



City of La Quinta

CITY / SA / HA / FA MEETING DATE: November 18, 2014

ITEM TITLE: SECOND READING AND ADOPTION OF ORDINANCE NO. 520 APPROVING DEVELOPMENT AGREEMENT BY AND BETWEEN CITY OF LA QUINTA AND SILVERROCK DEVELOPMENT COMPANY, LLC, RELATING TO VESTING OF CERTAIN DEVELOPMENT RIGHTS FOR SILVERROCK RESORT, AND AUTHORIZING IMPLEMENTATION ACTIONS RELATED THERETO

AGENDA CATEGORY:

BUSINESS SESSION:

CONSENT CALENDAR: 3

STUDY SESSION:

PUBLIC HEARING:

RECOMMENDED ACTION:

Adopt Ordinance No. 520 on second reading.

EXECUTIVE SUMMARY:

- At the November 4, 2014 Council meeting, the City Council unanimously approved a motion to take up and introduce Ordinance No. 520 on first reading, which approved the Development Agreement by and between the City and SilverRock Development Company, LLC ("SDC").
- The Development Agreement is one of three governing documents approved by the City Council for the creation of a new development program at SilverRock Resort.

FISCAL IMPACT:

The transaction requires City investment of an estimated \$20.1 million in transient occupancy tax (TOT) revenue rebate to SDC. The rebate is limited to TOT generated from the luxury and lifestyle hotels and only during the first 15 years of the respective hotel operation. Further, the rebate is paid only if these hotels do not achieve an annual 11 percent return on cost during the 15-year period. After 15 years, TOT revenue sharing will end and the City will receive 100 percent of TOT revenue.

Over the same 15-year period, it is projected that the City would receive \$52.9 million in fee and tax revenue: \$5,200,000 in development impact fee revenue, \$38,700,00 of TOT revenue (after the \$20,100,000 TOT revenue rebate), \$6,000,000 of sales tax revenue, and \$3,000,000 of property tax revenue.

BACKGROUND/ANALYSIS:

Development Program/Developer Investment

The projected value of the Development Program is \$420 million. The Development Program includes the following:

- A. Master Site Infrastructure – infrastructure improvements including mass grading, wet/dry utilities, roads, re-routing of existing golf holes and storm water retention at a cost of \$42 million paid by SDC.
- B. Hotels – A 140-room, 5-star quality luxury hotel and spa and a 200-room, 4-star quality lifestyle hotel.
- C. Conference – A 71,000 square foot conference center and shared services facility shared by the luxury and lifestyle hotels.
- D. Retail – A resort village with 150,000 square feet of resort residential units and up to 40,000 square feet of retail space with recreation areas.
- E. Branded Resort Residential – 35 luxury and 60 lifestyle branded residential homes that are associated with their respective hotels that generate TOT (not subject to rebate).
- F. Resort Residential – 160 resort style homes for private ownership with the option for owners to offer as short-term rentals as TOT generating units (not subject to rebate).
- G. Ahmanson Ranch House – Renovation of the facility as a public event center and to serve as an amenity to the resort.
- H. New Golf Clubhouse – 5,000 square feet of air conditioned space with large outdoor patios and event lawn.

Development Agreement – This agreement is being processed pursuant to state law and will be used to provide SDC a vested right to the current General Plan, SilverRock Specific Plan, and other specified land use entitlements. This agreement is intended to be for the limited purpose of providing certainty to SDC (and successors-in-interest) that the permitted land uses will remain in place for a sufficient time to allow construction and use of the property, as well as specifying the amounts that will be required to be paid for certain processing fees and City-

issued permits and land use entitlements. Annual review of the progress of the project will be conducted pursuant to the terms of this agreement. Prior to the Council being able to consider the Development Agreement, the City's Planning Commission reviewed the matter on October 14, 2014. They unanimously recommended approval of the Development Agreement.

ALTERNATIVES:

As Council approved this ordinance at first reading, and it is timely and warranted, staff does not recommend an alternative.

Report prepared by: Pam Nieto, Administrative Technician

Report approved for submission by: Susan Maysels, City Clerk

ORDINANCE NO. 520

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA QUINTA, CALIFORNIA, APPROVING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LA QUINTA AND SILVERROCK DEVELOPMENT COMPANY, LLC, RELATING TO THE VESTING OF CERTAIN DEVELOPMENT RIGHTS FOR THE SILVERROCK RESORT, AND AUTHORIZING IMPLEMENTATION ACTIONS RELATED THERETO

**CASE NO.: DEVELOPMENT AGREEMENT 2014-1001
APPLICANT: SILVERROCK DEVELOPMENT COMPANY, LLC**

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

WHEREAS, the Planning Commission of the City of La Quinta did, on the 14th day of October, 2014, hold a duly noticed Public Hearing to consider Development Agreement 2014-1001, and did in fact unanimously adopt Planning Commission Resolution 2014-026, recommending its approval to the City Council; and,

WHEREAS, the City Council of the City of La Quinta, California ("City Council"), did hold on the 4th day of November, 2014, a duly noticed public hearing to consider Development Agreement 2014-1001; and,

WHEREAS, at said City Council Public Hearing, upon hearing and considering all testimony and arguments, if any, of all interested persons wanting to be heard, said City Council did make the following mandatory findings to justify approving the Development Agreement:

1. The proposed Development Agreement is consistent with the La Quinta General Plan, Municipal Code and the SilverRock Resort Specific Plan. The development proposal as represented in the Agreement will not be developed in any manner inconsistent with the General Plan land use designations of Tourist Commercial and Recreational Open Space.

2. The proposed Development Agreement is compatible with the uses and regulations as stipulated for the Tourist Commercial and Golf Course zoning districts.
3. The proposed Development Agreement is in conformity with the public necessity, convenience, general welfare and good land use practice. The Development Agreement will allow development of hotel, commercial, recreation and resort residential uses, and ensure provision of a desirable and functional community environment and effective and efficient development of public facilities, infrastructure, and services appropriate for the development of the Project.
4. The proposed Development Agreement will not be detrimental to the public health, safety and general welfare. All immediately surrounding property is zoned for residential or golf course use development. Development of the site for hotel, commercial, recreation and resort residential use will not significantly impact quality of life for area residents.
5. The proposed Development Agreement will not affect the orderly development of property or the preservation of property values. Development of the subject site, pursuant to project application and this Development Agreement, will enhance property values for other surrounding area properties, as it facilitates development of a high-quality resort complex with hotel, commercial, recreation and resort residential uses.
6. The proposed Development Agreement will have a positive fiscal impact on the City, in that implementation of the Development Agreement will produce revenues through payment of certain development fees, as well as the generation of transient occupancy, sales and property taxes from the proposed development.
7. Consideration of this Development Agreement has been accomplished pursuant to California Government Code Section 65864 et seq. and the City of La Quinta Municipal Code Section 9.250.030, which governs Development Agreements.

WHEREAS, all actions required to be taken by the City precedent to the adoption of this Ordinance have been regularly and duly taken.

NOW, THEREFORE, the City Council of the City of La Quinta, California does ordain as follows:

SECTION 1. APPROVAL. The City Council hereby approves and adopts the Development Agreement attached as "Exhibit A" substantially in the form

presented to the City Council concurrent with the approval and adoption of this Resolution, authorizes and directs the City Manager to sign the Development Agreement on behalf of the City, authorizes and directs the City Manager, in accordance with City of La Quinta Municipal Code Section 9.250.030(C)(10)(a), to make any modifications to the Development Agreement to effectuate the intent of the City and Developer as presented to and approved by the City Council concurrent with the approval and adoption of this Resolution, and authorizes and directs the City Clerk to record the Development Agreement in the Official Records of Riverside County in accordance with applicable law.

SECTION 2. ENVIRONMENTAL. An Addendum to a previously adopted Mitigated Negative Declaration (EA 2002-453) and subsequent Addendum (EA 2006-568) was prepared pursuant to the California Environmental Quality Act, was confirmed and adopted by the City Council, on November 4, 2014. Said determination, extends to include this Development Agreement, based on its incorporation as part of the overall project, as defined under CEQA.

SECTION 3. EFFECTIVE DATE. This Ordinance shall be in full force and effect thirty (30) days after its adoption.

SECTION 4. POSTING. The City Clerk shall certify to the passage and adoption of this Ordinance, and shall cause the same to be posted in at least three public places designated by resolution of the City Council, and shall cause this Ordinance and its certification, together with proof of posting, to be entered into the Book of Ordinances of this City.

PASSED, APPROVED and ADOPTED, at a regular meeting of the La Quinta City Council held this 18th day of November, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DON ADOLPH, Mayor
City of La Quinta, California

ATTEST:

SUSAN MAYSELS, City Clerk
City of La Quinta, California

(CITY SEAL)

APPROVED AS TO FORM:

WILLIAM H. IHRKE, City Attorney
City of La Quinta, California

EXHIBIT "A"

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO

City of La Quinta
78-495 Calle Tampico
La Quinta, CA 92253
Attn: City Clerk

Space Above This Line for Recorder's Use
(Exempt from Recording Fee per Gov't Code §6103 and
§27383)

DEVELOPMENT AGREEMENT BY AND BETWEEN

THE

CITY OF LA QUINTA

AND

SILVEROCK DEVELOPMENT COMPANY, LLC

TABLE OF CONTENTS

	<u>Page</u>
1. GENERAL.....	2
1.1 Definitions.....	2
1.2 Term.....	6
1.3 Effective Date.	6
1.4 Amendment or Cancellation.	6
1.5 Termination.....	7
1.6 Statement of Benefits and Consideration.....	7
1.7 City Findings.....	8
2. AGREEMENTS AND ASSURANCES	8
2.1 Agreement and Assurance on the Part of Developer.....	8
2.2 Agreement and Assurances on the Part of the City.	8
3. DEVELOPER’S OBLIGATIONS	11
3.1 Development of the Project; Planned Development.....	11
3.2 Mitigation Monitoring Program.....	12
3.3 Payments to City by Developer.	12
3.4 Dedications and Improvements.....	12
3.5 Indemnification.	13
3.6 Insurance.....	14
4. CITY’S OBLIGATIONS.....	16
4.1 Scope of Subsequent Review/Confirmation of Compliance Process.	16
4.2 Project Approvals Independent.....	16
4.3 Review for Compliance.	16
5. DEFAULT; REMEDIES; DISPUTE RESOLUTION.....	17
5.1 Notice of Default.....	17
5.2 Cure of Default.	17
5.3 City Remedies.....	17
6. MORTGAGEE PROTECTION; CERTAIN RIGHTS OF CURE.....	17
6.1 Encumbrances on the Project Site.....	17
6.2 Mortgage Protection.....	18
6.3 Mortgagee Not Obligated.	18
6.4 Notice of Default to Mortgagee; Right of Mortgagee to Cure.....	18
7. TRANSFERS OF INTEREST IN SITE OR AGREEMENT [REVISE AS PSDA REVISED].....	18
7.1 Transfers of Interest in Property or Agreement.....	18
7.2 Transfers of Interest in Property or Agreement Prior to City’s Issuance of a Release of Construction Covenants.	19
7.3 Assignment and Assumption of Obligations.	20
7.4 Successors and Assigns.....	20

TABLE OF CONTENTS

	<u>Page</u>
7.5 Assignment by City.	20
8. MISCELLANEOUS	20
8.1 Notices, Demands and Communications Between the Parties.	20
8.2 Force Majeure.	21
8.3 Binding Effect.	22
8.4 Independent Entity.	22
8.5 Agreement Not to Benefit Third Parties.	22
8.6 Covenants.	22
8.7 Non-liability of City Officers and Employees.	22
8.8 Covenant Against Discrimination.	22
8.9 Amendment of Agreement.	23
8.10 No Waiver.	23
8.11 Severability.	23
8.12 Cooperation in Carrying Out Agreement.	23
8.13 Estoppel Certificate.	24
8.14 Construction.	24
8.15 Recordation.	24
8.16 Captions and References.	24
8.17 Time.	24
8.18 Recitals & Exhibits Incorporated; Entire Agreement.	24
8.19 Exhibits.	25
8.20 Counterpart Signature Pages.	25
8.21 City Approvals and Actions.	25
8.22 Governing Law; Litigation Matters.	25

DEVELOPMENT AGREEMENT

This Development Agreement (the “Agreement”) is entered into as of the ___ day of _____, 2014 (“Reference Date”), by and between the CITY OF LA QUINTA, a California municipal corporation and charter city organized and existing under the Constitution of the State of the California (“City”), and Silverrock Development Company, LLC, a Delaware limited liability company (“Developer”), with reference to the following:

RECITALS:

A. Government Code Section 65864 et seq. (“Development Agreement Act”) authorizes City to enter into a binding development agreement for the development of real property within its jurisdiction with persons having legal or equitable interest in such real property.

