otherwise be obligated to install any improvements or facilities separate or independent from the development of the Property pursuant to the Project Approvals.

**14.5 Legal Actions.**

**14.5.1 Institution of Legal Actions.** In addition to any other rights or remedies and subject to the limitation of damages in Section 14.7, a Party may institute legal action 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 of this Agreement. Any such legal action shall be brought in the Superior Court for San Joaquin County, California, except for actions that include claims in which the Federal District Court for the Eastern District of the State of California has original jurisdiction, in which case the Eastern District of the State of California shall be the proper venue.

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

**14.6 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.

**14.7 No Damages.** In no event shall a Party, or its boards, commissions, officers, agents, or employees, be liable in damages, including without limitation, actual, consequential, or punitive damages, for any Default under this Agreement. It is 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 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 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 to the extent herein specified solely on the remedies provided for herein with respect to any breach of this Agreement by the other Party.

**14.8 Surviving Provisions.** In the event this Agreement is terminated pursuant to the provisions stated herein, neither Party shall have any further rights or obligations hereunder.

**ARTICLE 15.  
MISCELLANEOUS PROVISIONS**

**15.1 Incorporation of Recitals, Exhibits and Introductory Paragraph.** The Recitals contained in this Agreement, the introductory paragraph preceding the Recitals and the Exhibits attached hereto are hereby incorporated into this Agreement as if fully set forth herein.

**15.2 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, and all other persons or entities acquiring the Property, or any interest therein, and shall inure to the benefit of the Parties and their respective successors and assigns, as provided in Government Code section 65868.5.

**15.3 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 SJMC as follows:

If to the City:	City Clerk City of Stockton 425 N. El Dorado St, 1 <sup>st</sup> Floor Stockton , CA 95202 Telephone: (209) 937-8458
with copies to:	City Manager City of Stockton 425 N. El Dorado St, 2nd Floor Stockton , CA 95202 Telephone: (209) 937-8212  City Attorney City of Stockton 425 N. El Dorado St, 1 <sup>st</sup> Floor Stockton, CA 95702 Telephone: (209) 937-8333

## EXHIBIT 1 - Development Agreement

If to SJMC: CommonSpirit Health  
3200 N. Central Avenue  
23<sup>rd</sup> Floor  
Phoenix, AZ 65012  
Attention: Senior Vice President  
National Real Estate Services  
Telephone: (602) 307-2435

with a copy to: CommonSpirit Health  
3400 Data Drive  
Rancho Cordova, CA 95670  
Attention: National Real Estate  
Services  
Telephone: (916) 631-3314

with a copy to: CommonSpirit Health  
3200 N. Central Avenue  
23<sup>rd</sup> Floor  
Phoenix, AZ 65012  
Attention: Legal Team  
(602) 406-5117

with a copy to: President and CEO  
St. Joseph's Medical Center  
1800 N. California Street  
Stockton, CA 95204

Notices are deemed effective if 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.

### **15.4 Permitted and Litigation Related Delays.**

**15.4.1 Permitted Delay.** 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 (a) calamities, including without limitation earthquakes, floods, and fire; (b) civil commotion; (c) riots or terrorist acts; (d) strikes or other forms of material labor disputes; (e) shortages of materials or supplies; (f) public health emergency, or (g) vandalism. Except as may be caused by a public health emergency, a Party's financial inability to perform or obtain financing or adverse economic conditions generally shall not be grounds for claiming a Permitted Delay. 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 within thirty (30) business days after the occurrence of

the conditions which establish the grounds for the claim. If notice by the Party claiming such extension is sent to the other Party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. The period of Permitted Delay shall last no longer than the conditions preventing performance. In no event shall any Permitted Delay extend the Term of this Agreement.

**15.4.2 Litigation Delay.** If, as a result of a Litigation Challenge, this Agreement or any of the Project Approvals are not Final (a “**Litigation Delay**”), then the Initial Term of this Agreement and the time within which each Party shall be required to perform any act under this Agreement shall be extended until the date on which the Project Approvals and this Agreement all become Final. Any obligations imposed on SJMC shall be tolled until the Project Approvals are Final.

**15.4.3 Building Moratorium.** If as a result of the adoption or implementation of a building moratorium this Agreement or any of the Project Approvals are not Final (a “**Building Moratorium**”), then the Initial Term of this Agreement and the time within which each Party shall be required to perform any act under this Agreement shall be extended until the date on which Project Approvals and this Agreement shall become Final. Any obligations imposed on SJMC shall be tolled until the Project Approvals are Final. If a Building Moratorium is imposed during the Term of the Agreement but after this Agreement is Final, SJMC may apply to the City for an additional extension of the Term (as defined in Section 3.2.2) to complete construction that is co-equal to the period of any Building Moratorium. An extension of a Term due to a Building Moratorium shall only extend the time period then applicable under Section 3.2.2 at the time of the Building Moratorium (*i.e.*, there is no addition of automatic extensions, but only the extension of a then applicable original term or extended term).

**15.5 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.

**15.6 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.

**15.7 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.

**15.8 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.

**15.9 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 may terminate this Agreement by providing written notice thereof to the other Party.

**15.10 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.

**15.11 Extension of Time Limits.** The time limits set forth in this Agreement may be extended by mutual consent in writing of the Parties in accordance with the provisions of this Agreement, including but not limited to the provisions for extension of the Term in Section 3.2.2.

**15.12 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 SJMC and the City.

**15.13 Entire Agreement.** This Agreement (including 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.

**15.14 Estoppel Certificate.** SJMC or its lender may, at any time, and from time to time, deliver written notice to the City requesting the City to certify in writing that: (a) this Agreement is in full force and effect; (b) this Agreement has not been amended or modified or, if so amended or modified, identifying the amendments or modifications; and (c) SJMC 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. SJMC shall pay, within thirty (30) days following receipt of City’s invoice, the actual costs borne by the City in connection with its review of the proposed estoppel certificate, including the costs expended by the City Attorney’s Office in connection therewith. The Community Development Director shall be authorized to execute any certificate requested by SJMC hereunder. The form of estoppel certificate shall be in a form reasonably acceptable to the City Attorney. The Community Development Director shall execute and return such certificate within thirty (30) days following SJMC’s request therefor. SJMC and the City acknowledge that a certificate hereunder may be relied upon by tenants, assignees, 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 matters set forth in the estoppel certificate.

**15.15 Recordation of Termination.** Upon completion of performance of the Parties or termination of this Agreement, a written statement acknowledging such completion or termination shall be recorded by the City in the Official Records of San Joaquin County.

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

**15.17 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 SJMC, the affairs of the City, or otherwise, or cause them to be considered joint venturers or members of any joint enterprise.

**15.18 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.

**15.19 Standard for Consents and Approvals.** In cases where the written consent or approval of a party is required hereunder and a standard of review and/or timeline for the granting or withholding of such consent or approval is not set forth, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

**15.20 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.

**15.21 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 Description
Exhibit B	Depiction of the Property
Exhibit C	Use Permits
Exhibit D	Parcel Merger
Exhibit E	Parcel Map
Exhibit F	Conceptual Plan for Location of Public and Private Utilities
Exhibit G	Impact Fees Subject to Impact Fee Lock Period
Exhibit H	Form of Assignment and Assumption Agreement



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

**CITY:**

CITY OF STOCKTON,  
a California municipal corporation

By: \_\_\_\_\_

*[Signature must be notarized]*

ATTEST:

By: \_\_\_\_\_

ELIZA R. GARZA, CMC  
CITY CLERK

APPROVED AS TO FORM:

By: \_\_\_\_\_

LORI ASUNCION  
CITY ATTORNEY

PORT CITY OPERATING COMPANY  
LLC doing business as St. Joseph's Medical  
Center of Stockton:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

*[Signatures must be notarized]*

APPROVED AS TO FORM:

By: \_\_\_\_\_

MARTHA CLARK LOFGREN  
BREWER LOFGREN LLP

**EXHIBIT LIST**

A	Property Descriptions
B	Property Depiction
C	Use Permits
D	Parcel Merger
E	Parcel Map
F	Conceptual Public and Private Utility Plan
G	Impact Fees Subject to Impact Fee Lock Period
H	Form of Assignment and Assumption Agreement

**EXHIBIT A**

**Property Descriptions**

REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

**PROPERTIES 1-19 "EXISTING MEDICAL CENTER"**

1. APN 127-190-32:

BEING LOTS 7 THROUGH 10 AND A PORTION OF LOTS 1 THROUGH 6 AND THE WEST ONE-HALF OF LOT 11 OF NORTH PARK ADDITION TO THE CITY OF STOCKTON, BLOCK 1 OF OFFICIAL MAP AS FILED FOR RECORD SEPTEMBER 26, 1892, IN VOLUME 2 OF MAPS AND PLATS, PAGE 21, SAN JOAQUIN COUNTY RECORDS, AND LOTS 4 AND 5 OF SUPPLEMENTAL MAP OF MCCLOUD ADDITION TO THE CITY OF STOCKTON, BLOCK "P", FILED FOR RECORD AUGUST 30, 1892, IN VOLUME 2 OF MAPS AND PLATS, PAGE 15, SAN JOAQUIN COUNTY RECORDS, IN THE CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA AND BEING MORE PARTICULARLY DESCRIBED AS:

LOTS 4 AND 5 IN BLOCK "P", AS SHOWN UPON MAP ENTITLED, SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD AUGUST 30, 1892, IN VOLUME 2 OF MAPS AND PLATS, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

TOGETHER WITH:

BEGINNING AT THE NORTHEAST CORNER OF LOT 5 IN BLOCK 1 IN NORTH PARK ADDITION, AS SAID LOT AND BLOCK ARE SO DESIGNATED AND DELINEATED UPON THAT CERTAIN MAP OR PLAT ENTITLED, MAP OF NORTH PARK ADDITION TO THE CITY OF STOCKTON AS FILED FOR RECORD SEPTEMBER 26, 1892 IN VOLUME 2 OF MAPS AND PLATS, PAGE 21, SAN JOAQUIN COUNTY RECORDS; THENCE SOUTH 11° 54' EAST, ALONG THE EAST LINE OF LOTS 5 AND 6 IN SAID BLOCK 1 OF NORTH PARK ADDITION, A DISTANCE OF 90.00 FEET TO A POINT ON THE EXISTING NORTH LINE OF HARDING WAY (FORMERLY KNOWN AS NORTH STREET); THENCE SOUTH 78° 08' 30" WEST, ALONG SAID EXISTING NORTH LINE OF HARDING WAY, A DISTANCE OF 68.01 FEET TO A POINT; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS 20.00 FEET, THE LONG CHORD OF WHICH BEARS NORTH 56° 52' 45" WEST, 28.27 FEET, AN ARC DISTANCE OF 31.40 FEET TO A POINT; THENCE NORTH 11° 54' WEST, A DISTANCE OF 70.01 FEET TO A POINT ON THE NORTH LINE OF SAID LOT 5; THENCE NORTH 78° 08' 30" EAST ALONG THE SAID NORTH LINE OF LOT 5, A DISTANCE OF 88.00 FEET TO A POINT, SAID POINT AS HERE IN BEFORE REFERRED TO THE POINT OF BEGINNING.

