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**PATRICK O'CONNELL
COUNTY RECORDER**

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D.H.

DEVELOPMENT AGREEMENT

CITY: City of Pleasanton

DEVELOPER: Security Trust Company, as Trustee
under Trust No. 1860-0

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EXHIBITS

- A - Map of Property
- B - Description of Property
- C - Description of Project
- D - Traffic Mitigation Improvements

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into as of November 5, 1992, by and between the CITY OF PLEASANTON, a municipal corporation of the State of California ("City"), and SECURITY TRUST COMPANY, as TRUSTEE under TRUST NO. 1860-0 ("Developer"), pursuant to the authority of California Government Code Sections 65864-65869.5.

RECITALS:

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties:

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864-65869.5 authorizing the City to enter into development agreements in connection with the development of real property within its jurisdiction by qualified applicants with a requisite legal or equitable interest in the real property which is the subject of such development agreements.

B. Developer is the fee owner of that certain parcel of land (the "Property") outlined in Exhibit A and being more particularly described in Exhibit B attached hereto. The Property constitutes approximately 35.19 acres and is that portion of the Shopping Center currently owned by Developer. The Property is presently improved with a two-level enclosed mall, mall stores fronting thereon, exterior parking and other common area facilities, and related improvements. The Property constitutes an integral part of Stoneridge Regional Shopping Center (the "Shopping Center"), which has been constructed in phases by Developer, commencing in 1978, and which now includes major department stores owned and operated by Macy, Penney, Capwell and Nordstrom.

C. Developer intends to add further retail and related common area improvements to the Shopping Center as more particularly described in Exhibit C hereto (said improvements herein collectively referred to as the "Project"). Although the Project as described in Exhibit C refers to additional future Floor Area of up to 356,000 square feet, the Project represents an incremental addition of only 180,000 square feet of Floor Area to the already anticipated and approved build-out of the Shopping Center currently incorporated in the City's traffic models and in other land use approvals in North Pleasanton previously considered by the City.

D. The City has examined the environmental effects of the Project and, based on the Initial Environmental Study and the Traffic Mitigation Improvements hereinbelow referred to, has

determined that the Project will have no significant adverse effect on the environment, on the basis of which a negative declaration was adopted by the City Council.

E. City has determined that the Project is a development for which a development agreement is appropriate. A development agreement will eliminate uncertainty in the City's land use planning for and secure orderly development of the Project. A development agreement shall facilitate the orderly expansion of the Shopping Center through completion of the Project, which shall provide greater opportunities for traffic management and cohesive, attractive site design and improvements and result in important economic benefits, both direct and indirect, to the City. Developer will incur substantial contractual obligations and related costs in the development of the Project, which will require extended negotiations with and long lead-time commitments from additional major department and specialty store participants in the Shopping Center. In exchange for the benefits to the City and the general public of the expanded Shopping Center, Developer desires to receive assurance that City shall grant permits and approvals required for the development of the Project in accordance with the Existing City Laws, subject to the terms and conditions contained in this Agreement. In order to effectuate these purposes, the parties desire to enter into this Agreement.

F. On August 20, 1992, after conducting a duly noticed public hearing, the City Planning Commission recommended that the City Council approve this Agreement, based on the following findings and determinations: that this Agreement is consistent with the objectives, policies, general land uses and programs specified in the City's General Plan; is compatible with the uses authorized in and the regulations prescribed for the land use district (C-R (Regional Commercial)) in which the Property is located; is in conformity with public convenience, general welfare and good land use practices; will not be detrimental to the health, safety and general welfare of the City or the region surrounding the City; will not adversely affect the orderly development of property or the preservation of property values within the City; and will promote and encourage the development of the Project by providing a greater degree of certainty with respect thereto.

G. Thereafter, on September 15, 1992, the City Council held a duly noticed public hearing on this Agreement and made the same findings and determinations as the Planning Commission. On that same date, the City Council made a decision to approve this Agreement by introducing Ordinance No. 1578 (the "Enacting Ordinance"). On October 6, 1992, the City Council adopted the Enacting Ordinance. The Enacting Ordinance became effective on November 5, 1992.

NOW, THEREFORE, pursuant to the authority contained in Government Code Sections 65864-65869.5, and in consideration of the mutual covenants and promises of the parties herein

contained, the parties agree as follows:

1. Definitions. Each reference in this Agreement to any of the following terms shall have the meaning set forth below for each such term. Certain other terms shall have the meanings set forth for such terms elsewhere in this Agreement.