B. Pursuant to Section 65865 of the Government Code, City has adopted its Development Agreement Ordinance (La Quinta Municipal Code Section 9.250.030) establishing procedures and requirements for such development agreements (“Development Agreement Ordinance”).

C. Prior to or concurrently with the execution of this Agreement, Developer has entered into a Purchase, Sale, and Development Agreement (the “PSDA”) with City, pursuant to which (1) City, subject to the terms and conditions set forth in the PSDA, has agreed to sell to Developer, in one or more phases, certain real property located at the southwest intersection of Jefferson Street and Avenue 52 in the City of La Quinta, CA, as described in Exhibit A attached hereto and shown on the Site Map attached hereto as Exhibit B (the “Site”); and (2) Developer has agreed to construct on the Site the “Project,” consisting of a luxury resort hotel and spa and associated branded luxury residential units, a lifestyle hotel and associated lifestyle branded residential units, a conference and shared service facility, a permanent clubhouse for the SilverRock Resort’s Arnold Palmer Classic Course, a mixed use village, a resort residential village, and associated amenities. The Project is more fully described in, and subject to (i) this Agreement, (ii) the SilverRock Specific Plan, also known as Specific Plan No. SP 2006-080 (“Specific Plan”); (iii) the Mitigated Negative Declaration prepared for an earlier version of the Project, approved by the former La Quinta Redevelopment Agency (the “Agency”) on May 15, 2002, by Agency Resolution 2002-09, as updated by the Addendum to Mitigated Negative Declaration, approved by the City Council on July 18, 2006, by City Council Resolution No. 2006-082, and by the Second Addendum to Mitigated Negative Declaration approved by the City Council on ___, by City Council Resolution No. _____ (collectively, the “Updated Mitigated Negative Declaration”); (iv) the PSDA, (v) any future discretionary or ministerial approvals and/or permits issued for the Project, including all conditions of approval attached thereto (collectively, the “Project Site Development Permits”); (vi) any future subdivision maps approved for the Project, including all conditions of approval thereto (collectively, the “Project Tract Maps”); and (vii) the conditions of approval associated with each and all of the foregoing approvals (collectively, the “Conditions of Approval”). The documents, permits, approvals, and conditions described in the foregoing clauses (i)-(vii) are collectively referred to herein as the “Project Approvals,” and are, or when approved or issued shall be, on file with the City Clerk.

D. By virtue of the PSDA, as of the execution of this Agreement, Developer has an equitable interest in the Site. By its execution of the consent form attached to this Agreement, City consents to recordation of this Agreement against the Site.

E. Consistent with Section 9.250.030 of the La Quinta Municipal Code, City and Developer desire to enter into a binding agreement that shall be construed as a development agreement within the meaning of the Development Agreement Act. This Agreement will eliminate uncertainty in planning for and secure the orderly development of the Project, ensure a desirable and functional community environment, provide effective and efficient development of public facilities, infrastructure, and services appropriate for the development of the Project, and assure attainment of the maximum effective utilization of resources within the City, by achieving the goals and purposes of the Development Agreement Act. In exchange for these benefits to City, Developer desires to receive the assurance that if it acquires the Site in accordance with the PSDA, it may proceed with development of the Project in accordance with the terms and conditions of this Agreement and the Project Approvals, all as more particularly set forth herein.

F. The Planning Commission and the City Council have determined that the Project and this Agreement are consistent with the City's General Plan and the Specific Plan, including the goals and objectives thereof.

G. All actions taken by City have been duly taken in accordance with all applicable legal requirements, including the California Environmental Quality Act (Public Resources Code Section 21000, et seq.) ("CEQA"), and all other requirements for notice, public hearings, findings, votes and other procedural matters.

H. On _____, 2014, the City Council adopted its Ordinance No. ___ approving this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the Parties do hereby agree as follows:

1. **GENERAL**

1.1 **Definitions**

1.1.1 "**Agreement**" means this Development Agreement and all amendments and modifications thereto.

1.1.2 "**Applicable Rules**" means the rules, regulations, ordinances and officially adopted policies of the City of La Quinta in full force and effect as of the Effective Date of this Agreement, including, but not limited to, the City's General Plan, Zoning Ordinance, and Specific Plan. Additionally, notwithstanding the language of this Section or any other language in this Agreement, all specifications, standards and policies regarding the design and

construction of public works facilities, if any, shall be those that are in effect at the time the Project plans are being processed for approval and/or under construction.

1.1.3 “**CEQA**” means the California Environmental Quality Act (Cal. Public Resources Code Sections 21000 et seq.) and the State CEQA Guidelines (Cal. Code of Regs., Title 14, Sections 15000 et seq.).

1.1.4 “**Certificate**” shall have the meaning set forth in Section 2.2.3 herein.

1.1.5 “**City**” means the City of La Quinta, a charter city and municipal corporation, including each and every agency, department, board, commission, authority, employee, and/or official acting under the authority of the City, including without limitation the City Council and the Planning Commission.

1.1.6 “**City Council**” means the City Council of the City and the legislative body of the City pursuant to California Government Code Section 65867.

1.1.7 “**Community Development Director**” means the Community Development Director for the City or his or her designee.

1.1.8 “**Conditions of Approval**” shall have the meaning set forth in Recital C.

1.1.9 “**Developer**” means SilverRock Development Company, LLC, a Delaware limited liability company.

1.1.10 “**Development Agreement Act**” means Section 65864 et seq., of the California Government Code.

1.1.11 “**Discretionary Action**” means an action which requires the exercise of judgment, deliberation or a decision on the part of City, including any board, commission, committee, or department or any officer or employee thereof, in the process of approving or disapproving a particular activity, as distinguished from an activity which merely requires City, including any board, commission or department or any officer or employee thereof, to determine whether there has been compliance with statutes, ordinances or regulations.

1.1.12 “**Discretionary Permits**” means any permits, approvals, plans, Project Tract Maps, inspections, certificates, documents, and licenses that require a Discretionary Action, including, without limitation, site development permits, grading permits, stockpile permits, and encroachment permits.

1.1.13 “**Effective Date**” shall have the meaning set forth in Section 1.3 of this Agreement.

1.1.14 “**General Plan**” means the General Plan of the City.

1.1.15 “**Impact Fees**” means impact fees, linkage fees, exactions, assessments or fair share charges or other similar impact fees or charges imposed on and in connection with new development by City pursuant to City Council Resolution No. 2013-006, which was approved by

the City Council on February 5, 2013. Notwithstanding anything herein to the contrary, none of the following shall constitute Impact Fees: (i) Processing Fees, (ii) impact fees, linkage fees, exactions, assessments or fair share charges or other similar fees or charges imposed by other governmental entities and which City is required to collect or assess pursuant to applicable law, including, without limitation, school district impact fees pursuant to Government Code Section 65995), fees required pursuant to the Coachella Valley Multiple Species Habitat Conservation Plan, and the Transportation Uniform Mitigation Fee, or (c) other City-wide fees or charges of general applicability, provided that such City-wide fees or charges are not imposed as an impact fee on new development.

1.1.16 “**Meriwether**” means Meriwether Companies LLC, a Delaware limited liability company.

1.1.17 “**Ministerial Permits and Approvals**” means the permits, approvals, plans, inspections, certificates, documents, licenses, and all other actions required to be taken by City in order for Developer to implement, develop and construct the Project and the Mitigation Measures, including without limitation, building permits, foundation permits, and other similar permits and approvals which are required by the La Quinta Municipal Code and Project plans and other actions required by the Project Approvals to implement the Project and the Mitigation Measures. Ministerial Permits and Approvals shall not include any Discretionary Actions or Discretionary Permits.

1.1.18 “**Mitigation Measures**” means the mitigation measures described in the Updated Mitigated Negative Declaration and in the Mitigation Monitoring Program for the Project.

1.1.19 “**New Laws**” means amendments or modifications to the Applicable Rules, and all ordinances, resolutions, initiatives, regulations, rules, laws, plans, policies, and guidelines of the City and its City Council, Planning Commission, and all other City boards, commissions, departments, agencies, and committees enacted or adopted after the Effective Date.

1.1.20 “**Parties**” means collectively Developer and City. Each shall be referred to in the singular as a “Party”.

1.1.21 “**Planning Area**” shall mean an area designated on the Site Map as a planning area.

1.1.22 “**Planning Commission**” means the City Planning Commission and the planning agency of the City pursuant to California Government Code Section 65867.

1.1.23 “**Processing Fees**” means all processing fees and charges required by City including, but not limited to, fees for land use applications, Project permits and/or approvals, building applications, building permits, grading permits, encroachment permits, Project Tract Maps, lot line adjustments, air right lots, street vacations, certificates of occupancy, and any fees over which City has no authority with respect to setting the rates, which are necessary to accomplish the intent and purpose of this Agreement. Processing Fees shall not include Impact Fees. The amount of the Processing Fees to be applied in connection with the

development of the Project shall be the amount which is in effect on a City-wide basis at the time an application for the City action is made. Notwithstanding the language of this Section or any other language in this Agreement, Developer shall not be exempt from the payment of fees, if any, imposed on a City-wide basis as part of City's program for storm water pollution abatement mandated by the Federal Water Pollution Control Act of 1972 and subsequent amendments thereto, unless a waiver of these fees is provided by City in a subsequent agreement.

1.1.24 "**Project**" means development of the Site as set forth in more detail in Section 3.1.

1.1.25 "**Project Approvals**" shall have the meaning set forth in Recital C.

1.1.26 "**Project Component**" shall have the meaning set forth in the PSDA.

1.1.27 "**Project Tract Maps**" shall have the meaning set forth in Recital C.

1.1.28 "**PSDA**" shall have that meaning set forth in Recital C.

1.1.29 "**Reserved Powers**" means the rights and authority excepted from this Agreement's restrictions on City's police powers and which are instead reserved to City, its City Council, Planning Commission, and all other City boards, commissions, departments, agencies, and committees. The Reserved Powers include the powers to enact or adopt New Laws or take future Discretionary Actions after the Effective Date of this Agreement that may be in conflict with the Applicable Rules and Project Approvals, except such New Laws which would prevent or materially impair Developer's ability to develop the Project in accordance with the Project Approvals; provided, however, that with respect to such New Laws which would prevent or materially impair Developer's ability to develop the Project in accordance with the Project Approvals, such New Laws shall apply to the Project if such New Laws are: (1) necessary to protect the public health and safety, and are generally applicable on a City-wide basis (except in the event of natural disasters as found by the City Council such as floods, earthquakes and similar acts of God, which shall apply even if not applicable on a City-wide basis); (2) amendments to Uniform Codes, as adopted by City, and/or the La Quinta Municipal Code, as applicable, regarding the construction, engineering and design standards for private and public improvements to be constructed on the Site; (3) required by a non-City entity to be adopted by or applied by the City (or if optional the failure to adopt or apply such non-City law or regulation would cause City to sustain a loss of funds or loss of access to funding or other resources, or (4) necessary to comply with state or federal laws and regulations (whether enacted previous or subsequent to the Effective Date of this Agreement).

1.1.30 "**RGC**" means The Robert Green Company, a California corporation.

1.1.31 "**Site**" means approximately 96 acres of real property located at the southwest intersection of Jefferson Street and Avenue 52 in the City of La Quinta, California 92253. The Site is legally described in the Site Legal Description and depicted in the Site Map., attached hereto as Exhibits A and B.

1.1.32 "**Site Development Plan**" shall have the meaning set forth in Section 9.180.020 of the La Quinta Municipal Code.

1.1.33 “**Site Map**” means the map of the Site and immediately adjacent properties, which is attached hereto as Exhibit B and incorporated herein by this reference. The Site Map depicts twelve (12) proposed planning areas within the real property covered by the Specific Plan, numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10A,10B, 11, and 12.