TOGETHER WITH:

LOT 4 IN BLOCK 1 OF NORTH PARK ADDITION TO STOCKTON AS FILED FOR RECORD SEPTEMBER 26, 1892 IN VOLUME 2 OF MAPS AND PLATS, PAGE 21, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM A PORTION OF SAID LOT 4 AS DESCRIBED IN THE DEED TO THE CITY OF STOCKTON RECORDED AUGUST 10, 1973, IN BOOK OF OFFICIAL RECORDS, VOLUME 3792, PAGE 523, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 4 OF BLOCK 1 NORTH PARK ADDITION TO STOCKTON AS FILED FOR RECORD SEPTEMBER 26, 1892 IN VOLUME 2 OF MAPS AND PLATS, PAGE 21, SAN JOAQUIN COUNTY RECORDS; THENCE NORTH 77° 48' 00" EAST, ALONG THE NORTH LINE OF LOT 4 A DISTANCE OF 11.48 FEET; THENCE SOUTH 12° 17' 15" EAST, A DISTANCE OF 40.00 FEET TO THE POINT OF INTERSECTION WITH THE SOUTH LINE OF SAID LOT 4; THENCE SOUTH 77° 48' 00" WEST, ALONG THE SOUTH LINE OF SAID LOT 4 A DISTANCE A DISTANCE OF 11.64 FEET TO THE SOUTHWEST CORNER OF BEFORE SAID LOT 4, SAID SOUTHWEST CORNER

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BEING ON THE EAST LINE OF CALIFORNIA STREET; THENCE NORTH 12° 03' 30" WEST ALONG THE WEST LINE OF LOT 4 A DISTANCE OF 40.00 FEET TO THE HERE IN BEFORE SAID POINT OF BEGINNING.

TOGETHER WITH:

LOTS 1, 2, 3, 7, 8, 9, 10, AND THE WEST ½ OF LOT 11 IN BLOCK 1 OF NORTH PARK ADDITION TO THE CITY OF STOCKTON, ACCORDING TO THE OFFICIAL MAP THEREOF FILED FOR RECORD SEPTEMBER 26, 1892 IN VOLUME 2 OF MAPS AND PLATS, PAGE 21, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM:

BEGINNING AT A POINT ON THE NORTHWEST CORNER OF LOT 1 OF BLOCK 1 OF NORTH PARK ADDITION TO THE CITY OF STOCKTON, AS FILED FOR RECORD SEPTEMBER 26, 1892 IN VOLUME 2 OF MAPS AND PLATS, PAGE 21, SAN JOAQUIN COUNTY RECORDS, SAID NORTHWEST CORNER BEING THE SOUTHEAST CORNER OF THE INTERSECTION OF CALIFORNIA STREET AND MAPLE STREET; THENCE NORTH 77° 48' 00" EAST ALONG THE NORTH LINE OF LOT 1 A DISTANCE OF 11.00 FEET, SAID NORTH LINE BEING THE SOUTH LINE OF SAID MAPLE STREET; THENCE SOUTH 12° 17' 15" EAST, A DISTANCE OF 120.00 FEET TO THE POINT OF INTERSECTION WITH THE SOUTH LINE OF LOT 3, BLOCK 1 OF SAID SUBDIVISION; THENCE SOUTH 77° 48' 00" WEST, ALONG THE SOUTH LINE OF SAID LOT 3 A DISTANCE OF 11.48 FEET TO THE SOUTHWEST CORNER OF BEFORE SAID LOT 3, SAID SOUTHWEST CORNER BEING ON THE EAST LINE OF CALIFORNIA STREET; THENCE NORTH 12° 03' 30" WEST, ALONG THE WEST LINE OF LOTS 3, 2, AND 1 OF SAID BLOCK 1, SAID WEST LINE BEING THE EAST LINE OF SAID CALIFORNIA STREET, A DISTANCE OF 120.00 FEET TO THE HERE IN BEFORE SAID POINT OF BEGINNING.

THIS LEGAL DESCRIPTION IS PURSUANT TO "NOTICE OF LOT MERGER PA-07-02" RECORDED SEPTEMBER 26, 2007 AS INSTRUMENT NO. 2007-168636 OF OFFICIAL RECORDS.

2. & 3. APNs 127-190-09 and 127-190-10:

LOT 15 AND THE WEST 34.9 FEET OF LOT 16 IN BLOCK 1 OF NORTH PARK ADDITION TO THE CITY OF STOCKTON ACCORDING TO THE OFFICIAL MAP THEREOF FILED IN BOOK OF MAPS, VOLUME 2, PAGE 21, SAN JOAQUIN COUNTY RECORDS.

4. APN 127-190-08:

LOTS 17 AND 18 AND THE EAST 5.1 FEET OF LOT 16 IN BLOCK 1 NORTH PARK ADDITION TO STOCKTON FILED FOR RECORD SEPTEMBER 26, 1892 IN BOOK OF MAPS AND PLATS, VOL. 2, PAGE 21, SAN JOAQUIN COUNTY RECORDS.

5. & 6. A PORTION OF APN 127-174-30 AND ALL OF APN 127-180-44:

PARCEL ONE: (A PORTION OF APN 127-174-30)

LOTS 10, 11, 12, 13, 14, 15, 16, 17 AND 18 IN BLOCK N, SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

EXCEPT THAT PORTION OF LOTS 10 AND 11 DESCRIBED IN DEED TO THE CITY OF STOCKTON RECORDED SEPTEMBER 10, 1976 IN BOOK OF OFFICIAL RECORDS, VOLUME 4178, PAGE 377, SAN JOAQUIN COUNTY RECORDS.

PARCEL TWO: (A PORTION OF APN 127-180-44)

## EXHIBIT 1 - Development Agreement

LOTS 1 THROUGH 10 INCLUSIVE IN BLOCK O, SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

EXCEPT THAT PORTION DESCRIBED IN DEED TO THE CITY OF STOCKTON RECORDED JULY 26, 1961 IN BOOK OF OFFICIAL RECORDS, VOLUME 2440, PAGE 264, SAN JOAQUIN COUNTY RECORDS.

PARCEL THREE: (A PORTION OF APN 127-180-44)

A PORTION OF SECTION 19 OF C. M. WEBER GRANT, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EASTERLY LINE OF CALIFORNIA STREET WITH THE NORTHERLY LINE OF WALNUT STREET AS SHOWN UPON MAP OF NORTH PARK ADDITION TO STOCKTON ACCORDING TO THE OFFICIAL MAP THEREOF FILED IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 21, SAN JOAQUIN COUNTY RECORDS; THENCE EASTERLY ALONG THE NORTHERLY LINE OF WALNUT STREET TO THE WESTERLY LINE OF CEMETERY LANE; THENCE NORTHERLY ALONG THE WESTERLY LINE OF CEMETERY LANE TO THE SOUTHERLY LINE OF BLOCK O AS SHOWN UPON MAP ENTITLED SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON ACCORDING TO THE OFFICIAL MAP THEREOF FILED IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS; THENCE WESTERLY ALONG THE SOUTHERLY LINE OF BLOCK O TO THE EASTERLY LINE OF CALIFORNIA STREET; THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF CALIFORNIA STREET TO THE POINT OF COMMENCEMENT.

EXCEPT THAT PORTION TO THE CITY OF STOCKTON BY DEED RECORDED JULY 26, 1961 IN BOOK OF OFFICIAL RECORDS, VOLUME 2440, PAGE 264, SAN JOAQUIN COUNTY RECORDS.

TOGETHER WITH THE NORTH 1/2 OF ABANDONED WALNUT STREET LYING BETWEEN THE EASTERLY AND WESTERLY BOUNDARY LINE OF SAID PARCEL TWO IF EXTENDED SOUTHERLY.

EXCEPT THAT PORTION OF ABOVE DESCRIBED ABANDONED WALNUT STREET WHICH LIES WITHIN THE BOUNDARIES OF SECOND AMENDED PARCEL MAP FILED FOR RECORD APRIL 17, 1975 IN BOOK OF PARCEL MAPS, VOLUME 1, PAGE 140, SAN JOAQUIN COUNTY RECORDS.

PARCEL FOUR: (A PORTION OF APN 127-180-44)

LOTS 6, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 AND 25 IN BLOCK 2 OF NORTH PARK ADDITION TO STOCKTON FILED FOR RECORD SEPTEMBER 26, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 21, SAN JOAQUIN COUNTY RECORDS.

TOGETHER WITH THE SOUTH 1/2 OF ABANDONED WALNUT STREET LYING BETWEEN THE EASTERLY AND WESTERLY BOUNDARY LINE OF ABOVE BLOCK 2, IF EXTENDED NORTHERLY.

EXCEPT THEREFROM THAT PORTION LYING WITHIN THE BOUNDARIES OF SECOND AMENDED PARCEL MAP FILED FOR RECORD APRIL 17, 1975 IN BOOK OF PARCEL MAPS, VOLUME 1, PAGE 140, SAN JOAQUIN COUNTY RECORDS.

PARCEL FIVE: (A PORTION OF APN 127-180-44)

UNIT NOS. 1, 2, 3, 4, 5, 6 AND 7 AS SHOWN UPON SECOND AMENDED PARCEL MAP, ST. JOSEPH'S HOSPITAL MEDICAL OFFICE BUILDING, A CONDOMINIUM PROJECT AS SAID MAP WAS FILED FOR RECORD APRIL 17, 1975 IN BOOK OF PARCEL MAPS, VOLUME 1, PAGE 140, SAN JOAQUIN COUNTY RECORDS.