1.1 Approvals: Any and all approvals or permits of any kind or character required under the City Laws in order to develop the Project, including, but not limited to, use permits, site clearance, grading plans and permits, and certificates of occupancy.

1.2 City Laws: The ordinances, resolutions, codes, rules, regulations and official policies of City, governing the permitted uses of land, density, design, improvements and the construction standards and specifications applicable to the development of the Property. Specifically, but without limiting the generality of the foregoing, City Laws shall include the City's General Plan, the City's Zoning Ordinance and the City's Subdivision Ordinance.

1.3 Conditions: All conditions, exactions, fees or payments, dedication or reservation requirements, obligations for on- or off-site improvements, services or other conditions of approval called for in connection with the development of or construction on property under the Existing City Laws, whether such conditions constitute public improvements, mitigation measures in connection with environmental review, or any other impositions.

1.4 Director: The Director shall mean the Director of Planning & Community Development for the City of Pleasanton.

1.5 Enacting Ordinance: As defined in Recital G.

1.6 Existing City Laws: The City Laws in effect as of the Effective Date (as defined in Section 2.1 below).

1.7 Floor Area: The actual number of square feet of floor space of all floors in any future new building improvements located on the Property (excluding basement space, subterranean areas, and balcony and mezzanine space) within the interior face line of the exterior walls; provided, however, that "Floor Area" shall not include any of the following:

(i) Areas which are used exclusively to house mechanical, electrical, telephone, HVAC and other such building operating equipment, whether or not physically separated or otherwise required by building codes;

(ii) any area designated for the parking of motor vehicles, whether contained in enclosed or

partially enclosed structures or on roofs, whether above, below or at grade, and whether contained in single or multi-level structures;

(iii) any outside areas (including those covered by canopy, awning or other protective cover and which sides are generally unwallled) which is permitted to be and is used for the storage and/or display of merchandise to be sold at retail or exterior restaurant seating or similar purposes; and

(iv) emergency fire and service corridors and all common areas located within building improvements, including, without limitation, all malls, restrooms, pedestrian walkways, stairways, escalators and elevators, and all other similar areas not located within any store.

1.8 Laws: The laws and Constitution of the State of California, the laws and Constitution of the United States and any codes, statutes or executive mandates in any court decision, state or federal, thereunder.

1.9 Mortgage: A mortgage, deed of trust, sale and leaseback arrangement in which the Property or a portion thereof or an interest therein is sold by Developer and leased back concurrently therewith (which arrangement is subject to no prior contractual encumbrances securing payment of money), or other transaction in which the Property, or a portion thereof or an interest therein, is pledged as security, contracted in good faith and for fair value.

1.10 Mortgagee: The holder of the beneficial interest under a Mortgage.

1.11 Party: A signatory to this Agreement, or a successor or assign of a signatory to this Agreement.

1.12 Project: As defined in Recital C.

1.13 Property: The real property outlined in Exhibit A and described in Exhibit B hereto on which Developer intends to develop the Project.

1.14 Shopping Center: As defined in Recital B.

1.15 Traffic Mitigation Improvements: As defined in Section 3.2.

2. Effective Date; Term.

2.1 Effective Date. This Agreement shall be dated and the obligations of the parties hereunder shall be effective as of

the effective date of the Enacting Ordinance, pursuant to Government Code Section 36937, as specified in Recital G above (the "Effective Date"). The City shall cause this Agreement to be recorded in the Official Records of the County of Alameda, State of California, as provided for in Government Code Section 65868.5. However, failure to execute or record this Agreement within the time period provided for in Section 65868.5 shall not affect its validity or enforceability among the Parties.

2.2 Term. The term of this Agreement and Developer's rights and obligations hereunder shall commence on the Effective Date and shall terminate on the fifteenth (15th) anniversary of the Effective Date.

3. General Development of the Project.

3.1 Project Vested. Developer shall have the vested right to develop the Project on the Property in accordance with the terms and conditions of this Agreement and such amendments thereto as shall from time to time be approved, pursuant to this Agreement. Except as otherwise specified herein, this Agreement and the Existing City Laws shall control the overall design, development and construction of the Project, and all improvements and appurtenances in connection therewith, including, without limitation, the permitted uses on the Property, the density and intensity of uses, the maximum height and the number of required parking spaces, all of which shall constitute vested elements of the Project.