1.1.34 “**Specific Plan**” shall have the meaning as set forth in Recital C.

1.1.35 “**Term**” means the period of time for which the Agreement shall be effective in accordance with Section 1.2 herein.

1.1.36 “**Transferee**” means individually or collectively, Developer’s successors in interest, assignees or transferees of all or any portion of the Site.

1.1.37 “**Uniform Codes**” means those building, electrical, mechanical, plumbing, fire and other similar regulations of a City-wide scope which are based on recommendations of a multi-state professional organization and become applicable throughout the City, such as, but not limited to, the Uniform Building Code, the Uniform Electrical Code, the Uniform Mechanical Code, Uniform Plumbing Code, or the Uniform Fire Code (including those amendments to the promulgated uniform codes which reflect local modification to implement the published recommendations of the multi-state organization and which are applicable City-wide).

1.1.38 “**Zoning Ordinance**” means Title 9 of the La Quinta Municipal Code.

1.2 Term.

The term of this Agreement shall commence on the Effective Date and shall continue for thirty (30) years thereafter, unless said term is otherwise terminated, modified, or extended by circumstances set forth in this Agreement or by mutual consent of the Parties after the satisfaction of all applicable public hearing and related procedural requirements.

1.3 Effective Date.

This Agreement shall be effective, and the obligations of the Parties hereunder shall be effective, as of _____, 2014 (“Effective Date”), which is the date that Ordinance No. _____ takes effect.

1.4 Amendment or Cancellation by Mutual Consent.

Except as expressly stated to the contrary herein, this Agreement may be amended or canceled in whole or in part only by mutual consent of the Parties and in the manner provided for in Government Code Section 65867-65868 and the Development Agreement Ordinance. Notwithstanding the foregoing, in the event that any portion of the Site is under different ownership at some time during the Term hereof, City and the then-owner of such portion may amend the terms of this Development Agreement and the Project Approvals with respect to said portion, without obtaining the approval or consent of the owners of the other portions of the Site.

1.5 Termination.

Unless terminated earlier, pursuant to the terms hereof, this Agreement shall automatically terminate and be of no further effect upon the expiration of the Term of this Agreement as set forth in Section 1.1. Termination of this Agreement, for any reason, shall not, by itself, affect any right or duty arising from entitlements or approvals set forth under the Project Approvals.

Notwithstanding anything herein to the contrary, (i) in the event the “Phase 1 Escrow” (as that term is defined in the PSDA) fails to close within the time period set forth for such closing in the PSDA, as such time period may be extended pursuant to the terms of the PSDA, and/or the PSDA is terminated, this Agreement shall automatically terminate and the Developer and City agree to execute and record such document as the “Title Company” (as that term is defined in the PSDA) reasonably requires to remove this Agreement of record, and (ii) in the event the Phase 1 Escrow closes, but the “Phase 2 Escrow” (as that term is defined in the PSDA) fails to close within the time period set forth for such closing in the PSDA, as such time period may be extended pursuant to the terms of the PSDA, and/or the PSDA is terminated with respect to the “Phase 2 Property” (as that term is defined in the PSDA), this Agreement shall automatically terminate with respect to the Phase 2 Property and the Developer and City agree to execute and record such document as the Title Company reasonably requires to remove this Agreement of record from the Phase 2 Property.

The Parties acknowledge and agree that notwithstanding the provisions in the foregoing paragraph providing for automatic termination of this Agreement on the occurrence of certain events, each of the Development Agreement Act and Development Agreement Ordinance require that prior to any such early termination of this Agreement, (a) the Quinta Planning Commission must hold a public hearing regarding the proposed termination and make certain recommendations to the City Council, and (b) the City Council must hold a public hearing regarding the termination and make certain findings. The Parties further acknowledge and agree that on the occurrence of any of the events described in the foregoing paragraph providing for automatic termination, the Parties shall be deemed to have mutually consented to the early termination of this Agreement for purposes of the Development Agreement Act and Development Agreement Ordinance.

1.6 Statement of Benefits and Consideration.

The Parties have determined that a development agreement is appropriate for the construction and operation of the Project due to the substantial benefits to be derived therefrom.

The Project will promote the health, safety and general welfare of City and its residents. In exchange for these and other benefits to City, Developer will receive the assurance that Developer may develop the Project during the Term of this Agreement, subject to the terms and conditions herein contained. City has undertaken the necessary proceedings, has found and determined that this Agreement is consistent with the General Plan, and has adopted Ordinance No.____ approving this Agreement. As a result of the development of the Project in accordance with this Agreement, City will receive substantial benefits.

In consideration of the substantial benefits, commitments and consideration to be provided by Developer pursuant to this Agreement and in order to strengthen the public planning process and reduce the economic costs of development, City hereby provides Developer assurance that if Developer acquires title to the Site, Developer can proceed with the construction and operation of the Project for the Term of this Agreement pursuant to the Applicable Rules and this Agreement. Developer would not enter into this Agreement or agree to provide the public benefits, commitments and consideration described in this Agreement if it were not for the certainty provided by the agreement of City that the Project could be constructed and operated during the Term of this Agreement in accordance with the Applicable Rules and this Agreement.

1.7 City CEQA Findings.

City finds that review of the environmental impacts of this Agreement and the Project has been conducted in accordance with the provisions of CEQA and the State and local guidelines adopted thereunder, and City has given consideration to such environmental review prior to its approval of this Agreement and the Project and has undertaken all actions necessary to comply with CEQA.

2. AGREEMENTS AND ASSURANCES

2.1 Agreement and Assurance on the Part of Developer; PSDA.

In consideration for City entering into this Agreement, and as an inducement for City to obligate itself to carry out the covenants and conditions set forth in this Agreement, and in order to effectuate the premises, purposes and intentions set forth in the Recitals of this Agreement, Developer hereby agrees as follows:

2.1.1 Project Development.

Developer shall develop the Project pursuant to all of the requirements set forth in the PSDA.

2.1.2 Conflicts with PSDA

To the extent there is any conflict between the terms and conditions of this Agreement and the terms and conditions of the PSDA, the terms and conditions of the PSDA shall govern and control.

2.2 Agreement and Assurances on the Part of the City.

In consideration for Developer entering into this Agreement, and as an inducement for Developer to obligate itself to carry out the covenants and conditions set forth in this Agreement, and in order to effectuate the premises, purposes and intentions set forth in this Agreement, City hereby agrees as follows:

2.2.1 Entitlement to Develop.

Developer has the vested right to develop the Project subject to the terms and conditions of this Agreement, the Applicable Rules, Project Approvals and the Reserved Powers. Developer's vested rights under this Agreement shall include, without limitation, the right to remodel, renovate, rehabilitate, rebuild or replace the existing development and the Project or any portion thereof throughout the applicable Term for any reason, including, without limitation, in the event of damage, destruction or obsolescence of the existing development or the Project or any portion thereof, subject to the Applicable Rules, Project Approvals and Reserved Powers. To the extent that all or any portion of the existing development or the Project is remodeled, renovated, rehabilitated, rebuilt or replaced, Developer may locate that portion of the existing development or the Project, as the case may be, at any other location of the Site, subject to the requirements of the Project Approvals, the Applicable Rules, and the Reserved Powers.

2.2.2 Changes in Applicable Rules.

(A) Nonapplication of Changes in Applicable Rules.

Any change in, or addition to, the Applicable Rules, including, without limitation, any change in the General Plan or Specific Plan, zoning or building regulation, adopted or becoming effective after the Effective Date, including, without limitation, any such change by means of ordinance, City Charter amendment, initiative, referendum, resolution, motion, policy, order or moratorium, initiated or instituted for any reason whatsoever and adopted by the City, City Council, Planning Commission or any other board, commission, department or agency of the City, or any officer or employee thereof, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the Site and/or to the Project and which would conflict in any way with the Applicable Rules, Project Approvals, or this Agreement, shall not be applied to the Site or the Project unless such changes represent an exercise of City's Reserved Powers, or are otherwise agreed to in this Agreement. Notwithstanding the foregoing, Developer may, in its sole discretion, consent to the application to the Project of any change in the Applicable Rules.

(B) Changes in Uniform Codes.

Notwithstanding any provision of this Agreement to the contrary, development of the Project shall be subject to changes which may occur from time to time in the Uniform Codes, as such Codes are adopted by the City of La Quinta.

(C) Changes Mandated by Federal or State Law.

This Agreement shall not preclude the application to the Project of changes in, or additions to, the Applicable Rules, including rules, regulations, ordinances and official policies, to the extent that such changes or additions are mandated to be applied to developments such as this Project by state or federal regulations, pursuant to the Reserved Powers. In the event state or federal laws or regulations prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations.

2.2.3 Subsequent Development Review.

Nothing set forth herein shall impair or interfere with the right of City to require the processing of building permits as required by law pursuant to the applicable provisions of the La Quinta Municipal Code and the provisions of Uniform Codes.

Prior to each request for a building permit, Developer shall provide City with a Compliance Certificate (“Certificate”) in a form created by Developer and approved by City, which shall describe how all applicable Conditions of Approval have been fully complied with. Each Certificate shall be distributed by City to the relevant City departments for checking the representations made by Developer on the Certificate.

2.2.4 Effective Development Standards.

City agrees that it is bound to permit the uses, intensities of use and densities on the Site which are permitted by this Agreement and the Project Approvals, insofar as this Agreement and the Project Approvals so provide or as otherwise set forth in the Applicable Rules or the Reserved Powers. City hereby agrees that it will not unreasonably withhold or unreasonably condition any approvals and/or permits which must be issued by City in order for the Project to proceed, provided that Developer reasonably and satisfactorily complies with all City-wide standard procedures for processing applications for such approvals and/or permits.

2.2.5 Moratoria or Interim Control Ordinances.

In the event an ordinance, resolution, policy, or other measure is enacted, whether by action of City, by initiative, or otherwise, which relates directly or indirectly to the Project or to the rate, amount, timing, sequencing, or phasing of the development or construction of the Project on all or any part of the Site or the implementation of the Mitigation Measures adopted in connection with approval of the Project, City agrees that such ordinance, resolution or other measure shall not apply to the Site, the Project or this Agreement, unless such changes are adopted pursuant to the Reserved Powers or other applicable provisions of this Agreement.

2.2.6 Special Taxes and Assessments.

Developer shall not be obligated to support infrastructure financing undertaken by City or others. Developer shall have the right, to the extent permitted by law, to protest, oppose and vote against any and all special taxes, assessments, levies, charges and/or fees imposed with respect to any assessment districts, Mello-Roos or community facilities districts, maintenance districts or other similar districts.

2.2.7 Impact Fees.

Impact Fees imposed by City with respect to the Project shall be only those Impact Fees in full force and effect as of the Effective Date, in the amounts/rate in effect as of the Effective Date.

2.2.8 Timeframes and Staffing for Processing and Review.

City agrees that expeditious processing of Ministerial Permits and Approvals and Discretionary Actions, if any, and any other approvals or actions required for the Project are critical to the implementation of the Project. In recognition of the importance of timely processing and review of Ministerial Permits and Approvals and Discretionary Actions, City agrees to reasonably cooperate with Developer to establish time frames for processing and reviewing such Ministerial Permits and Approvals and Discretionary Actions and to comply with any timeframes established in the Project Approvals.