## EXHIBIT 1 - Development Agreement

TOGETHER WITH AN APPURTENANT INTEREST IN THE COMMON PROPERTY FOR EACH OF THE AFORESAID UNITS AS DEFINED BY THE AMENDED DECLARATION RECORDED JUNE 05, 1975 IN BOOK OF OFFICIAL RECORDS, VOLUME 3990, PAGE 56, SAN JOAQUIN COUNTY RECORDS;

AN INTEREST IN THE IMPROVEMENTS LOCATED UPON COMMON PROPERTY AS SHOWN ON SECOND AMENDED PARCEL MAP, ST. JOSEPH'S HOSPITAL MEDICAL OFFICE BUILDING, A CONDOMINIUM PROJECT AS SAID MAP WAS FILED FOR RECORD APRIL 17, 1975 IN BOOK OF PARCEL MAPS, VOLUME 1, PAGE 140, SAN JOAQUIN COUNTY RECORDS.

PARCEL SIX: (PORTIONS OF APN 127-180-44 & 127-174-30)

ALL THAT PORTION OF MC CLOUD AVENUE (A 60 FOOT WIDE STREET) LYING BETWEEN THE EAST LINE OF CALIFORNIA STREET AND THE WEST LINE OF CEMETERY LANE, AS SAID STREETS ARE SHOWN UPON THE SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON, SAID SUPPLEMENTAL MAP BEING FILE IN VOLUME 2, PAGE 15 OF THE BOOK OF MAPS AND PLATS, SAN JOAQUIN COUNTY RECORDS.

6. APN 127-174-30:

ALL OF LOTS 1, 2, 3, 4, 5, 6, 7, 8 AND 9 IN BLOCK "N" AS SAID LOTS AND BLOCK ARE SHOWN AND DELINEATED UPON THAT CERTAIN MAP ENTITLED, SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS; AND ALL THAT PORTION OF HAWTHORNE STREET AS SHOWN UPON SAID ABOVE REFORMED MAP AS THE SAME WAS ABANDONED BY THE STOCKTON CITY COUNCIL RECORDED JULY 27, 1987 RECORDER'S INSTRUMENT NO. 87070382, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING FROM SAID LOTS 8 AND 9 ABOVE REFERRED TO THAT PORTION OF SAID LOTS 8 AND 9 DESCRIBED IN DEEDS TO THE CITY OF STOCKTON, A MUNICIPAL CORPORATION RECORDED OCTOBER 03, 1978 IN BOOK OF OFFICIAL RECORDS, VOLUME 4456, PAGE 463, SAN JOAQUIN COUNTY RECORDS AND RECORDED OCTOBER 31, 1978 IN BOOK OF OFFICIAL RECORDS, VOLUME 4468, PAGE 323, SAN JOAQUIN COUNTY RECORDS.

7. APN 127-173-28:

ALL OF LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 AND 18 IN BLOCK M AS THE SAME ARE SHOWN AND DELINEATED ON THAT CERTAIN MAP ENTITLED SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON WHICH MAP WAS FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS; AND ALL THAT PORTION OF WYANDOTTE STREET AS SHOWN UPON SAID REFERENCE MAP AS THE SAME WAS ABANDONED BY THE STOCKTON CITY COUNCIL RECORDED APRIL 19, 1991, RECORDER'S INSTRUMENT NO. 91033824, SAN JOAQUIN COUNTY RECORDS. EXCEPTING FROM LOTS 8, 9, 10 AND 11 SO MUCH OF SAID LOTS AS LIE WITHIN THE EXTERIOR BOUNDARIES OF CALIFORNIA STREET AS SAID STREET IS NOW TRAVELED AND ESTABLISHED.

ALSO EXCEPTING FROM THE EAST 12 1/2 FEET OF LOT 13 AND THE WEST 1/2 OF LOT 14 HEREIN ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET BELOW THE SURFACE OF SAID LOTS AS THE SAME WERE RESERVED IN THE DEED RECORDED JUNE 22, 1988 RECORDER'S INSTRUMENT NO. 88051979, SAN JOAQUIN COUNTY RECORDS.

8. APN 127-164-22:



## EXHIBIT 1 - Development Agreement

THE LAND SHOWN IN NOTICE OF LOT MERGER RECORDED SEPTEMBER 27, 2007 AS INSTRUMENT NO. 2007-169319, OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, CALIFORNIA. ALSO DESCRIBED IN THE DOCUMENT AS FOLLOWS:

BEING LOTS 3 THROUGH 5 AND LOTS 10 THROUGH 13 AND A PORTION OF LOTS 6 THROUGH 9 IN BLOCK L OF THE MAP ENTITLED SUPPLEMENT MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON, AS FILED FOR RECORD AUGUST 30, 1892 IN VOLUME 2 OF MAPS AND PLATS, PAGE 15, SAN JOAQUIN COUNTY RECORDS, IN THE CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA AND BEING MORE PARTICULARLY DESCRIBED AS:

LOTS 3 THROUGH 13 IN BLOCK "L", AS SHOWN UPON MAP ENTITLED, SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD AUGUST 30, 1892, IN VOLUME 2 OF MAPS AND PLATS, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THE DEED TO THE CITY OF STOCKTON, RECORDED JANUARY 29, 1980 AS RECORDERS INSTRUMENT NUMBER 80005822 AND THE WEST 24 FEET OF SAID LOTS 7 THROUGH 9 IN BLOCK "L", AS SHOWN UPON MAP ENTITLED, SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD AUGUST 30, 1892, IN VOLUME 2 OF MAPS AND PLATS, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

9. APN 127-164-15:

LOT 2 IN BLOCK "L", SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

10. APN 127-164-06:

LOTS 16, 17 AND 18 IN BLOCK "L" SHOWN UPON MAP ENTITLED, SUPPLEMENT NO. 2, TO MAP OF MC CLOUDS ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD AUGUST 14, 1896, IN VOLUME 2 OF MAPS AND PLATS, PAGE 16, SAN JOAQUIN COUNTY RECORDS. AND,

THE NORTH 38 FEET OF LOTS 19, 20 AND 21 IN BLOCK "L" OF MAP AND SUPPLEMENTARY MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON, FILED RECORD AUGUST 30, 1892 AND AUGUST 14, 1896.

11. APN 127-164-08:

LOT 14 IN BLOCK "L" AS SHOWN UPON MAP ENTITLED SUPPLEMENT MAP OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

12. APNs 127-164-07:

LOTS 15, 19, 20 AND 21 IN BLOCK "L" OF THE MAP AND SUPPLEMENTARY MAP OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON AS PER OFFICIAL MAPS FILED FOR RECORD AUGUST 30, 1892 AND AUGUST 14, 1896 RESPECTIVELY IN THE COUNTY RECORDER'S OFFICE, SAN JOAQUIN COUNTY, CALIFORNIA.

## EXHIBIT 1 - Development Agreement

EXCEPTING THEREFROM THE NORTH 38 FEET OF LOTS 19, 20 AND 21 AS CONVEYED BY MARY RUSSELL TO STOCKTON, CALIFORNIA COMPANY OF JEHOVAH'S WITNESSES, A CORPORATION BY DEED RECORDED DECEMBER 31, 1951, RECORDER'S INSTRUMENT NO. 40851, SAN JOAQUIN COUNTY RECORDS.

13. APN 127-150-33:

LOT 3 IN BLOCK P MC CLOUD'S ADDITION TO THE CITY OF STOCKTON, CALIFORNIA FILED FOR RECORD MAY 26, 1892 IN BOOK OF MAPS AND PLATS, VOL. 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

14. APN 127-150-32:

LOT 2 IN BLOCK P AS SHOWN UPON MAP ENTITLED MC CLOUD'S ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOL. 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

15. APN 127-150-31:

LOT 1 IN BLOCK P SUPPLEMENTAL MAP OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON FILED AUGUST 30, 1892.

ALSO THE FOLLOWING DESCRIBED PIECE OF LAND IN THE CITY OF STOCKTON DESCRIBED AS:

COMMENCING AT A POINT ON THE NORTH LINE OF NORTH STREET 75 FEET WEST OF INTERSECTION OF CEMETERY LANE AND NORTH STREET; THENCE NORTHERLY 95 FEET; THENCE WEST 75 FEET; THENCE SOUTHERLY 95 FEET; THENCE EAST 75 FEET TO BEGINNING.

SAVE AND EXCEPT THAT PORTION CONVEYED TO EUGENE T. AUGER AND WALTER P. NEWTON BY DEED DATED JULY 7, 1937 AND RECORDED SEPTEMBER 17, 1937 IN BOOK OF OFFICIAL RECORDS, VOL. 592, PAGE 160, SAN JOAQUIN COUNTY RECORDS.

16. APN 127-150-30:

A PARCEL OF LAND IN SECTION 19, C.M. WEBER GRANT EL RANCHO DEL CAMPO DE LOS FRANCESES, MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT AN IRON PIN IN THE NORTH LINE OF HARDING WAY (FORMERLY NORTH STREET) SAID PIN BEARING WESTERLY 75 FEET ALONG THE NORTH LINE OF SAID HARDING WAY WITH THE WEST LINE OF THE 45 FOOT STRIP KNOWN AS CEMETERY LANE AND DESCRIBED IN DEED RECORDED IN BOOK A OF DEEDS, VOL. 15, PAGE 781, SAN JOAQUIN COUNTY RECORDS; THENCE CONTINUING WESTERLY 22.70 FEET ALONG SAID NORTH LINE OF HARDING WAY TO A POINT IN THE CENTER LINE PRODUCED SOUTHERLY OF AN 8 INCH BRICK WALL; THENCE NORTHERLY 67.05 FEET ALONG SAID CENTER LINE AND SAID CENTER LINE PRODUCED TO A ONE-HALF INCH IRON PIPE; THENCE EASTERLY 16.85 FEET TO A ONE-HALF INCH IRON ON THE WEST LINE OF THE FORMER B.M. WOODHULL PROPERTY; THENCE SOUTHERLY 67.40 FEET ALONG SAID WEST LINE OF SAID B.M. WOODHULL PROPERTY AND PARALLEL WITH SAID CEMETERY LANE TO THE POINT OF BEGINNING.