3. DEVELOPER'S OBLIGATIONS

3.1 Development of the Project; Planned Development.

Developer shall construct the Project on the Site in accordance with the Project Approvals. As depicted in the Project Approvals, as the same may be updated or amended from time to time, the Project shall consist of a mixed-use resort development with the following components:

(A) Modification of the existing Arnold Palmer Classic Golf Course and rehabilitation of the Ahmanson Ranch House, along with the surrounding area within Planning Area 1;

(B) a luxury hotel project within Planning Area 2 consisting of approximately one hundred forty (140) luxury hotel rooms on approximately seventeen (17) acres, consisting of approximately one hundred seventy thousand (170,000) square feet of air conditioned and exterior spaces, and containing parking, spa and fitness center, and other associated amenities, all as further defined by the submittal of a Site Development Plan as prescribed by the Specific Plan;

(C) a residential development within Planning Area 3 consisting of approximately thirty-five (35) luxury branded residential homes, potentially including lock-offs, on approximately 14.0 acres, all as further defined by the submittal of a Site Development Plan as prescribed by the Specific Plan;

(D) a shared service/conference facility building and associated parking within Planning Area 4 consisting of approximately seventy-one thousand (71,000) square feet of interior and exterior square feet (not including parking) on approximately 12.0 acres;

(E) a lifestyle hotel ("Lifestyle Hotel") project within Planning Area 5 consisting of approximately two hundred (200) hotel rooms on approximately ten (10) acres, consisting of approximately one hundred seventy thousand (170,000) square feet of air conditioned and exterior spaces, and including other associated amenities, all as further defined by the submittal of a Site Development Plan as prescribed by the Specific Plan;

(F) a residential development within Planning Area 6 consisting of approximately sixty (60) luxury branded residential homes, potentially containing lock-off units

for a potential total key capacity of one hundred twenty (120) keys for the Lifestyle Hotel, on approximately ten (10) acres, all as further defined by the submittal of a Site Development Plan as prescribed by the Specific Plan;

(G) a promenade mixed-use village (“Village”) within Planning Areas 7 and 9; in Planning Area 7 the Village would contain a mix of residential and commercial uses consisting of approximately one hundred fifty thousand (150,000) square feet of livable space, up to twenty-five thousand (25,000) square feet of mixed-use commercial, on ten and one-half (10.5) acres; in Planning Area 9 the Village would contain either (1) a fifteen (15) acre public park, or (2) a mix of public and private recreational uses and amenities, community cultural elements, and residential and commercial development (not to exceed up to seventy-five thousand (75,000) square feet of livable space and fifteen thousand (15,000) square feet of commercial development), on approximately fifteen (15) acres, all as further defined by the submittal of a Site Development Plan as prescribed by the Specific Plan;

(H) a resort residential village within Planning Area 8 containing one hundred-sixty (160) residences and associated services and amenities on approximately thirty-two and one-half (32.5) acres, all as further defined by the submittal of a Site Development Plan as prescribed by the Specific Plan;

3.2 Compliance with Government Code Section 66473.7

Developer shall comply with the provisions of Government Code section 66473.7 with respect to any Project Tract Maps prepared for the Project.

3.3 Mitigation Monitoring Program.

The Developer shall also comply with the mitigation monitoring program set forth in Exhibit “C” attached hereto (the “Mitigation Monitoring Program”).

3.4 Payment of Fees.

During the Term of this Agreement, Developer shall timely pay all Processing Fees and Impact Fees with respect to the Project.

3.5 Other Fees and Charges.

Nothing set forth in this Agreement is intended to or shall be construed to limit or restrict the City’s authority to impose its existing, or any new or increased, fees, charges, levies, or assessments for the development of the Site, or to impose or increase, subject to the required procedure, any taxes applicable to the Site including but not limited to transient occupancy taxes, provided nothing set forth herein, subject to the following two sentences, is intended or shall be construed to limit or restrict whatever right Developer might otherwise have to challenge any fee, charge, levy, assessment, or tax imposed.

3.6 Dedications and Improvements.

Developer shall offer dedications to the City or other applicable public agency, or complete those public improvements in connection with the Project, as specified in the Conditions of Approval.

3.7 Indemnification.

3.7.1 Developer shall protect, defend, indemnify and hold harmless City and City's officers, officials, members, employees, volunteers, agents, and representatives (any of the foregoing shall be known individually as "Indemnitee" and collectively as "Indemnitees"), and each of them, jointly and severally, against and from any and all claims, demands, causes of action, damages, costs, expenses, losses and liabilities, at law or in equity, of every kind or nature whatsoever, including reasonable attorneys' fees and expert witness fees, but excluding those resulting from (i) the gross negligence or willful misconduct of any Indemnitee, or (ii) environmental contamination of the Site or other defects on the Site existing prior to Developer's entry thereon, but including, without limitation, injury to or death of any person or persons and damage to or destruction of any property, threatened, brought or instituted ("Claims"), arising out of or in any manner directly or indirectly connected with the entry upon the Site by Developer or any of the Developer Representatives, including without limitation:

(A) any damage to the Site and any liability to any third party incurred by reason of any acts or omission of, including, but not limited to, any commission of any negligent or tortious acts, by Developer or the Developer Representatives, or any of them;

(B) any mechanics' or materialmen's liens, claims, demands, actions or suits arising (directly or indirectly) from (i) any work performed or materials supplied to or for Developer, or (ii) any activities of Developer or any of the Developer Representatives, or any of them, on or relating to the Site (including, without limitation, any claims by any of such Developer Representatives).

In the event of litigation, City agrees, at no cost to City, to cooperate with Developer. Developer shall have the obligation to provide the defense of City in the litigation, either by providing for legal counsel or, at City's option, timely paying the legal costs incurred by City in the defense of litigation, even though negligence or gross negligence of Developer or its contractors, subcontractors, agents, employees or other persons acting on its behalf has not been established at the time that the defense is provided.

3.7.2 In the event of any court action or proceeding challenging the validity of this Agreement or the Project Approvals, Developer shall indemnify, hold harmless, pay all costs and provide defense for City in said action or proceeding with counsel chosen by Developer and reasonably approved by City. City shall, at no cost to City, cooperate with Developer in any such defense as Developer may reasonably request. In the event Developer fails or refuses to provide such defense of any challenge to this Agreement or the Project Approvals, or any component thereof, City shall have the right not to defend such challenge, and to resolve such challenge in any manner it chooses in its sole discretion, including terminating this Agreement. In the event of such termination, Developer, upon written request of City, shall immediately

execute a termination document or other document reasonably required by a reputable title company to remove this Agreement as a cloud on title.

3.8 Insurance.

3.8.1 Commencing with the Effective Date hereof and ending on the date that is one (1) year following the later of (i) the date City issues a Release of Construction Covenants pursuant to the PSDA for the final Project Component to be constructed on the Site (the "Completion of Construction Date"), or (ii) the date City signs off on the last and final inspection for the final Project Component to be constructed on the Site, Developer shall procure and maintain, at its sole cost and expense, in a form and content reasonably satisfactory to the City Manager, the following policies of insurance:

(A) A policy of commercial general liability insurance written on a per occurrence basis in an amount not less than Five Million Dollars (\$5,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00) in the aggregate.

(B) A policy of workers' compensation insurance in such amount as will fully comply with the laws of the State of California against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by Developer in the course of carrying out the work or services contemplated in this Agreement.

(C) A policy of commercial automobile liability insurance written on a per occurrence basis in an amount not less than Three Million Dollars (\$3,000,000.00). Said policy shall include coverage for owned, non-owned, leased, and hired cars.

(D) "All Risks" Builder's Risk (course of construction) insurance coverage on a replacement cost basis in an amount equal to the full cost of the hard construction costs of the Project. Such insurance shall contain no coinsurance provision, and cover, at a minimum: all work, materials, and equipment to be incorporated into the Project; the Project during construction; the completed Project until such time as City issues the final certificate of occupancy for the Project, and storage, transportation, and equipment breakdown risks. Such insurance shall include coverage for earthquake (for the Luxury Hotel, Lifestyle Hotel, and Conference and Shared Service Facility only), flood, ordinance or law, temporary offsite storage, debris removal, pollutant cleanup and removal, preservation of property, landscaping, shrubs and plants and full collapse during construction. Such insurance shall protect/insure the interests of Developer/owner and all of Developer's contractor(s), and subcontractors, as each of their interests may appear. If such insurance includes an exclusion for "design error," such exclusion shall only be for the object or portion which failed. Notwithstanding the foregoing, such insurance shall only be required for a particular Project Component at such time as construction commences on such Project Component.

3.8.2 Commencing on the date City issues a Release of Construction Covenants pursuant to the PSDA for a Project Component, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City Manager, "All Risks" property insurance on a replacement cost basis in an amount equal to full replacement cost of the Project

Component, as the same may change from time to time. The above insurance policy or policies shall contain no coinsurance provision.

3.8.3 The following additional requirements shall apply to all of the above policies of insurance:

All of the above policies of insurance shall be primary insurance and, except the Worker's Compensation and All Risks insurance, shall name City and City's officers, officials, members, employees, agents, and representatives as additional insureds, using a pre-2004 additional insured endorsement (or equivalent). The insurer shall waive all rights of subrogation and contribution it may have against City and City's officers, officials, members, employees, agents, and representatives, and their respective insurers. All of said policies of insurance shall provide that said insurance may not be materially amended or cancelled without providing thirty (30) days' prior written notice to City. In the event any of said policies of insurance are cancelled, Developer shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the City Manager. Not later than the Effective Date of this Agreement, Developer shall provide the City Manager with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders shall be subject to the reasonable approval of the City Manager. Upon the request of the City Manager, Developer shall provide City with complete copies of each policy of insurance required by this Agreement.

The policies of insurance required by this Agreement shall be satisfactory only if issued by companies (i) licensed and admitted to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, or (ii) authorized to do business in California, rated "A+" or better in the most recent edition of Best Rating Guide, The Key Rating Guide, or in the Federal Registry and only if they are of a financial category Class XV. Notwithstanding the foregoing, in the event that the policies required hereunder are not available from such insurers at commercially reasonable rates, the City Manager shall have the authority, in his or her sole and absolute discretion, to waive one or more of such requirements provided the proposed policies will adequately protect City's interests hereunder.

City may reasonably require coverage increases, provided that the percentage increase in coverage shall not be required to exceed the percentage increase in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, for Urban Wage Earners and Clerical Workers, Los Angeles-Riverside-Orange County Average, All Items (1984 = 100) (the "Index"), from and after the date of this Agreement, or, if said Index is discontinued, such official index as may then be in existence and which is most nearly equivalent to said Index (the "CPI Adjustment"). Unless otherwise approved in advance by the City Manager, the insurance to be provided by Developer may provide for a deductible or self-insured retention of not more than Fifty Thousand Dollars (\$50,000); provided, however, that the deductible or self-insured retention for the earthquake coverage may be up to, but not exceed, ten percent (10%) of the replacement cost of the damaged Luxury Hotel, Lifestyle Hotel, and/or Conference and Shared Service Facility (as applicable).

Developer agrees that the provisions of this Section shall not be construed as limiting in any way the extent to which Developer may be held responsible for the payment of damages to any persons or property resulting from Developer's activities or the activities of any person or persons for which Developer is otherwise responsible.

4. CITY'S OBLIGATIONS

4.1 Scope of Subsequent Review/Confirmation of Compliance Process.

Nothing set forth herein shall impair or interfere with the right of City to require the processing of building permits as required by law pursuant to the applicable provisions of the La Quinta Municipal Code and the provisions of City's Fire Codes and ordinances, Health and Safety Codes and ordinances, and Building, Electrical, Mechanical, and similar building codes.

4.2 Project Approvals Independent.

All approvals required for the Project which may be or have been granted, and all land use entitlements or approvals generally which have been issued or will be issued by City with respect to the Project, constitute independent actions and approvals by City. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if this Agreement terminates for any reason, then such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any such Project approvals or other land use approvals and entitlements. In such cases, such approvals and entitlements will remain in effect pursuant to their own terms, provisions, and the Conditions of Approval. It is understood by the Parties that pursuant to existing law, if this Agreement terminates or is held invalid or unenforceable as described above, such approvals and entitlements shall not remain valid for the term of this Agreement, but shall remain valid for the term of such approvals and entitlements.

4.3 Review for Compliance.

City shall review this Agreement at least once during every twelve (12) month period following the Effective Date of this Agreement, in accordance with City's procedures and standards for such review set forth in City's Development Agreement Ordinance. During such periodic review by City, Developer, upon written request from City, shall be required to demonstrate, and hereby agrees to furnish, evidence of good faith compliance with the terms hereof. The failure of City to conduct or complete the annual review as provided herein or in accordance with the Development Agreement Ordinance shall not impact the validity of this Agreement. If, at the conclusion of the annual review provided for herein, Developer shall have been found in compliance with this Agreement, City, through City's Community Development Director, shall, at Developer's written request, issue a Certificate of Compliance to Developer stating that (1) this Agreement remains in full force and effect and (2) Developer is in compliance with this Agreement. The Certificate of Compliance shall be in recordable form, and shall contain information necessary to communicate constructive record notice of the finding of compliance. Developer, at its option and sole cost, may record the Certificate of Compliance.