17. APN 127-150-29:

## EXHIBIT 1 - Development Agreement

### PARCEL ONE:

A TRACT OF LAND SITUATE IN SECTION 19 OF C. M. WEBER GRANT EL RANCHO DEL CAMPO DE LOS FRANCESES, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN IN THE NORTH LINE OF HARDING WAY [FORMERLY NORTH STREET] IN THE CITY OF STOCKTON BEARING WESTERLY 75 FEET ALONG THE NORTH LINE OF SAID HARDING WAY FROM THE INTERSECTION OF THE NORTH LINE OF HARDING WAY WITH THE WEST LINE OF THE 45 FOOT STRIP KNOWN AS CEMETERY LANE AND DESCRIBED IN DEED RECORDED IN BOOK A OF DEEDS, VOLUME 15, PAGE 781, SAN JOAQUIN COUNTY RECORDS; THENCE NORTHERLY AND PARALLEL TO THE WEST LINE OF SAID CEMETERY LANE AND ALONG THE WEST LINE OF B. M. WOODHULL PROPERTY 95.0 FEET TO AN IRON PIPE AT CORNER OF SAID WOODHULL PROPERTY; THENCE WESTERLY AND PARALLEL TO THE NORTH LINE OF HARDING WAY AND ALONG THE SOUTH LINE OF WOODHULL PROPERTY 49.87 FEET TO A POINT; THENCE SOUTHERLY PARALLEL TO THE WEST LINE OF LOT 1, BLOCK "P" OF SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON AS PER MAP FILED AUGUST 30, 1892, 94.45 FEET TO A POINT IN THE NORTH LINE OF HARDING WAY; THENCE EASTERLY ALONG THE NORTH LINE OF HARDING WAY 60 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION CONVEYED TO GEORGE O'NEILL AND WIFE BY DEED RECORDED APRIL 11, 1939 IN BOOK OF OFFICIAL RECORDS, VOLUME 649, PAGE 97, SAN JOAQUIN COUNTY RECORDS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN IN THE NORTH LINE OF HARDING WAY [FORMERLY NORTH STREET] SAID PIN BEARING WESTERLY 75 FEET ALONG THE NORTH LINE OF SAID HARDING WAY FROM THE INTERSECTION OF THE NORTH LINE OF SAID HARDING WAY WITH THE WEST LINE OF THE 45 FOOT STRIP KNOWN AS CEMETERY LANE AND DESCRIBED IN DEED RECORDED IN BOOK A OF DEEDS, VOLUME 15, PAGE 781, SAN JOAQUIN COUNTY RECORDS; THENCE CONTINUING WESTERLY 22.70 FEET ALONG SAID NORTH LINE OF HARDING WAY TO A POINT IN THE CENTER LINE PRODUCED SOUTHERLY OF AN 8 INCH BRICK WALL; THENCE NORTHERLY 67.05 FEET ALONG SAID CENTER LINE AND SAID CENTER LINE PRODUCED TO A ½ INCH IRON PIPE; THENCE EASTERLY 16.85 FEET TO A ½ INCH IRON PIPE ON THE WEST LINE OF THE FORMER B. M. WOODHULL PROPERTY; THENCE SOUTHERLY 67.40 FEET ALONG SAID WEST LINE OF SAID B. M. WOODHULL PROPERTY AND PARALLEL WITH SAID CEMETERY LANE TO THE POINT OF BEGINNING.

### PARCEL TWO:

A PORTION OF SECTION 19 OF C. M. WEBER GRANT, EL RANCHO DEL CAMPO DE LOS FRANCESES, PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 1 IN BLOCK "P" OF SUPPLEMENTAL MAP OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED AUGUST 30, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 15, SAN JOAQUIN COUNTY RECORDS; THENCE EASTERLY PARALLEL WITH THE NORTH LINE OF HARDING WAY AND ALONG THE NORTH LINE OF PROPERTY FORMERLY OWNED BY O. M. HOOE, 86 FEET; THENCE SOUTHERLY PARALLEL WITH THE WEST LINE OF CEMETERY LANE 55 FEET; THENCE WESTERLY PARALLEL WITH THE NORTH LINE OF HARDING WAY AND ALONG THE SOUTH LINE OF PROPERTY FORMERLY OWNED BY O. M. HOOE, 86 FEET TO A POINT ON THE LINE OF LOT 1, BLOCK "P" SUPPLEMENTAL MAP OF MC CLOUD ADDITION; THENCE NORTHERLY ALONG THE EAST LINE OF SAID LOT 1, 55 FEET TO THE POINT OF COMMENCEMENT.

18. APN 127-150-28:

## EXHIBIT 1 - Development Agreement

A PORTION OF SECTION 19 OF C. M. WEBER'S GRANT EL RANCHO DEL CAMPO DE LOS FRANCESES, PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF HARDING WAY WITH THE WEST LINE OF CEMETERY LANE; THENCE NORTHERLY ALONG THE WEST LINE OF CEMETERY LANE, 150 FEET; THENCE WESTERLY PARALLEL WITH THE NORTH LINE OF HARDING WAY, 150 FEET; THENCE SOUTHERLY PARALLEL WITH THE WEST LINE OF CEMETERY LANE, 55 FEET; THENCE EASTERLY PARALLEL WITH THE NORTH LINE OF HARDING WAY, 75 FEET TO THE NORTHEAST CORNER OF PROPERTY, NOW OR FORMERLY BELONGING TO ARIVE ADAMS ROBINSON; THENCE SOUTHERLY PARALLEL WITH THE WEST LINE OF CEMETERY LANE AND ALONG THE EAST LINE OF PROPERTY, NOW OR FORMERLY OWNED BY ARIVE ADAMS ROBINSON, 95 FEET TO A POINT ON THE NORTH LINE OF HARDING WAY; THENCE EASTERLY ALONG THE NORTH LINE OF HARDING WAY, 75 FEET TO THE POINT OF COMMENCEMENT.

EXCEPTING THEREFROM THAT CERTAIN TRACT HERETOFORE CONVEYED TO TRUSTEES OF STOCKTON RURAL CEMETERY ASSOCIATION, A CORPORATION, BY DEED RECORDED MAY 27, 1912 IN BOOK "A" OF DEEDS, VOLUME 212, PAGE 139, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION OF SAID LAND AS CONVEYED TO E. T. AUGER AND W. P. NEWTON, IN THE DEED RECORDED AUGUST 27, 1938 IN BOOK 622 OF OFFICIAL RECORDS AT PAGE 350, SAN JOAQUIN COUNTY RECORDS.

19. APN 127-164-16:

LOT 1, IN BLOCK L, SUPPLEMENTAL MAP OF "MC CLOUD ADDITION TO THE CITY OF STOCKTON", FILED FOR RECORD AUGUST 30, 1892 IN VOL. 2 OF MAPS AND PLATS, PAGE 15, SAN JOAQUIN COUNTY RECORDS.

### **PROPERTIES 20–26 "OFF-SITE LANDS"**

20. APN 127-150-49:

THE EAST 34 FEET OF LOT 3, THE SOUTH 5 FEET OF LOT 5, ALL OF LOT 6, AND THE EAST 140 FEET OF LOT 10 IN BLOCK A OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD IN BOOK OF MAPS AND PLATS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING ON A POINT AT THE NORTHEAST CORNER OF BLOCK A OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON FILED IN BOOK OF MAPS AND PLATS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS, SAID POINT ALSO BEING AT THE SOUTHWEST CORNER OF THE INTERSECTION OF CALIFORNIA AND MAPLE STREETS; THENCE SOUTH 77° 56' 30" WEST ALONG THE NORTH LINE OF BLOCK A, A DISTANCE OF 13.00 FEET, THE NORTH LINE ALSO BEING ON THE SOUTH LINE OF MAPLE STREET; THENCE SOUTH 12° 16' 14" EAST A DISTANCE OF 170.00 FEET TO THE POINT OF BEGINNING WITH THE SOUTH LINE OF LOT 10 OF SAID BLOCK A; THENCE NORTH 77° 56' 30" EAST ALONG THE BEFORE SAID SOUTH LINE, A DISTANCE OF 12.37 FEET TO ITS POINT OF INTERSECTION WITH THE WEST LINE OF CALIFORNIA STREET; THENCE NORTH 12° 03' 30" WEST ALONG BEFORE SAID WEST LINE, THE WEST LINE OF CALIFORNIA STREET BEING THE EAST LINE OF LOTS 10, 6, 5 AND 4 OF BLOCK A, A DISTANCE OF 170.00 FEET TO THE HEREINBEFORE SAID POINT OF BEGINNING.

21. APN 127-150-24:

THE WEST 32 FEET OF LOT 2 IN BLOCK A OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED FOR RECORD MAY 26, 1892 IN BOOK OF MAPS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

EXHIBIT 1 - Development Agreement

22. APN 127-150-25:

THE EAST 18 FEET OF LOT 2 AND THE WEST 16 FEET OF LOT 3 IN BLOCK A OF MC CLOUD ADDITION TO THE CITY OF STOCKTON FILED MAY 26, 1892 IN BOOK OF MAPS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

23. APN 127-150-48:

ALL OF LOTS 4 AND 5, EXCEPT THE SOUTH 5 FEET OF LOT 5 IN BLOCK A OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD IN BOOK OF MAPS AND PLATS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING ON A POINT AT THE NORTHEAST CORNER OF BLOCK A OF MC CLOUD'S ADDITION TO THE CITY OF STOCKTON FILED IN BOOK OF MAPS AND PLATS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS, SAID POINT ALSO BEING AT THE SOUTHWEST CORNER OF THE INTERSECTION OF CALIFORNIA AND MAPLE STREETS; THENCE SOUTH 77° 56' 30" WEST ALONG THE NORTH LINE OF BLOCK A, A DISTANCE OF 13.00 FEET, THE NORTH LINE ALSO BEING ON THE SOUTH LINE OF MAPLE STREET; THENCE SOUTH 12° 16' 14" EAST A DISTANCE OF 170.00 FEET TO THE POINT OF BEGINNING WITH THE SOUTH LINE OF LOT 10 OF SAID BLOCK A; THENCE NORTH 77° 56' 30" EAST ALONG THE BEFORE SAID SOUTH LINE, A DISTANCE OF 12.37 FEET TO ITS POINT OF INTERSECTION WITH THE WEST LINE OF CALIFORNIA STREET; THENCE NORTH 12° 03' 30" WEST ALONG BEFORE SAID WEST LINE, THE WEST LINE OF CALIFORNIA STREET BEING THE EAST LINE OF LOTS 10, 6, 5 AND 4 OF BLOCK A, A DISTANCE OF 170.00 FEET TO THE HEREINBEFORE SAID POINT OF BEGINNING.

24. APN 127-150-23:

LOT 1 IN BLOCK A OF MC CLOUD ADDITION TO THE CITY OF STOCKTON ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF FILED FOR RECORD IN BOOK OF MAPS AND PLATS, BOOK 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

25. APN 127-180-16:

LOT 15 IN BLOCK D AS SHOWN UPON MAP ENTITLED, MC CLOUD'S ADDITION FILED FOR RECORD MAY 26, 1892 IN BOOK OF MAPS AND PLATS, VOLUME 2, PAGE 14, SAN JOAQUIN COUNTY RECORDS.