5. DEFAULT; REMEDIES; DISPUTE RESOLUTION.

5.1 Notice of Default.

In the event of failure by either Party substantially to perform any material term or provision of this Agreement, the non-defaulting Party shall have those rights and remedies provided herein, provided that such non-defaulting Party has first provided to the defaulting Party a written notice of default in the manner required by Section 8.1 hereof identifying with specificity the nature of the alleged default and the manner in which said default may satisfactorily be cured.

5.2 Cure of Default.

Upon the receipt of the notice of default, the alleged defaulting Party shall promptly commence to cure, correct, or remedy the identified default at the earliest reasonable time after receipt of the notice of default and shall complete the cure, correction or remedy of such default not later than thirty (30) days after receipt of the notice of default, or, for such defaults that cannot reasonably be cured, corrected or remedied within thirty (30) days, such Party shall commence to cure, correct, or remedy such default within such thirty (30) day period, shall and continuously and diligently prosecute such cure, correction or remedy to completion.

5.3 City Remedies.

In the event of an uncured default by Developer of the terms of this Agreement, City, at its option, may institute legal action in law or in equity to cure, correct, or remedy such default, enjoin any threatened or attempted violation, or enforce the terms of this Agreement; provided, however, that in no event shall City be entitled to consequential damages for any Developer default. For purposes of this Agreement the term “consequential damages” shall include, but not be limited to, potential loss of anticipated tax revenues from the Project or any portion thereof. Furthermore, City, in addition to or as an alternative to exercising the remedies set forth in this Section 5.3, in the event of a material default by Developer, may give notice of its intent to terminate or modify this Agreement pursuant to City’s Development Agreement Ordinance and/or the Development Agreement Act, in which event the matter shall be scheduled for consideration and review by the City Council in the manner set forth in the City’s Development Agreement Ordinance or the Development Agreement Act.

6. MORTGAGEE PROTECTION; CERTAIN RIGHTS OF CURE

6.1 Encumbrances on the Project Site.

This Agreement shall not prevent or limit Developer from encumbering the Site or any portion thereof or any improvements thereon with any mortgage, deed of trust, sale and leaseback arrangement, or any other form of conveyance in which the Site, or a portion thereof or interest therein, is pledged as security, and contracted for in good faith and fair value (a “Mortgage”) securing financing with respect to the construction, development, use or operation of the Project.

6.2 Mortgage Protection.

This Agreement shall be superior and senior to the lien of any Mortgage. Notwithstanding the foregoing, no breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value, and any acquisition or acceptance of title or any right or interest in or with respect to the Site or any portion thereof by a holder of a beneficial interest under a Mortgage, or any successor or assignee to said holder (a "Mortgagee") [whether pursuant to foreclosure, trustee's sale, deed in lieu of foreclosure, lease termination or otherwise] shall be subject to all of the terms and conditions of this Agreement.

6.3 Mortgagee Not Obligated.

No Mortgagee will have any obligation or duty under this Agreement to perform the obligations of the Developer or other affirmative covenants of Developer hereunder, or to guarantee such performance, except that (i) the Mortgagee shall have no right to develop or operate the Site, and (ii) to the extent that any covenant to be performed by the Developer is a condition to the performance of a covenant by the City, the performance thereof shall continue to be a condition precedent to the City's performance hereunder.

6.4 Notice of Default to Mortgagee; Right of Mortgagee to Cure.

With respect to any mortgage or deed of trust granted by Developer, whenever City may deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the Project or any component of the Project, City shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage or deed of trust which has previously requested such notice in writing. Each such holder shall (insofar as the rights granted by City are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. It is understood that a holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

7. TRANSFERS OF INTEREST IN SITE OR AGREEMENT

7.1 Transfers of Interest in Site or Agreement.

The qualifications and identity of Developer as the developer and operator of high quality commercial resort developments are of particular concern to City. Furthermore, the Parties acknowledge that City has negotiated the terms of this Agreement in contemplation of the development and operation of the Project on the Site and the mutual benefits to the Parties.

7.2 Transfers of Interest in Site or Agreement Prior to City's Issuance of a Release of Construction Covenants.

Except as provided in this Section 7.2, until the date City issues a Release of Construction Covenants for a particular Project Component (the "Fee Transfer Release Date"), as defined in the PSDA, (1) no voluntary successor in interest of Developer shall acquire any rights or powers under this Agreement with respect to said Project Component; (2) Developer shall not make any total or partial sale, transfer, conveyance, assignment, or lease of the whole or any part of the Project Component or underlying real property; and (3) no changes shall occur with respect to the ownership and/or control of Developer, including, without limitation, stock transfers, sales of issuances, or transfers, sales or issuances of membership or ownership interests, or statutory conversions (any of the above, a "Transfer"). Prior to the Fee Transfer Release Date for a particular Project Component, City may approve or disapprove a proposed Transfer in its sole and absolute discretion; provided, however, City agrees to reasonably consider a Transfer to a transferee that has substantial experience in developing and operating developments comparable in all material respects to the Project or Project Component (as applicable), and the financial capability to develop and operate the Project or Project Component (as applicable), as determined pursuant to the factors set forth in Section 311.1 of the PSDA.

Notwithstanding the foregoing, City approval of a Transfer prior to the Fee Transfer Release Date for a particular Project Component shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Site to an appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Project.

(b) Any assignment for financing purposes (subject to such financing being permitted pursuant to Section 311 of the PSDA), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Project or of a Project Component.

(c) The Transfer to a lender who has provided financing to Developer (subject to such financing being permitted pursuant to Section 311 of the PSDA) as a result of foreclosure by such lender of the deed of trust securing funds necessary for land acquisition, construction, and permanent financing of the Project or of a Project Component.

(d) The Transfer by Developer to an entity (i) whose managing member, manager, or managing general partner is (A) Developer, or (B) an entity which is at least fifty-one percent (51%) owned and controlled by Developer, Meriwether, or RGC, and (ii) which engages as the project/development manager for the Project Component an entity which is at least fifty-one percent (51%) owned and controlled by Developer, Meriwether or RGC.

(e) The sale by Developer of individual for-sale residential dwelling units to third party buyers.

7.3 Assignment and Assumption of Obligations.

Except for the sale of individual for-sale residential dwelling units, any Transfer (including Transfers not requiring prior City approval) by Developer of any interest in the Site or of any interest in this Agreement shall require the execution of an assignment and assumption of obligations substantially in the form attached hereto and incorporated herein as Exhibit "D" (an "Assignment and Assumption Agreement"). Transfers of Developer's rights and/or obligations under this Agreement made without an executed Assignment and Assumption Agreement are null and void. The requirement for the provision to City of an executed Assignment and Assumption Agreement shall apply regardless of whether City approval is required for the Transfer. Developer agrees that (a) at least thirty (30) days prior to any Transfer it shall give written notice to City of such proposed Transfer; and (b) within five (5) days after any Transfer it shall provide City with a copy of the fully executed Assignment and Assumption Agreement evidencing that the assignee has assumed in writing all applicable obligations under this Agreement. A Party proposing to assign its obligations under this Agreement (i) shall remain liable for the obligations until and unless City has received a fully executed Assignment and Assumption Agreement, and (ii) shall remain liable for any default hereunder that occurred prior to the effective date of the assignment. Developer or Developer's successor in interest shall reimburse City for any costs (other than staff time) City incurs in reviewing any Assignment and Assumption Agreement required hereunder.

7.4 Successors and Assigns.

All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided, and the term "Developer" shall only mean the owner of a Project Component from time to time during the period of such entity's ownership, provided that the procedures set forth in this Agreement for that entity's acquisition and or disposition have been followed, including, without limitation, the provisions of Section 7.1.

7.5 Assignment by City.

City may assign or transfer any of its rights or obligations under this Agreement with the approval of Developer, which approval shall not be unreasonably withheld; provided, however, that City may assign or transfer any of its interests hereunder to a joint powers authority in which City is a member at any time without the consent of Developer.

8. MISCELLANEOUS

8.1 Notices, Demands and Communications Between the Parties.

Any approval, disapproval, demand, document or other notice ("Notice") which either Party may desire to give to the other Party under this Agreement must be in writing and shall be sufficiently given if (i) delivered by hand, (ii) delivered by reputable same-day or overnight messenger service that provides a receipt showing date and time of delivery, or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices

of City and Developer at the addresses specified below, or at any other address as that Party may later designate by Notice.

To City: City of La Quinta
78-495 Calle Tampico
La Quinta, California 92253
Phone No.: 760-777-7031
Attention: City Manager

With a copy to: Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
P.O. Box 1950
Costa Mesa, California 92628
Phone No.: 714-641-5100
Attention: William S. Ihrke, Esq.

To Developer: SilverRock Development Company, LLC
c/o Meriwether Companies
11999 San Vicente Boulevard, Suite 220
Los Angeles, California 90049
Phone: 424-272-0470
Attention: Graham Culp

With a copy to: The Robert Green Company
3551 Fortuna Ranch Road
Encinitas, California 92024
Attention: Robert Green

Any written notice, demand or communication shall be deemed received immediately if personally delivered or delivered by delivery service, and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

8.2 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to causes beyond the control or without the fault of the Party claiming an extension of time to perform, which may include the following (each, a “**Force Majeure**”): war; insurrection; acts of terrorism; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other Party; or acts or failures to act of any public or governmental agency or entity (other than the acts or failures to act of City which shall not excuse performance by City). Notwithstanding anything to

the contrary in this Agreement, an extension of time for any such cause shall only be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer.

8.3 Binding Effect.

This Agreement, and all of the terms and conditions hereof, shall be binding upon and inure to the benefit of the Parties, any subsequent owner of all or any portion of the Project or the Site, and their respective assigns, heirs or successors in interest, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project or the Site.

8.4 Independent Entity.

The Parties acknowledge that, in entering into and performing this Agreement, each of Developer and City is acting as an independent entity and not as an agent of the other in any respect.

8.5 Agreement Not to Benefit Third Parties.

This Agreement is made for the sole benefit of the Parties, and no other person shall be deemed to have any privity of contract under this Agreement nor any right to rely on this Agreement to any extent for any purpose whatsoever, nor have any right of action of any kind on this Agreement nor be deemed to be a third party beneficiary under this Agreement.

8.6 Covenants.

The provisions of this Agreement shall constitute mutual covenants which shall run with the land comprising the Site for the benefit thereof, and for the benefit of City's adjoining properties, and the burdens and benefits hereof shall bind and inure to the benefit of each of the Parties hereto and all successors in interest to the Parties hereto for the term of this Agreement.

8.7 Non-liability of City Officers and Employees.

No official, officer, employee, agent or representative of City, acting in his/her official capacity, shall be personally liable to Developer, or any successor or assign, for any loss, costs, damage, claim, liability, or judgment, arising out of or connection to this Agreement, or for any act or omission on the part of City.

8.8 Covenant Against Discrimination.

Developer and City covenant and agree, for themselves and their respective successors and assigns, that there shall be no discrimination against, or segregation of, any person or group or persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, or any other impermissible classification, in the performance of this Agreement.

Developer shall comply with the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101, et seq.).

8.9 Amendment of Agreement.

This Agreement may be amended from time to time by mutual consent of the original Parties or such party to which Developer assigns all or any portion of its interest in this Agreement, in accordance with the provisions of the City's Development Agreement Ordinance and Government Code Sections 65867 and 65868. Developer shall be required to reimburse City for all costs City incurs in negotiating, preparing, and processing any such alterations, changes, or modifications requested by Developer or any lender or investor. In connection with any request for an alteration, change or modification, Developer shall deposit with City the sum of Ten Thousand Dollars (\$10,000). Notwithstanding the foregoing, the City Manager shall have the discretion to authorize a lesser deposit, in the event he or she determines the proposed alteration, change or modification is minor. In the event the funds on deposit are depleted, City shall notify Developer of the same, and Developer shall deposit with City an additional Five Thousand Dollars (\$5,000) to complete processing of the requested alteration, change or modification. Developer shall make additional deposits to City, as needed, pursuant to the foregoing process, until the requested alteration, change, or modification is finalized. Within sixty (60) days after such alteration, change or modification is finalized, City shall reimburse the Developer any unused sums

8.10 No Waiver.

No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought and referring expressly to this Section. No delay or omission by either Party in exercising any right or power accruing upon non-compliance or failure to perform by the other Party under any of the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof, except as expressly provided herein. No waiver by either Party of any of the covenants or conditions to be performed by the other Party shall be construed or deemed a waiver of any succeeding breach or nonperformance of the same or other covenants and conditions hereof.

8.11 Severability.

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect, to the extent that the invalidity or unenforceability does not impair the application of this Agreement as intended by the Parties.

8.12 Cooperation in Carrying Out Agreement.

Each Party shall take such actions and execute and deliver to the other all such further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other Party the full and complete enjoyment of its rights and privileges hereunder.

8.13 Estoppel Certificate.

Either Party may, at any time, deliver written notice to any other Party requesting such Party to certify in writing that, to the best knowledge of the certifying Party, (i) this Agreement is in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature and amount of any such defaults, and (iv) any other reasonable information requested. A Party receiving a request hereunder shall execute and return such certificate within ten (10) days following approval of the proposed estoppel certificate by the City Attorney, which approval shall not be unreasonably withheld or delayed. The City Manager, Assistant City Manager, and Community Development Director are each authorized to sign and deliver an estoppel certificate on behalf of City. City acknowledges that a certificate hereunder may be relied upon by transferees and Mortgagees.

8.14 Construction.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

8.15 Recordation.

This Agreement shall be recorded with the County Recorder of Riverside County at Developer's cost, if any, within the period required by Government Code Section 65868.5. Amendments approved by the Parties, and any cancellation or termination of this Agreement, shall be similarly recorded.

8.16 Captions and References.

The captions of the paragraphs and subparagraphs of this Agreement are solely for convenience of reference, and shall be disregarded in the construction and interpretation of this Agreement. Reference herein to a paragraph or exhibit are the paragraphs, subparagraphs and exhibits of this Agreement.

8.17 Time.

Time is of the essence in the performance of this Agreement and of each and every term and condition hereof as to which time is an element.

8.18 Recitals & Exhibits Incorporated; Entire Agreement.

The Recitals to this Agreement and all of the exhibits and attachments to this Agreement are, by this reference, incorporated into this Agreement and made a part hereof. This Agreement, including all Exhibits attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement, and this Agreement supersedes all

previous negotiations, discussions and agreements between the Parties, and no parole evidence of any prior or other agreement shall be permitted to contradict or vary the terms hereof.

8.19 Exhibits.

Exhibits “A” -”D” to which reference is made in this Agreement are deemed appropriated herein in their entirety. Said exhibits are identified as follows:

- A Property Legal Description
- B Site Map
- C Mitigation Monitoring Program
- D. Form of Assignment and Assumption Agreement

8.20 Counterpart Signature Pages.

For convenience the Parties may execute and acknowledge this agreement in counterparts and when the separate signature pages are attached hereto, shall constitute one and the same complete Agreement.

8.21 Authority to Execute; Representations and Warranties.

Developer warrants and represents that (i) it is duly organized and existing, (ii) it is duly authorized to execute and deliver this Agreement, (iii) by so executing this Agreement, Developer is formally bound to the provisions of this Agreement, (iv) Developer’s entering into and performance of its obligations set forth in this Agreement do not violate any provision of any other agreement to which Developer is bound, and (v) there is no existing or threatened litigation or legal proceeding of which Developer is aware which could prevent Developer from entering into or performing its obligations set forth in this Agreement.

8.22 City Approvals and Actions.

Whenever a reference is made in this Agreement to an action or approval to be undertaken by the City Manager, his or her authorized designee is authorized to act on behalf of the City unless specifically provided otherwise or the law otherwise requires.

8.23 Governing Law; Litigation Matters.

The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement without regard to conflicts of law principles. Any action at law or in equity brought by either Party hereto for the purpose of enforcing, construing, or interpreting the validity of this Agreement or any provision hereof shall be brought in the Superior Court of the State of California in and for the County of Riverside, or such other appropriate court in said county, and the Parties hereto waive all provisions of law providing for the filing, removal, or change of venue to any other court. Service of process on City shall be made in accordance with California law. Service of process on Developer shall be made in any

manner permitted by California law and shall be effective whether served inside or outside of California. In the event of any action between the Parties hereto seeking enforcement of any of the terms of this Agreement or otherwise arising out of this Agreement, the prevailing Party in such litigation shall be awarded, in addition to such relief to which such Party is entitled, its reasonable attorney's fees, expert witness fees, and litigation costs and expenses.

[end – signature page follows]

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

“DEVELOPER”

SILVERROCK DEVELOPMENT COMPANY, LLC,
a Delaware limited liability company

By: _____

Its: _____

“CITY”

CITY OF LA QUINTA, a California municipal
corporation

By: _____

Name: Frank J. Spevacek

Title: City Manager

ATTEST:

Susan Maysels
City Clerk

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

William H. Ihrke
City Attorney

State of California)
County of Riverside)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

State of California)
County of Riverside)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A"

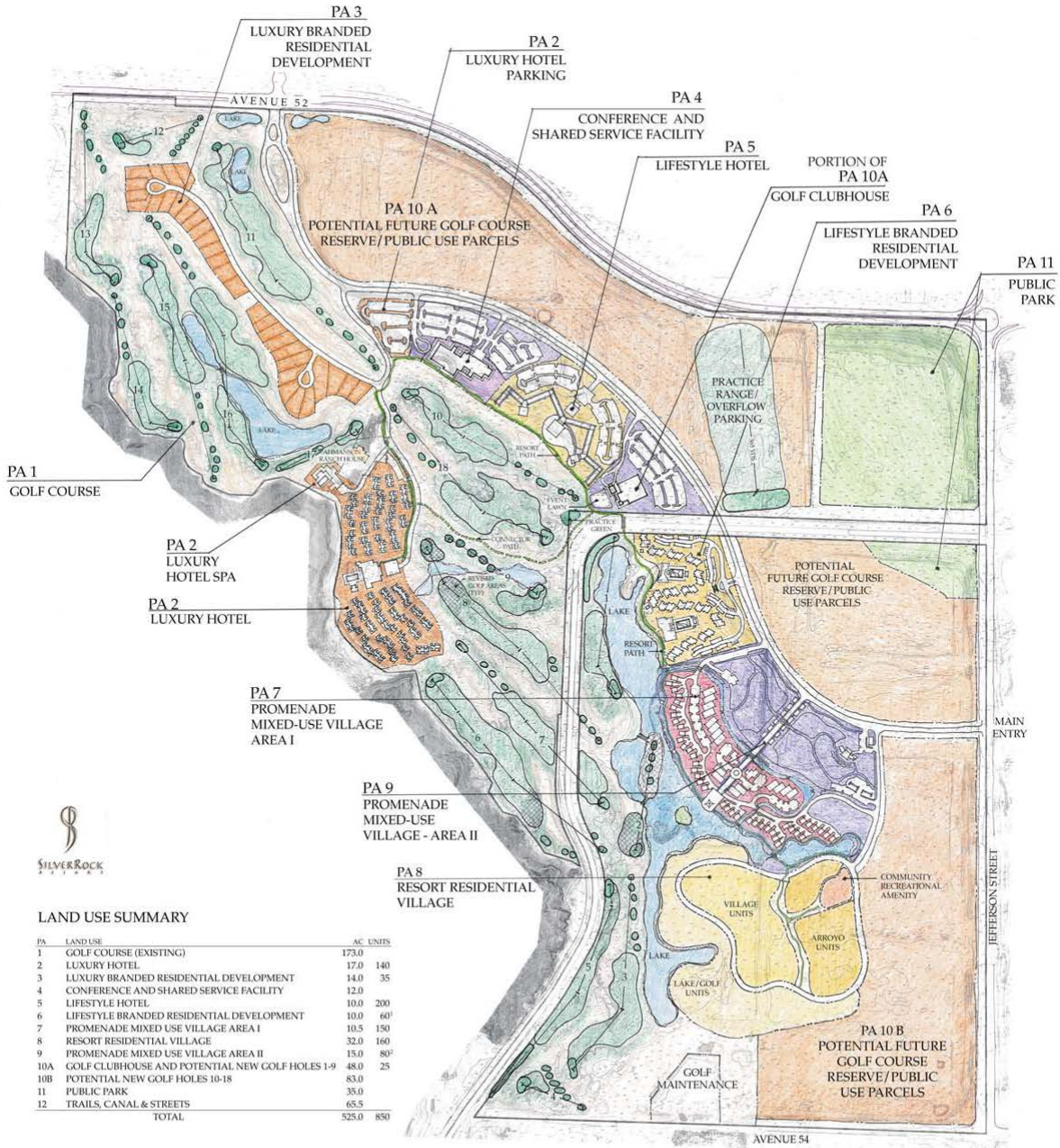
PROPERTY LEGAL DESCRIPTION

[The Property Legal Description will be inserted by the Parties upon the recordation of the Parcel Map]

EXHIBIT "A"

EXHIBIT "B"

SITE MAP



LAND USE SUMMARY

PA	LAND USE	AC	UNITS
1	GOLF COURSE (EXISTING)	173.0	
2	LUXURY HOTEL	17.0	140
3	LUXURY BRANDED RESIDENTIAL DEVELOPMENT	14.0	35
4	CONFERENCE AND SHARED SERVICE FACILITY	12.0	
5	LIFESTYLE HOTEL	10.0	200
6	LIFESTYLE BRANDED RESIDENTIAL DEVELOPMENT	10.0	60 ¹
7	PROMENADE MIXED USE VILLAGE AREA I	10.5	150
8	RESORT RESIDENTIAL VILLAGE	32.0	160
9	PROMENADE MIXED USE VILLAGE AREA II	15.0	80 ²
10A	GOLF CLUBHOUSE AND POTENTIAL NEW GOLF HOLES 1-9	48.0	25
10B	POTENTIAL NEW GOLF HOLES 10-18	83.0	
11	PUBLIC PARK	35.0	
12	TRAILS, CANAL & STREETS	65.5	
TOTAL		525.0	850

MASTER PLAN SILVERROCK RESORT LA QUINTA, CALIFORNIA



¹ Each unit will feature a lock-off unit, resulting in an effective total unit equivalent of 120 units.

² The park site layout and user depicted in Planning Area 9 are conceptual and for illustrative purposes only and subject to change. Ultimate land uses may include a combination of public and private recreational amenities, approximately 80 units of hospitality and residential, and commercial retail space, consistent with the city-approved Specific Plan.



EXHIBIT "C"

CITY OF LA QUINTA MITIGATION MONITORING PROGRAM

PROJECT NAME: The Ranch/SilverRock Resort

SCH No.: 1999081020

APPROVAL DATE: May 15th, 2002/July 18th, 2006

The Mitigation Monitoring Program (MMP) has been prepared in conformance with Section 21081.6 of the California Environmental Quality Act. It is the intent of this program to (1) verify satisfaction of the required mitigation measures; (2) provide a methodology to document implementation of the required mitigation; (3) provide a record of the Monitoring Program; (4) identify monitoring responsibility; (5) establish administrative procedures for the clearance of mitigation measures; (6) establish the frequency and duration of monitoring; and (7) utilize existing review processes wherever feasible.

The following environmental mitigation measures were incorporated in to the approval for this project in order to mitigate potentially significant environmental impacts to a level of insignificance. A completed and signed checklist for each mitigation measure indicates that this mitigation measure has been complied with and implemented, and fulfills the City of La Quinta's monitoring requirements with respect to Assembly Bill 3180 (Public Resources Code Section 21081.6).