26. APN 127-140-16:

LOT 14 AS SHOWN UPON MAP ENTITLED HAWTHORNE PARK FILED FOR RECORD MAY 27, 1946 IN BOOK OF MAPS AND PLATS, BOOK 11, PAGE 101, SAN JOAQUIN COUNTY RECORDS.

**PROPERTIES 27–29 "OFF-SITE LANDS" (DIGNITY HEALTH MEDICAL FOUNDATION)**

27. APN 127-172-11:

## EXHIBIT 1 - Development Agreement

LOTS 12, 13 AND 14, IN BLOCK E, MAP OF THE MCCLLOUD ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD MAY 26, 1892, IN BOOK 2 OF MAPS AT PAGE 14.

28. APN 127-172-12:

LOT 15, IN BLOCK E, MAP OF THE MCCLLOUD ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD MAY 26, 1892, IN BOOK 2 OF MAPS AT PAGE 14.

29. APN 127-172-16:

LOTS 10 AND 11, IN BLOCK E, MAP OF THE MCCLLOUD ADDITION TO THE CITY OF STOCKTON, FILED FOR RECORD MAY 26, 1892, IN BOOK 2 OF MAPS AT PAGE 14.

EXCEPTING FROM SAID LOTS 10 AND 11 IN BLOCK E ALL THAT PORTION THEREOF AS DESCRIBED AND CONVEYED IN THE DEED TO THE CITY OF STOCKTON RECORDED JUNE 19, 1978 IN BOOK 4412 OF OFFICIAL RECORDS, PAGE 386, INSTRUMENT NO. 42386, SAN JOAQUIN COUNTY RECORDS.

### **PROPERTY 30 "OFF-SITE LANDS"**

30. APN 125-360-15:

PARCEL I:

A PORTION OF SECTION 18 C. M. WEBER GRANT, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF CALIFORNIA STREET BEARING SOUTH 17° 43' EAST 1120.63 FEET FROM THE SOUTHWEST CORNER OF LOT 1 OF OAK PARK COURT SUBDIVISION, ACCORDING TO THE OFFICIAL MAP THEREOF FILED FOR RECORD IN VOL. 11 OF MAPS, PAGE 74, SAN JOAQUIN COUNTY RECORDS, SAID POINT OF BEGINNING BEING ON THE WEST LINE OF PARCEL I AS DESCRIBED IN DEED TO RAYMOND STIVERS, DATED MARCH 14, 1955 AND RECORDED MARCH 15, 1955 IN BOOK 1728 OF OFFICIAL RECORDS, PAGE 54, SAN JOAQUIN COUNTY RECORDS; THENCE NORTH 72° 10' 30" EAST 349.42 FEET TO THE EAST LINE OF SAID PARCEL I OF STIVERS PROPERTY; THENCE NORTH 17° 58' 10" WEST ALONG THE EAST LINE OF SAID STIVERS PROPERTY, 249 FEET; THENCE WESTERLY TO A POINT ON THE EAST LINE OF CALIFORNIA STREET, BEARING NORTH 17° 43' WEST 249 FEET FROM THE POINT OF BEGINNING; THENCE SOUTH 17° 43' EAST 249 FEET TO THE POINT OF BEGINNING.

EXCEPT ALL DEPOSITS OF MINERALS, INCLUDING OIL AND GAS IN SAID REAL PROPERTY, TOGETHER WITH THE RIGHT TO PROSPECT OR EXTRACT AND REMOVE SUCH DEPOSITS OF MINERALS, INCLUDING OIL AND GAS THEREFROM, AS RESERVED IN THE DEED FROM THE STATE OF CALIFORNIA, RECORDED SEPTEMBER 28, 1948 IN BOOK 1146 OF OFFICIAL RECORDS, PAGE 337, SAN JOAQUIN COUNTY RECORDS.

PARCEL II:

A PORTION OF SECTION 18 C. M. WEBER GRANT, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL I AS DESCRIBED IN DEED TO SAN JOAQUIN MEDICAL ARTS CORPORATION, RECORDED JANUARY 27, 1956 IN BOOK 1832 OF OFFICIAL RECORDS, PAGE 561, SAN JOAQUIN COUNTY RECORDS, SAID POINT BEING ALSO SOUTH 17° 43' EAST, 1120.63 FEET AND NORTH 72° 10' 30" EAST 349.42 FEET FROM THE SOUTHWEST CORNER OF LOT 1 OF OAK PARK COURT SUBDIVISION, ACCORDING TO THE OFFICIAL MAP THEREOF FILED FOR RECORD IN VOL.



## EXHIBIT 1 - Development Agreement

11 OF MAPS, PAGE 74, SAN JOAQUIN COUNTY RECORDS; THENCE NORTH 72° 10' 30" EAST 190 FEET TO THE WEST LINE OF THE LAND DESCRIBED IN THE DEED TO E. S. PARKER, ET AL, TRUSTEES OF THE STOCKTON RURAL CEMETERY ASSOCIATION, RECORDED OCTOBER 14, 1861 IN BOOK "A" OF DEEDS, VOL. 11, PAGE 789, SAN JOAQUIN COUNTY RECORDS; THENCE NORTH 17° 58' 10" WEST ALONG SAID WEST LINE, 249 FEET; THENCE SOUTH 72° 10' 30" WEST, 190 FEET TO THE NORTHEAST CORNER OF LAND DESCRIBED IN DEED TO OAK PARK COMMUNITY HOSPITAL, A CORPORATION, RECORDED JUNE 29, 1956 IN BOOK 1881 OF OFFICIAL RECORDS, PAGE 173, SAN JOAQUIN COUNTY RECORDS; THENCE SOUTH 17° 58' 10" EAST ALONG THE EAST LINE OF SAID LAND, 249 FEET TO THE POINT OF BEGINNING.

EXCEPT ALL DEPOSITS OF MINERALS, INCLUDING OIL AND GAS IN SAID REAL PROPERTY, TOGETHER WITH THE RIGHT TO PROSPECT OR EXTRACT AND REMOVE SUCH DEPOSITS OF MINERALS INCLUDING OIL AND GAS THEREFROM, AS RESERVED IN DEED FROM THE STATE OF CALIFORNIA, RECORDED SEPTEMBER 28, 1948 IN BOOK 1146 OF OFFICIAL RECORDS, PAGE 337, SAN JOAQUIN COUNTY RECORDS.