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
Geology	The soils at the site have the potential for hydroconsolidation with the addition of water	Prior to the design and construction of any structural improvements, a comprehensive design level geotechnical evaluations shall be prepared that includes subsurface exploration and laboratory testing. Recommendations for grading/earthwork, surface and subsurface drainage, foundations, pavement structural sections, and other pertinent geotechnical design considerations shall be formulated and implemented based on the findings of this evaluation.	Receipt of site specific geotechnical/ engineering plans for the Project	City of La Quinta	Prior to the issuance of any grading permits			
	The Project Site would be subject to ground shaking during a seismic event.	All buildings planned as a result of the Proposed Project shall be constructed in conformance with the Uniform Building Code, as adopted by the City of La Quinta.	Review of construction plans	City of La Quinta	Prior to the issuance of any building permits			
Water	The project would use potable water for dust suppression instead of reclaimed water	During construction activities, water trucks are to acquire water from non-potable water sources, such as reclaimed water and/or canal water.	Field inspection	City of La Quinta	Ongoing during construction			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
	Cumulative use of potable water for irrigation would incrementally contribute to the demand on water supplies	At such time that non-potable water sources become available to the project site, the project shall connect to this resource and utilize the non-potable water for irrigation purposes.	Review of landscape and project plans to identify the ability to connect to non-potable water sources in the future	City of La Quinta and Coachella Valley Water District	Prior to the issuance of building permits.			
		Drought tolerant landscaping shall be utilized as a means of reducing water consumption.	Review of landscape and project plans	City of La Quinta	Prior to the issuance of building permits			
	The project will result in changes to absorption rates, drainage patterns, or the rate and amount of surface runoff	A hydrology master plan shall be prepared for the Project Specific Plan. Further, a hydrology study shall be prepared to support the hydrology master plan. This study shall demonstrate that the project would construct storm drainage and hydrologic improvements, such as on-site stormwater retention basins, that conform to the City's master hydrology and storm drain improvement program as well as implement regional and local requirements, policies and programs.	Receipt of site hydrology master plan and study for the Project	City of La Quinta	Prior to the issuance of grading permits			
		Prior to the initiation of any construction activity on the project site, a Notice of Intent (NOI), Storm Water Pollution Prevention Plan (SWPPP), and Monitoring Plan will be filed with the RWQCB under the general NPDES construction permit. The SWPPP shall include Best Management Practices (BMPs) in compliance with the NPDES program requirements.	Provide NOI and verification that it was sent to RWQCB	Regional Water Quality Control Board	Prior to the issuance of any grading permits			
		Any existing groundwater wells located on the site that are no longer in use shall be abandoned in accordance with Federal, State, and local laws and regulations prior to the issuance of building permits.	Review of construction plans	City of La Quinta	Prior to the issuance of any grading permits			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
		Design of new roads, golf courses, man-made ponds, common landscape areas, storm water basins, and other facilities shall incorporate proper engineering controls to channel storm and irrigation runoff into detention/retention facilities that are sized to accommodate design year storms and that incorporate filtration systems or other devices to reduce the potential for herbicides, pesticides, fertilizers, and other contaminants to percolate to groundwater or surface water runoff.	Review of site, storm drainage and landscape plans	City of La Quinta	Prior to the issuance of grading permits			
	Water from golf course operation would contain pollutants that impact groundwater quality	Prior to operation of the golf course, the golf course operator shall prepare a Golf Course Management Plan that includes an irrigation plan, water usage plan, and chemical management plan in order to reduce, to the extent feasible, golf course irrigation runoff and percolation into the groundwater basin.	Receipt of Golf Course Management Plan	City of La Quinta	Prior to the issuance of operation permit			
Air Quality	Construction activity generates vehicular air quality pollutants	Construction equipment shall be phased and operated in a manner to ensure the lowest construction-related pollutant emission levels practical, and shall require the use of water trucks, temporary irrigation systems and other measures which will limit fugitive dust emissions during site disturbance and construction.	Review of construction management plan	City of La Quinta	Prior to issuance of grading permit			
		The following measures shall be implemented to reduce construction related traffic congestion: <ul style="list-style-type: none"> • Configure construction parking to minimize traffic disturbance • Minimize obstruction of through-traffic lanes • Provide flag person to ensure safety at construction sites, as necessary • Schedule operations affecting roadways for off-peak traffic hours • Provide rideshare incentives to construction personnel 	Review of construction management plan	City of La Quinta	Prior to the issuance of grading permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
	Emissions of PM ₁₀ would exceed the thresholds of significance during construction	<p>A PM10 Management Plan for construction operations shall be submitted prior to the issuance of grading permits. The plan shall include dust management controls such as:</p> <ul style="list-style-type: none"> • Water site and equipment morning and evening • Spread soil binders on site, unpaved roads, and parking areas • Re-establish ground cover on construction site through seeding and watering • Pave construction roads, where appropriate • Operate street-sweepers on paved roads adjacent to site 	Review of dust control plan	City of La Quinta	Prior to issuance of grading permit			
		Air quality control measures identified in the Coachella Valley PM10 State Implementation Plan shall be implemented.	Review of dust control plan	City of La Quinta	Prior to issuance of grading permit			
		To reduce VOC emissions associated with architectural coatings, water-based or low-VOC coatings shall be used and applied with spray equipment with high transfer efficiency and/or the need for paints and solvents should be reduced by using pre-coated building materials or naturally colored building materials.	Review of construction management plan	City of La Quinta	Prior to issuance of building permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
	Operation of the proposed project would result in increased air pollutant emissions.	<p>Timeshare and golf facility construction shall utilize solar or low emission water heaters to reduce natural gas consumption and emissions.</p> <p>Timeshare and golf facility construction shall utilize built-in energy-efficient appliances to reduce energy consumption and emissions.</p> <p>Shade trees shall be provided in close proximity to Timeshare, hotel and golf facility structures to reduce building heating/cooling needs.</p> <p>Timeshare and golf facility construction shall utilize energy-efficient and automated controls for air conditioners to reduce energy consumption and emissions.</p> <p>Timeshare and golf facility construction shall be constructed using special sunlight-filtering window coatings or double-paned windows to reduce thermal gain or loss.</p> <p>Timeshare and golf facility construction shall utilize automatic lighting on/off controls and energy-efficient lighting (including parking areas) to reduce electricity consumption and associated emissions.</p> <p>Timeshare and golf facility construction shall use light-colored roofing materials in residential construction as opposed to dark roofing materials.</p>	Review of construction and site plans	City of La Quinta	Prior to issuance of occupancy permit			
		Bus stops shall be positioned at locations on and adjacent to the site to be determined in coordination with the bus transit service provider that will serve the project area. Bus stops should be generally located 1/4 mile walking distance from Timeshare units.	Review of construction and site plans	City of La Quinta	Prior to issuance of grading permit			
		The golf course shall design on-site circulation plans for clubhouse parking to reduce vehicle queuing.	Review of construction and site plans	City of La Quinta	Prior to issuance of grading permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
Transportation and Circulation	Increases in local roadway volumes would incrementally decrease intersection LOS	A traffic signal shall be installed at the Project entrance and Avenue 52, the Project entrance and Jefferson Street and at the intersection of Avenue 54 and Jefferson Street when and if they are warranted. The developer of the site shall be responsible for payment of a fair share of the cost of installing these signals.	Warrant study	City of La Quinta	Ongoing			
Biological Resources	During construction and landscaping activities, impacts to common wildlife would occur	Efforts shall be made to ensure that all pesticides, fungicides, herbicides and fertilizers used during the construction and operation of the Project Site will not be harmful to wildlife.	Review of Construction and Landscaping plan	City of La Quinta	Prior to the issuance of grading permits			
	During construction and operation, there is a potential impact to Peninsular bighorn sheep and other wildlife	A construction plan shall be prepared and demonstrate, to the extent practicable, construction activities that emit excessive noise will be avoided adjacent to the hillside. In addition, during grading and construction activities any blasting or pile-driving near the hillside will not occur during the period from Jan. 1 through June 30th.	Review of Construction plan	City of La Quinta	Prior to the issuance of grading permits			
	Potential impact to Peninsular bighorn sheep from increased human presence on Project Site	The landscape plan shall include only plants that are non-toxic to wildlife. All exotic plants such as tamarisk and fountain grass are prohibited. Existing trees may remain.	Review of project landscape plan	City of La Quinta	Prior to issuance of building permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
		A mountain toe-of-slope buffer/mitigation concept plan has been prepared to protect peninsular big horn sheep, and other wildlife, from entering the non-mountainous portion of the site proposed for development. This concept plan illustrates a continuous buffer to the toe-of-slope in areas where development could occur adjacent to the mountain edge. The concept plan delineates the location, acreage and native plant species envisioned for the mitigation area. This plan shall be incorporated into the project design and shall be subject to review by the City prior to the issuance of grading permits. A copy of this mountain toe-of-slope buffer/mitigation concept plan is available for review at the City of La Quinta Community Development Department.	Review of construction, landscape and site plan (Agency shall, to the extent practical, widen the narrowest points of the buffer areas to minimize the impacts on the hillside)	City of La Quinta	Prior to issuance of grading permit			
		If Bighorn Sheep enter onto the Project Site, an 8-foot fence (or the functional equivalent) between the development and the hillside shall be constructed. The gaps should be 11 centimeters (4.3 inches) or less. If determined necessary, the City shall construct temporary fencing while permanent fencing is constructed. The fence shall not contain gaps in which Bighorn Sheep can be entangled. If the Agency transfer or disposes of any of the property adjacent to the hillside, the Agency shall reserve an easement sufficient for the construction of fencing if needed in the future.	The Agency shall guarantee to pay the design and construction costs for the fencing, and that if the property is transferred, it shall require that the subsequent owner bond or posts sufficient security for the completion of the fence should it arise in the future.	City of La Quinta	Ongoing			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
		Dogs shall not be permitted to be loose within the project area, and shall be kept away from the hillside areas through appropriate signage and fencing, where applicable.	Review of landscape and signage plan	City of La Quinta	Ongoing			
		Access into the hillside area from the site will be discouraged through the use of signs or barricades, if necessary, unless the access is provided as part of a trail system that is approved by the USFWS and CDFG.	Review of site and signage plan	City of La Quinta, CDFG, USFWS	Prior to issuance of occupancy permit			
	There is a potential impact from nighttime light on wildlife	The final design of the project shall insure that road and driveways are designed to minimize headlight shine from vehicles onto the hillside.	Review of site and construction plan	City of La Quinta	Prior to the issuance of grading permit			
	There is a potential impact from glare and exterior lighting on wildlife	In all areas adjacent to the hillsides, non-glare glass shall be used in new construction. Exterior building lights shall not shine on the hillside. Exterior lighting shall be kept at the safest possible minimum intensity and aimed away from the hillside.	Review of site and construction plan	City of La Quinta	Prior to the issuance of building permit			
		All swimming pools located on the Project Site shall be fenced pursuant to City regulations.	Review of construction plan	City of La Quinta	Prior to the issuance of grading permit			
	Potential impact to mesquite hummock habitat	Prior to any construction or site preparation activities that would impact the 3.4 acres of mesquite hummock, the agency or project developer shall enter into a Memorandum Of Understanding (MOU) with CDFG and an appropriate non-profit organization whose purpose is to acquire and manage land for the purpose of protecting special status plants and wildlife. This MOU shall provide the organization chosen the financial resources necessary to purchase and manage 3.4 acres of mesquite hummock in the Willow Hole area or in another area where the habitat is contiguous and large preserves already protect much of this habitat type. The exact location and cost shall be determined through consultation with CDFG and the selected organization.	Verification of receipt of financial security instrument and copy of the MOU	City of La Quinta, CDFG	Prior to the issuance of grading permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
	Potential impact to areas under the jurisdiction of the ACOE and the CDFG	Prior to the commencement of on-site grading, a 404 permit shall be obtained, if legally required, for alteration of areas under the ACOE jurisdiction. In addition, if development activities are to take place within streambeds or drainages under the jurisdiction of the CDFG, a streambed alteration agreement shall first be obtained, if legally required.	Receipt of required permits	City of La Quinta, CDFG, ACOE	Prior to the issuance of grading permit			
Hazards	Exposure to asbestos is a significant impact	Prior to the demolition or renovation of the on-site single family residence, asbestos containing materials (ACM) shall be removed in accordance with current regulatory guidelines.	Proof that a qualified demolition team has been retained	City of La Quinta	Prior to the issuance of demolition permit			
Noise	Construction noise would impact local residents and sensitive receptors	Between May 1 and September 30, all construction activities on the project site shall only occur between the hours of 6:00 AM and 7:00 PM Monday through Friday, and from 8:00 AM to 5:00 PM on Saturday, and shall be prohibited on Sundays and public holidays. Between October 1 and April 30, all construction activity on the project site shall only occur between the hours of 7:00 AM and 5:30 PM Monday through Friday, and from 8:00 AM to 5:00 PM on Saturday, and shall be prohibited on Sundays and public holidays. All operational activities of the Project shall also be subject to the Noise Ordinance of the City as well.	Review of construction plans	City of La Quinta	Prior to the issuance of grading permit			
		All construction equipment operating in the planning area shall be fitted with well-maintained functional mufflers to limit noise emissions.	Review of construction plans	City of La Quinta	Prior to the issuance of grading permit, ongoing throughout construction			
		To the greatest extent feasible, earth moving and hauling routes shall be located away from existing residences.	Review of construction plans	City of La Quinta	Prior to the issuance of grading permit			
		The design, selection and placement of the mechanical equipment for various buildings shall include consideration of the potential noise impact they may have on uses within the development site.	Review of construction plans	City of La Quinta	Prior to the issuance of building permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
		Silencers and/or barriers shall be provided where necessary at outdoor equipment, such as cooling towers, air cooled condensers and refrigeration compressors/condenser units, and at the air intake and discharge openings for building ventilation systems.	Review of construction plans	City of La Quinta	Prior to the issuance of building permit			
Public Services	The proposed project would incrementally increase demand for service on the Riverside County Fire Department	The Riverside County Fire Department, in its review of new development proposals, shall evaluate project plans and the Department's ability to provide proper fire protection. This review shall include, but shall not be limited to, internal circulation, project directories, street names, and numbering systems. New developments shall comply with all City and Fire Department standards.	Review of site and landscape plan	Riverside County Fire Department and City of La Quinta	Prior to the issuance of grading permit			
	The proposed project would incrementally increase demand for service on the Riverside County Sheriff Department	The Riverside County Sheriff's Department shall review new development proposals in order to evaluate project plans and the Department's ability to provide adequate police protection. This review should include, but not be limited to internal circulation, project directories, street names, and numbering systems. New developments shall comply with all established City and Sheriff standards.	Review of site and landscape plan	Riverside County Sheriff Department and City of La Quinta	Prior to the issuance of grading permit			
Utilities and Service Systems	The project would result in an incremental increase in electrical demand	The most efficient furnaces, water heaters, pool heaters and other equipment that use natural gas shall be used in project construction. The use of kitchen appliances that use natural gas and alternative, renewable energy sources, including solar and wind turbine technologies shall also be used to the greatest extent feasible.	Review of construction plan	City of La Quinta	Prior to the issuance of building permits			
		Title 24 of the California Administrative Code, which addresses energy conservation in all proposed uses shall be strictly enforced in project design and construction.	Review of construction plan	City of La Quinta	Prior to the issuance of building permits			
	The use of septic systems in the City could result in potential impacts	All planned uses shall be connected to the city-wide sewer system.	Review of construction plan	Coachella Valley Water District	Prior to issuance of grading permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
		Any existing or historic septic systems located on the site shall be abandoned in accordance with Federal, State, and local laws and regulations prior to the issuance of building permits.	Review of construction plan	Coachella Valley Water District and City of La Quinta	Prior to issuance of grading permit			
	The incremental increase in solid waste generation could result in potential impacts	A recycling program shall be developed for all proposed uses. Recycling provisions for commercial and business establishments should include separate recycling bins. Items to be recycled at commercial establishments may include white paper, computer legal paper, cardboard, glass and aluminum cans.	Receipt of recycling program	City of La Quinta	Prior to the issuance of occupancy permit			
		Professional landscaping services from companies which compost green waste shall be utilized.	Verification that a qualified landscaping service has been retained	City of La Quinta	Prior to the issuance of occupancy permit			
	The incremental demand from the project on utility systems could result in potential impacts	The Projects fair share of public utilities, infrastructure and improvements required to properly service the proposed uses shall be determined through consultation with the City Department of Public Works and paid prior to the issuance of grading permits.	Verification of receipt of financial security instrument.	City of La Quinta	Prior to the issuance of grading permit			
Aesthetics	The project area is adjacent to a scenic area. Development would alter the aesthetic nature of the area	Landscape designs and materials that complement the native desert environment shall be utilized in project design and construction.	Review of landscape and design plans	City of La Quinta	Prior to the issuance of grading permit			
		Overhead utility lines shall be undergrounded to the greatest extent possible through the establishment of an undergrounding program and guidelines subject to the review of the City Engineer and Public Works Department.	Review of design and site plans	City of La Quinta Public Works and City Engineer	Prior to the issuance of grading permit			
		Signage shall be limited to the locations, sizes, and maintenance requirements necessary to provide functional identification.	Review of design plan	City of La Quinta	Prior to the issuance of grading permit			

Env. Issue Area	Potential Env. Impact	Mitigation Measure	Method of Review Verification	Responsible Agency	Monitoring Milestone	Verification of Compliance		
						Initial	Date	Remarks
		Safe, convenient vehicular and pedestrian circulation, screened outdoor storage/loading and other unsightly areas, protected and enhanced outdoor seating areas, appropriate lighting levels, limited signage, and landscaping designs that preserve and enhance visual resources shall be included in the design of any commercial area on the Project Site.	Review of landscape and design plans	City of La Quinta	Prior to the issuance of building permit			
		Development proposed along designated scenic highways, roadways and corridors shall be reviewed for compatibility with the natural and built environments to assure maximum viewshed protection and pedestrian and vehicular activity.	Review of landscape and design plans	City of La Quinta	Prior to the issuance of grading permit			
		All grading and development proposed within scenic viewsheds, shall be regulated to minimize adverse impacts to these viewsheds. All grading, development and landscaping plans shall be submitted to the City for review and approval prior to the issuance of grading permits.	Review of landscape and design plans	City of La Quinta	Prior to the issuance of grading permit			
	The project would introduce new sources of light and glare that would alter the existing nighttime environment	Outdoor lighting shall be limited to the minimum height, number of fixtures, and intensity needed to provide sufficient security and identification in each development, making every reasonable effort to protect the community's night skies.	Review of design and site plans	City of La Quinta, Riverside County Sheriff Department	Prior to the issuance of building permit			
Cultural Resources	There is potential for discovery of unidentified subsurface cultural resources during future ground altering activities	During any ground altering activities associated with project grading or construction, including demolition of existing modern structures and facilities, the project area shall be monitored by a qualified archaeological monitor. The monitor shall have the authority to halt any activities impacting potentially significant cultural resources until the resources can be evaluated for significance and cleared or mitigated. The monitoring program shall also include consultation with the local Native American representatives (e.g., Torres-Martinez and/or Morongo Reservations).	Verification that a qualified historical consultant has been retained	City of La Quinta	Prior to issuance of grading permit			

REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of La Quinta
78-495 Calle Tampico
La Quinta, CA 92253
Attn: City Manager

Exempt From Recording Fee Pursuant to Government Code § 27383

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("Assignment") is entered into this ____ day of ____ by and between SILVERROCK DEVELOPMENT COMPANY, LLC, a Delaware limited liability company ("Assignor") and _____, a _____ ("Assignee") with reference to the following:

RECITALS

A. Assignor is the owner in fee simple of certain real property located at the southwest intersection of Jefferson Street and Avenue 52 in the City of La Quinta, California (the "Site"). The Site is more particularly described on Exhibit "A", which is attached hereto and incorporated herein by this reference.

B. Assignor acquired the Site and certain other adjacent real property (collectively with the Site, the "Development Property") from the City of La Quinta, a California municipal corporation and charter city ("City") pursuant to the terms of that certain Purchase, Sale, and Development Agreement dated on or about _____, 2014 (the "PSDA"). A Memorandum of Purchase, Sale, and Development Agreement was recorded in the Official Records of the County of Riverside on _____, as Instrument No. _____, to provide notice of the PSDA.

C. On or about the same date as the City and Assignor executed the PSDA, the City and Assignor entered into that certain Development Agreement, which was recorded against the Development Property in the Official Records of the County of Riverside on _____ 2014, as Instrument No. _____ (the "Development Agreement").

D. Pursuant to the terms of the PSDA and the Development Agreement, the Property was to be used for a _____ (the ["Project" or "Project Component"]).

E. Pursuant to the terms of the PSDA and the Development Agreement, the City and Assignor entered into that certain [insert other applicable documents encumbering the Property, such as Option Agreement, Agreement to Share Transient

Occupancy Tax Revenue, and/or Agreement Containing Covenants, Conditions, and Restrictions Affecting Real Property].

F. The PSDA, Development Agreement, _____, and _____ are collectively referred to hereinafter as the (“Project Agreements”).

G. Assignor now desires to transfer the Site to Assignee, and concurrently therewith, to transfer to Assignee all of Assignor’s rights and responsibilities under the Project Agreements to the extent that such rights and responsibilities relate to the Site.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor’s rights and responsibilities under the terms of the Project Agreements, [but only to the extent that such rights and responsibilities arise from the ownership of the Project Component and/or Site] from and after the “Effective Date” (as that term is defined in Section 4 below) of this Assignment (collectively, the “Assigned Rights and Obligations”).
2. Assignee hereby accepts the foregoing assignment of the Assigned Rights and Obligations, and agrees to be bound by the terms of the Project Agreements [to the extent that such terms affect or are affected by ownership of the Site].
3. The parties hereto acknowledge and agree that Assignee shall not be responsible for any of the obligations of the Project Agreements which arise from ownership of any portion of the Site and which arise prior to the Effective Date hereof, [or which arise from any portion of the Development Property other than the Site after the Effective Date hereof]. As such, a default by Assignor under any of the Project Agreements prior to the Effective Date hereof, [or with respect to any portion of the Development Property other than the Site] after the Effective Date hereof (“Assignor’s Default”) shall not be deemed a default by Assignee, and Assignor shall indemnify, defend and hold harmless Assignee from any and all losses, claims or liability, including without limitation reasonable attorneys’ fees and costs, arising from an Assignor’s Default. A default by Assignee under any of the Project Agreements with respect to the Site after the Effective Date hereof (“Assignee’s Default”) shall not be deemed a default by Assignor, and Assignee shall indemnify, defend and hold harmless Assignor from any and all losses, claims or liability, including without limitation reasonable attorneys’ fees and costs, arising from an Assignee’s Default.
4. This Assignment shall be deemed effective upon the last of the following events to occur: (a) conveyance of the Site to Assignee as evidenced by the recording of the grant deed therefor in the Official Records of the County of Riverside, California, and (b) the written consent to this Assignment by the City with respect

to the Assigned Obligations arising under the Project Agreement (herein referred to as the “Effective Date”).

5. Except as otherwise described in paragraph 4 above, the parties hereto each warrant and represent that they have taken all necessary corporate action to authorize the execution and performance of this Assignment and that the individuals executing this document on behalf of the parties are authorized to do so, and by doing so, create binding obligations as described herein of the party represented.
6. This Assignment shall be governed by the internal laws of the State of California, without regard to conflict of law principles.

[End – Signature page follows]

WHEREFOR, the parties hereto have executed this Assignment on the date first written above.

“Assignor”
SILVERROCK DEVELOPMENT COMPANY,
LLC, a Delaware limited liability company

By: _____
It: _____

“Assignee”

By: _____
Its: _____

CONSENT

By execution below, the City hereby consent to the foregoing assignment.

CITY OF LA QUINTA, a California
municipal corporation and charter city

By: _____
Its: City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF THE SITE

[To be inserted when map has been recorded identifying Site]

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF LA QUINTA)

I, SUSAN MAYSELS, City Clerk of the City of La Quinta, California, do hereby certify the foregoing to be a full, true, and correct copy of Ordinance No. 520 which was introduced at a regular meeting on the 4th day of November, 2014 and was adopted at a regular meeting held on the 18th day of November, 2014, not being less than 5 days after the date of introduction thereof.

I further certify that the foregoing Ordinance was posted in three places within the City of La Quinta as specified in the Rules of Procedure adopted by City Council Resolution No. 2014-013.

SUSAN MAYSELS, City Clerk
City of La Quinta, California

DECLARATION OF POSTING

I, SUSAN MAYSELS, City Clerk of the City of La Quinta, California, do hereby certify that the foregoing ordinance was posted on November 19, 2014, pursuant to Council Resolution.

SUSAN MAYSELS, City Clerk
City of La Quinta, California