**EXHIBIT B**

**Site Map**

EXHIBIT 1 - Development Agreement

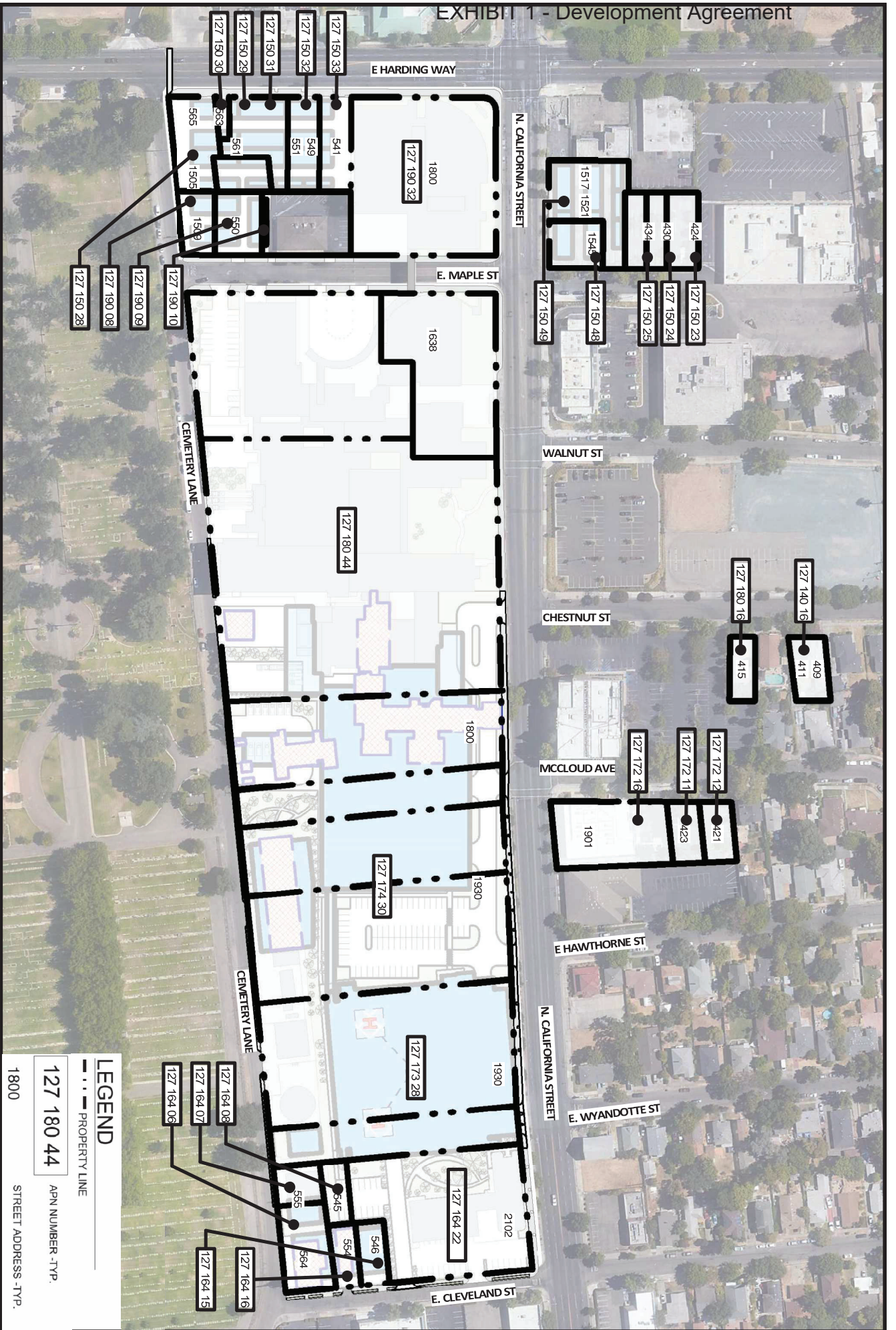


EXHIBIT B

DIGNITY HEALTH

JULY 2023

St. Joseph's Medical Center Hospital  
Expansion Project



**LDA Partners**  
DESIGNERS & ARCHITECTS

**EXHIBIT C****USE PERMITS**

Existing Use Permits That Will Remain In Place

<b>Item Number and APN</b>	<b>Use Permit Number and (Date)</b>	<b>Description</b>
<b>APN 127-190-32</b>		
1	UP 022-53 (5/20/1953)	Addition to Main Hospital (4 floors); floors 1-3 are not affected by expansion.
2	UP 152-68 (1/17/1969) (amended)	Addition of East Wing to McCloud Building (not affected by expansion)
3	UP 060-75 (6/4/1975)	Construct a cooling tower on the Medical Center property (not affected by expansion)
4	UP 094-75 (8/29/1975)	Addition of Southeast Wing to hospital (not affected by expansion)
5	UP 015-81 (2/17/1981)	Addition of dining room and offices (interior use change; Use Permit not affected by expansion)
7	SUP 083-84 (11/20/1984)	Out-patient services building (not affected by expansion)
8	UP 081-85 (1/21/1986)	Adds Outpatient Surgery and Cancer Center (not affected by expansion)
10	UP 036-94 (7/14/1994)	Heart Center, Outpatient Surgery and Main Entrance (not affected by expansion)
11	VA 001-04 (5/26/2005)	Relevant to setback requirements for specified buildings (not affected by expansion)
12	UP 017-04 (5/26/2005)	Women's and Children's Center and parking (not affected by expansion)
<b>APN 127-173-28</b>		
13	UP 011-82 (3/9/1982)	Surface level parking bounded by Cemetery Lane, Wyandotte and Hawthorne (to be modified by expansion)
14	UP 063-91	Thermal Energy Storage System at Cemetery Lane (not affected by expansion)
<b>APN 127-174-30</b>		
6	UP 052-82 (7/6/1982)	Maintenance Building (not affected by expansion under Option B)
<b>APN 127-180-44</b>		
9	UP S27-86 (6/26/1986 and 7/8/1986)	Heliport (not affected by expansion)



EXHIBIT 1 - Development Agreement

Use Permits That Are No Longer Necessary (Buildings Never Built, Previously Demolished or to be Demolished or Modified as Part of Expansion).

Item Number and APN	Use Permit Number and (Date)	Description
<b>APN 127-190-32</b>		
15	UP 01-60 (9/27/1965)	Addition to Chapel at 535 Walnut Street (no longer on Site).
16	UP 046-60 (9/27/1965)	Fourth floor on North and West Wing (to be demolished)
17	UP 087-66 (6/6/1966)	McCloud Building addition (to be demolished)
18	UP 140-66 (9/23/1966)	Old Chapel attached to McCloud building and parking (no longer on Site).
19	UP 003-70 (1/16/1970)	Addition of Administrative Building and parking (to be modified by expansion)
20	UP 161-70 (11/25/1970)	Addition of carpenter and machine shops to existing boiler room (no longer on Site).
21	UP 003-74 (1/30/1974)	Medical office building and parking (never constructed)
22	SUP S79-83 (12/20/1983)	Addition to hospital plus related facilities (never constructed)
23	UP 029-91 (4/29/1991)	Development of portion of Wyandotte Street for parking (Option XX, will be used for new Central Utility Plant)
24	UP 041-90 (4/30/1990)	Thrift Shop (no longer in existence)
25	UP 011-92 (4/30/1990)	Temporary Parking Lot (no longer in existence)
<b>APN 127-150-08</b>		
26	UP 148-66 (10/21/1966)	Prior Non-Medical Use. Present use is parking.
27	UP 084-61 (11/7/1961)	Prior Non-Medical Use. Present use is parking.
<b>APN 127-150-29, APN 127-150-35*</b>		
28	UP 073-91 (9/9/1991)	Thrift Shop, which no longer exists.
29	UP 41-90 (4/30/1990)	Thrift Shop, which no longer exists.
<b>APN 127-150-32</b>		
30	UP 067-63 (8/9/1963)	Veterinary Hospital (no longer present)/remodel of existing building. Present use is parking.

EXHIBIT 1 - Development Agreement

Use Permits That Are No Longer Necessary (Buildings Never Built, Previously Demolished or to be Demolished or Modified as Part of Expansion). (Continued)

Item Number and APN	Use Permit Number and (Date)	Description
<b>APN 127-190-08</b>		
31	UP 023-52** (4/9/1952)	Parking. Includes fencing, landscaping and stall standards. Present use is parking

*\*This parcel was merged into APN 127-190-32 by recorded lot merger in 2007. The elimination of this Use Permit is included for purposes of clarity in City Records*

*\*\* Although this use permit allows for parking, the parking and other related standards set forth in UP 023-52 are replaced with the development Standards of the Plan and hence this use permit is no longer necessary.*



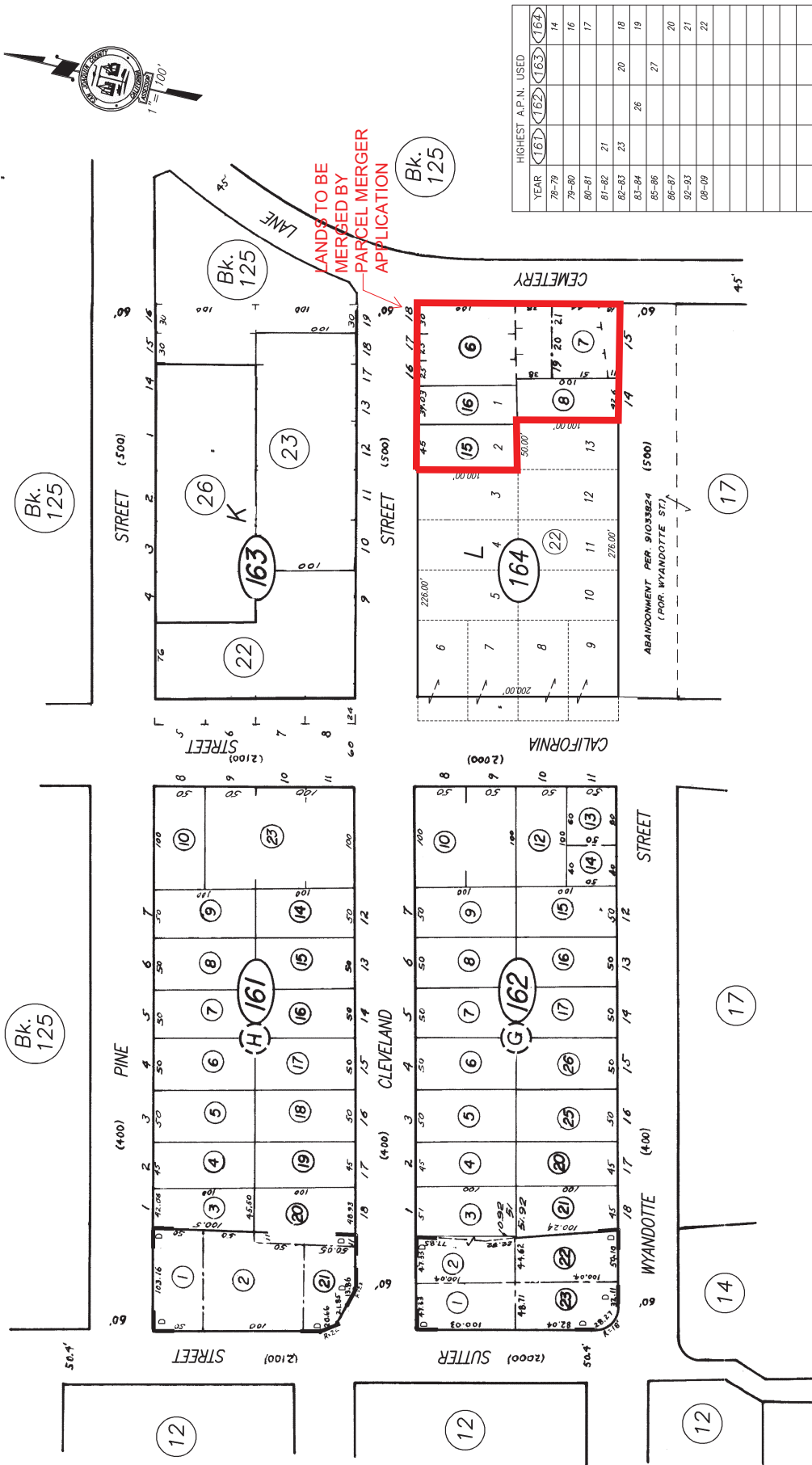
**EXHIBIT D**

**PARCEL MERGER – See Attached**

MC CLOUD ADDITION, SUPPLEMENTAL  
 D-POR. SEC. 18, C. M. WEBER GRANT

THIS MAP IS FOR  
 ASSESSMENT USE ONLY

127-16



CITY OF STOCKTON  
 Assessor's Map Bk.127 Pg.16  
 County of San Joaquin, Calif.

NOTE: Assessor's Parcel Numbers Shown in Circles  
 Assessor's Block Numbers Shown in Ellipses.

R. M. Bk. 02 Pg. 015

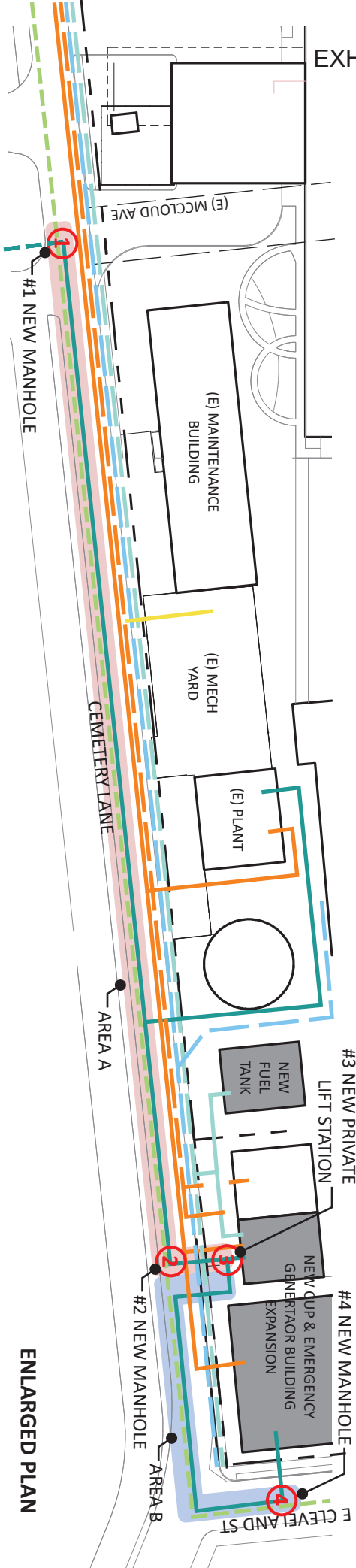
**EXHIBIT E**

**PARCEL MAP – See Attached**



**EXHIBIT F**

**CONCEPTUAL PUBLIC AND PRIVATE UTILITY PLAN – See Attached**

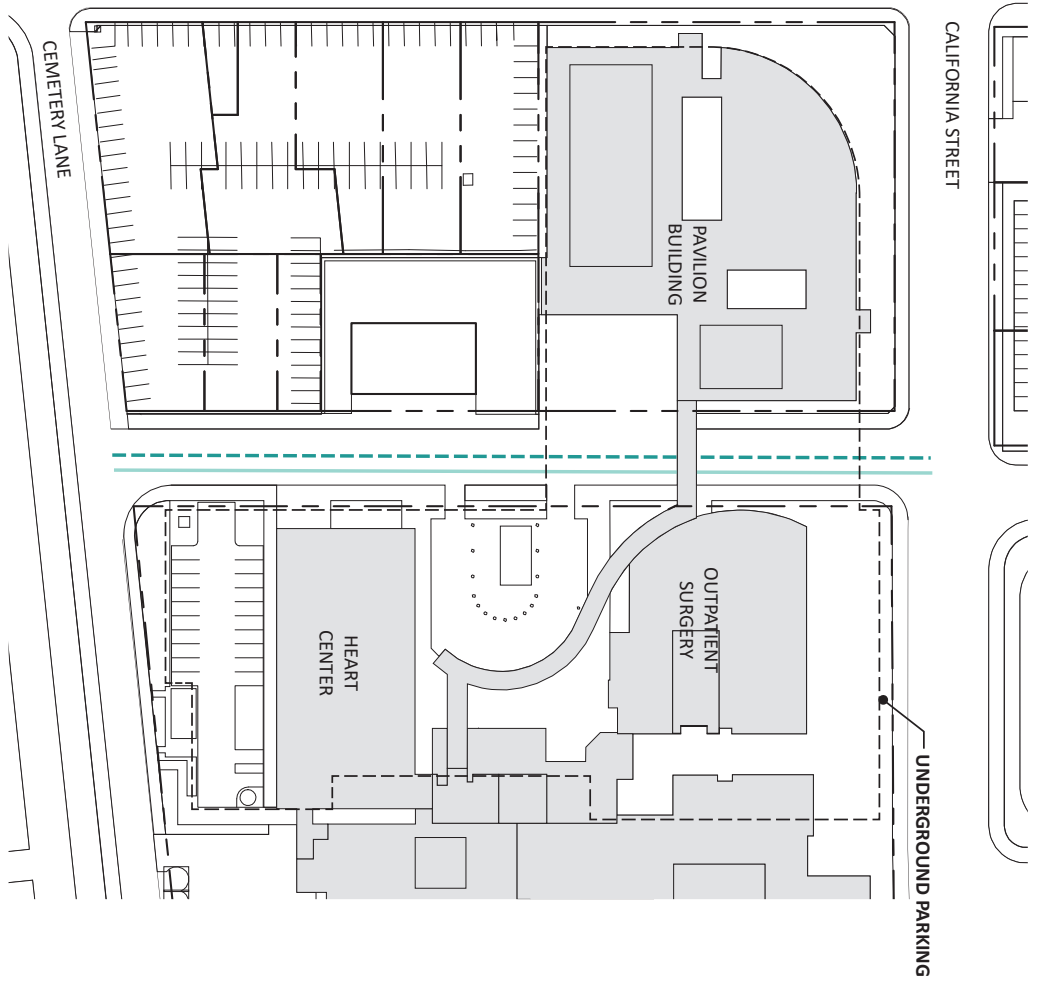
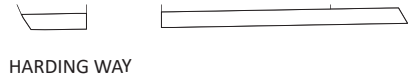
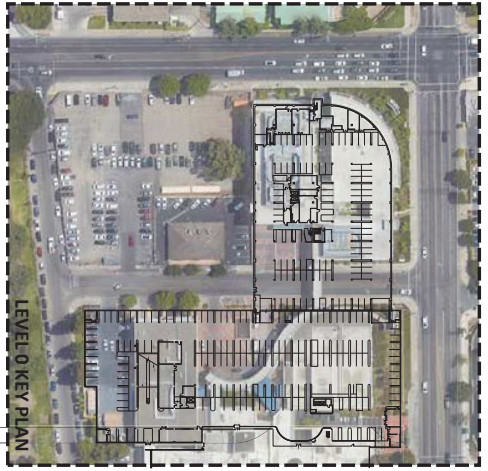


**LEGEND**

EXISTING	PROPOSED	
		STORM DRAIN
		SEWER LINES
		GAS LINES
		WATER LINE
		ELECTRICAL LINES
		OXYGEN LINES
		MECH TRENCH
		MANHOLE/LIFT STATION

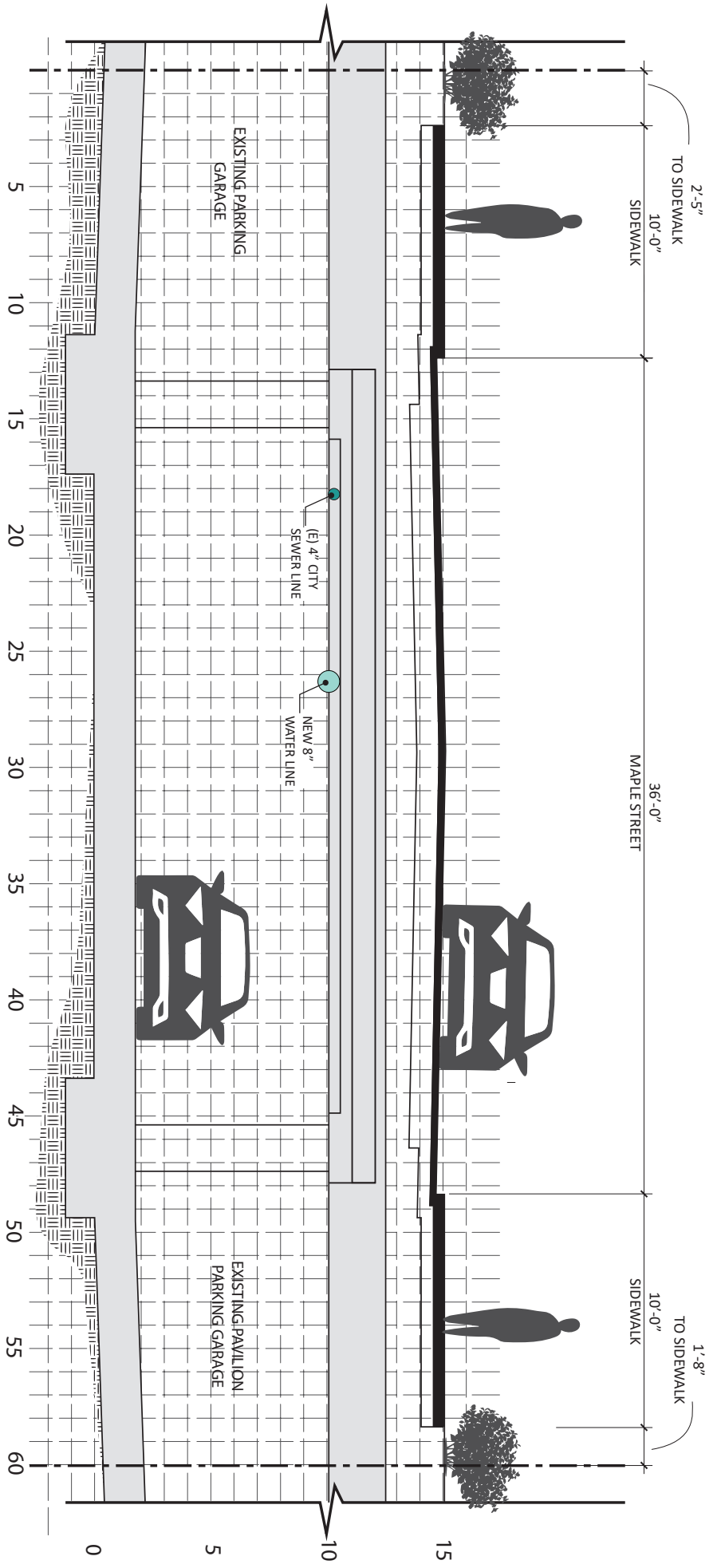
**ENLARGED PLAN**





**LEGEND**

	EXISTING		PROPOSED
	STORM DRAIN		SEWER LINES
	GAS LINES		WATER LINE
	ELECTRICAL LINES		OXYGEN LINES
	MECH TRENCH		



- LEGEND**
- STORM DRAIN
  - SEWER LINES
  - GAS LINES
  - WATER LINE
  - ELECTRICAL LINES
  - OXYGEN LINES
  - MECH TRENCH

**EXHIBIT G**

**IMPACT FEES SUBJECT TO IMPACT FEE LOCK PERIOD**

**Exhibit G - Impact Fees Subject to Impact Fee Lock Period**

Fee Name	Non-Residential (Rate Per Net Parcel Area; Density to be Determined with Site Plan Approval)			
	Office/HD	Retail/MD	Warehouse/LD	
Agriculture Land Mitigation	Exempt	Exempt	Exempt	
<b>Fee Name</b>				
Fee Name	Non-Residential (Rate Per 1000 square feet); Density to be Determined with Site Plan Approval			
	Office/HD	Retail/MD	Warehouse/LD	
Air Quality	329.00	689.00	405.00	
City Office Space	43.75	22.50	25.50	
Community Recreation Center	39.50	20.25	23.25	
Fire Station	118.50	61.00	54.00	
Libraries	94.50	48.50	56.00	
Parkland	Exempt	Exempt	Exempt	
Police	105.50	54.00	62.00	
Street Improvement	2,412	3,177	931.50	
Street Trees	Exempt	Exempt	Exempt	
<b>Fee Name</b>				
Fee Name	Non-Residential; Density to be Determined with Site Plan Approval			
	Office/HD Per square foot floor area divided by 0.50	Retail/MD Per square foot floor area divided by 0.30	Warehouse/LD Per square foot floor area divided by 0.60	
Surface Water	0.471	0.283	0.228	
Traffic Signal Fee:	<b>Traffic Signal Fees per Building Type below:</b>			
Building Type	Units	Trip Ends Per Unit	T.S. Fee Per Unit	S.I. Fee Category
Industrial Warehouse Manufacturer	1,000 SF	7.60	\$83.25	Warehouse
Industrial Warehouse Manufacturer	Acre	80.80	\$885.00	Warehouse
Hospital	Bed	12.20	\$135.00	Office
Hospital	1,000 SF	16.90	\$186.00	Office
Clinic/Weight Loss/Aerobics/Karate/ Dance	1,000 SF	23.80	\$262.00	Office
Medical Office	1,000 SF	54.60	\$597.00	Office
General Office to Medical Office	1,000 SF	36.90	\$405.00	Office
General Office (in square feet)	1,000 SF			
less than 100,000	1,000 SF	17.70	\$195.00	Office

EXHIBIT 1 - Development Agreement

Over 100,000	1,000 SF	14.30	\$156.00	Office
Office Park	1,000 SF	11.40	\$125.00	Office
<b>Other potential Fees within Fee Lock Period</b>				
Sewer Connection/User Fee:	1 DUE (Dwelling Unit Equivalent)	300 gallons/day	\$2,850	
	Bed	200 gallons/day	\$1,900	Note: Bed is equal to 2/3 of 1 DUE
Cal Water: 209-464-8311 - Brett Dahlen or Camisha Townsend for installation cost. No standard connection fee for water.				
Area of Benefit Fee/CFD No. 90-1 Assessment: Exempt				
Streetlight "In Lieu Of" Fee:	Review of the improvement plans needed to determine the necessity of streetlights. In the event streetlights are required for this project, can opt to pay the in-lieu fee, but the request will go to the City Engineer for a decision.			
Habitat Impact Fee/Acreage:	Exempt			
Stockton Unified School District - Fees	Commercial and Industrial Construction \$0.61 per Square Foot			
Administrative Fee: (All "Fee Areas") 3.5% of the sum of all PFF paid.				

Source: City Public Facilities Fee Calculation Work Sheet FY 2023-2024, Revised 06/24/2023

**EXHIBIT H**

**FORM ASSIGNMENT AND ASSUMPTION AGREEMENT**

City of Stockton )  
 425 N. El Dorado St, 1st Floor )  
 Stockton , CA 95202 )  
 Attention: City Clerk )  
 Record for the Benefit of )  
 The City of Stockton )  
*Pursuant to Government Code* )  
*Section 27383* )

---

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

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and among \_\_\_\_\_, a \_\_\_\_\_ ("Assignor"), \_\_\_\_\_, a \_\_\_\_\_ ("Assignee"), and the City of Stockton, a municipal corporation ("City").

*R E C I T A L S*

A. Assignor has entered into a Development Agreement with the City effective \_\_\_\_\_ (Recorder's Document No. \_\_\_\_\_) ("Development Agreement"), to facilitate the development and use of that certain real property consisting of approximately \_\_\_ acres within the City of Stockton, County of San Joaquin, State of California, which is legally described in Exhibit A to the Development Agreement and shown on the map attached to the Development Agreement as Exhibit B ("Site"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Development Agreement.

B. Assignor is the fee owner of the Site, [*a portion of which is*] designated as APNs \_\_\_\_\_, more particularly described in Attachment 1 attached hereto and incorporated herein ("Property").

C. Assignor desires to transfer its interest in the Property to Assignee concurrently with execution of this Assignment Agreement and Assignee desires to so acquire such interest in the Property from Assignor.

D. Article 13 of the Development Agreement provides that Assignor may assign its rights and obligations under the Development Agreement to another party, provided that the Assignor shall have provided to the City at least thirty (30) days prior written notice and provided that the assignor and the assignee document the assignment in an agreement substantially in the form of this Assignment Agreement.



E. Assignor has provided the required written notice to the City of its intent to enter into an assignment and assumption agreement as required by Section 13.2 of the Development Agreement.

F. Assignor desires to assign to Assignee and Assignee desires to assume all rights and obligations of Assignor under the Development Agreement.

G. Upon execution of this Assignment Agreement and transfer to Assignee of legal title to the Property, Assignor desires to be released from any and all obligations under the Development Agreement with respect to the Property.

*A G R E E M E N T*

NOW, THEREFORE, Assignor, Assignee and the City hereby agree as follows:

1. Assignment by Assignor. Assignor hereby assigns, transfers and grants to Assignee, and its successors and assigns, all of Assignor's rights, title, interest, and obligations, duties, responsibilities, conditions, and restrictions under the Development Agreement with respect to the Property (collectively, "Rights and Obligations").

2. Acceptance and Assumption by Assignee. Assignee, for itself and its successors and assigns, hereby accepts such assignment, and assumes all such Rights and Obligations, whether accruing before or on or after the Assignment Agreement Effective Date (defined in Section 16 below). Assignee agrees, expressly for the benefit of the City, to comply with, perform and execute all of the Rights and Obligations of SJMC with respect to the Property arising from or under the Development Agreement.

3. Release of Assignor. Assignee and the City hereby fully release Assignor from all Rights and Obligations. Both Assignor and Assignee acknowledge that this Assignment Agreement is intended to fully assign all of Assignor's Rights and Obligations to Assignee, and it is expressly understood that Assignor shall not retain any Rights and Obligations whatsoever with respect to the Property.

4. Substitution of Assignor. Assignee hereafter shall be substituted for and replace Assignor in the Development Agreement with respect to the Property. Whenever the term "SJMC" appears in the Development Agreement with respect to the Property, it shall hereafter mean Assignee.

5. Assignor and Assignee Agreements, Indemnifications and Waivers.

a. Assignee represents and warrants to the City as follows:

(i) Assignee is a duly formed within and in good standing under the laws of the State of . The copies of the documents evidencing the formation of Assignee, which have been delivered to the City, are true and complete copies of the originals, as amended to the date of this Assignment Agreement. Assignee has full right, power, and lawful authority to

## EXHIBIT 1 - Development Agreement

undertake all obligations as provided herein and the execution, performance and delivery of this Assignment Agreement by Assignee has been fully authorized by all requisite actions on the part of Assignee.

- (ii) Assignee's execution, delivery, and performance of its obligations under this Assignment Agreement will not constitute a default or a breach under any contract, agreement or order to which Assignee is a party or by which it is bound.
- (iii) Assignee has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Assignee's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Assignee's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Assignee's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.
- (iv) As of the Assignment Agreement Effective Date, Assignee will own fee simple title to the Property.

b. Assignor and Assignee hereby acknowledge and agree that the City has not made, and will not make, any representation or warranty that the assignment and assumption of the Development Agreement provided for hereunder will have any particular tax implications for Assignor or Assignee.

c. Assignor and Assignee each hereby waives and releases and each hereby agrees to indemnify and hold the City harmless from any and all damages, liabilities, causes of action, claims or potential claims against the City (including attorneys' fees and costs) arising out of this Assignment Agreement.

d. Assignor acknowledges and agrees that the Rights and Obligations with respect to the Property have been fully assigned to Assignee by this Assignment Agreement and, accordingly, that Assignee shall have the exclusive right to assert any claims against the City with respect to such Rights and Obligations. Accordingly, without limiting any claims of Assignee under the Development Agreement, Assignor hereby waives any claims or potential claims by Assignor against the City to the extent arising solely out of the Rights and Obligations with respect to the Property.

6. Development Agreement in Full Force and Effect. Except as specifically provided herein with respect to the assignment, all the terms, covenants, conditions, and provisions of the Development Agreement are hereby ratified and shall remain in full force and effect.

7. Recording. Assignor shall cause this Assignment Agreement to be recorded in the Official Records of San Joaquin County, California, and shall promptly provide conformed copies of the recorded Assignment Agreement to Assignee and the City.

8. Successors and Assigns. Subject to the restrictions on transfer set forth in the Development Agreement, all of the terms, covenants, conditions, and provisions of this Assignment Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns, pursuant to Article 13 and Section 15.2 of the Development Agreement.

9. Assignee Address for Notices. The address of Assignee for the purpose of notices, demands and communications under Section 15.3 of the Development Agreement shall be:

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

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

Telephone: \_\_\_\_\_

With a copy to:

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

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

Telephone: \_\_\_\_\_

10. Applicable Law/Venue. This Assignment Agreement shall be construed and enforced in accordance with the laws of the State of California, without reference to its choice of law provisions. Any legal actions under this Assignment Agreement shall be brought only in the Superior Court of the County of San Joaquin State of California.

11. Interpretation. All parties have been represented by counsel in the preparation and negotiation of this Assignment Agreement and this Assignment 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 Assignment 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; and (e) "includes" and "including" are not limiting.

12. Headings. Section headings in this Assignment Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, or conditions of this Assignment Agreement. Severability. Except as otherwise provided herein, if any provision(s) of this Assignment Agreement is (are) held invalid, the remainder of this Assignment Agreement shall not be affected, except as necessarily required by the invalid provisions, and shall remain in full force and effect unless amended or modified by mutual consent of the parties.

13. Counterparts. This Assignment Agreement may be executed in one or more

EXHIBIT 1 - Development Agreement

counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute one and the same instrument, with the same effect as if all of the parties to this Assignment Agreement had executed the same counterpart.

14. City Consent. The City is executing this Assignment Agreement for the limited purpose of consenting to the assignment and assumption and clarifying that there is privity of contract between the City, on the one hand, and Assignee on the other, with respect to the Development Agreement.

15. Effective Date. The Effective Date of this Assignment Agreement shall be the date upon which Assignee obtains fee title to or a ground lease for the Property and Assignor delivers evidence of the transfer to the City ("Assignment Agreement Effective Date"). For the purposes of this Section, the evidence of transfer shall consist of a duly recorded deed or ground lease, and title report.

IN WITNESS WHEREOF, Assignor, Assignee and the City have entered into this Assignment Agreement as of the date first above written.

ASSIGNOR

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
*[Signature must be notarized]*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
*[Signature must be notarized]*

ASSIGNEE

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
*[Signature must be notarized]*

EXHIBIT 1 - Development Agreement

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
*[Signature must be notarized]*

CITY  
CITY OF STOCKTON, a municipal corporation

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

ATTEST:

By: \_\_\_\_\_  
\_\_\_\_\_, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
\_\_\_\_\_, City Attorney