3.2 Conditions.

(a) Traffic Mitigation Improvements. In consideration of City's entering into this Agreement, Developer shall contribute to the costs of those public improvements (the "Traffic Mitigation Improvements") set out in Exhibit D attached hereto. City has identified ten development projects (collectively, the "Contributing Projects") in the Stoneridge Shopping Center area which will benefit from completion of the Traffic Mitigation Improvements. City has assigned each Contributing Project a percentage share of the responsibility for participating in the costs to complete the Traffic Mitigation Improvements. As of the date of this Agreement, Developer's contribution percentage is 37.6%. As of August 20, 1991, the net estimated costs to complete the Traffic Mitigation Improvements was \$752,820. Based thereon, Developer or its successors shall contribute, to the cost of completing the Traffic Mitigation Improvements, up to the following amount (such maximum amount herein referred to as the "Developer Contribution"): (i) \$283,060 plus an accrual factor thereon at the Wells Fargo Bank Prime Rate from time to time in effect, commencing August 20, 1991, to the date of payment, plus (ii) an additional \$28,306, which sum represents 10% of the aforementioned Developer obligation to take

into account possible inaccuracies in the original cost estimates to complete the Traffic Mitigation Improvements. City shall complete the Traffic Mitigation Improvements from time to time as and when the same shall be required, as a consequence of additional development in the Stoneridge Shopping Center area, in order to avoid a deterioration of the level of traffic service (LOS) at any intersection identified on Exhibit D below LOS "D". Developer or its successors shall pay to City, in installments, Developer's share of the costs of the Traffic Mitigation Improvements; each such installment shall be calculated by multiplying the Developer Contribution by a fraction, the numerator of which is the Floor Area the subject of the relevant building permit and the denominator of which is 356,000. Each such installment payment shall be made at the later of (i) issuance of the subject building permit or (ii) incurrence by City of the costs to complete the relevant Traffic Mitigation Improvements. The maximum Developer Contribution shall not exceed the lesser of the aforementioned maximum amount or Developer's share of City's actual cost to complete the Traffic Mitigation Improvements. Notwithstanding the foregoing, Developer's contribution percentage, and the maximum Developer Contribution obligation referred to above, shall be reduced in proportion to the burden assumed by any additional development project(s) which the City in good faith determines should be a Contributing Project within the Stoneridge Shopping Center area in respect of a fair allocation of the costs of completing the Traffic Mitigation Improvements. Under no circumstances shall Developer be responsible for paying or advancing any portion of the costs of the Traffic Mitigation Improvements beyond the Developer Contribution, except as provided in Section 3.2(b).

(b) Reference is made to that certain public document dated August 20, 1990 entitled "Reimbursement Agreement for Stoneridge Corporate Plaza II" by and between the City and Crocker Properties Inc. ("Crocker Agreement") whereby Crocker Properties Inc. ("Crocker") agrees to advance, subject to partial reimbursement and certain maximum limitations, the total costs of completing the Traffic Mitigation Improvements. If, despite City's best efforts, Crocker fails to advance the funds for Traffic Mitigation Improvements when, as a result of the Project, LOS at any intersection identified on Exhibit D which will fall below LOS "D" (such advance by Crocker to be in the amount of such costs in excess of Developer's share thereof and other funds, if any, received by the City from Contributing Projects), then Developer will advance the funds necessary to mitigate such intersections, subject to the following conditions:

(i) Developer shall be reimbursed, from payments to be required by the City from Contributing Projects, on the same terms and conditions afforded to Crocker under the Crocker Agreement, including Paragraphs 7 and 8 thereof; and (ii) in no event shall Developer's aggregate obligation so to advance funds exceed a total amount (including Developer's Contribution) equal to the sum of (A) \$752,820 plus an accrual factor thereon at the Wells Fargo Bank Prime Rate from time to time in effect, commencing

August 20, 1991, to the date of such advance, plus (B) \$28,306. The Crocker Agreement has not been and will not, without the prior written consent of Developer, be amended, modified, canceled, or revoked if the effect thereof would be to alter, condition or impair any such reimbursement rights in favor of the Developer. If (x) Crocker has advanced to City costs (in excess of Crocker's pro rata share thereof) to complete Traffic Mitigation Improvements, and (y) Developer has paid to City a portion of the Developer Contribution as provided in subparagraph (a) above, and City has paid or tendered such payment to Crocker as the "Reimbursement Fee" then payable to Crocker under Section 7(b) of the Crocker Agreement, and (z) Crocker has asserted that the amount thereof is less than the amount then due it under such provision of the Crocker Agreement in respect of the Project, and it is ultimately determined (by judgment or settlement reasonably approved by Developer) that City is obligated, at that time and in respect of the Project, to pay a Reimbursement Fee to Crocker in excess of the Developer Contribution theretofore paid under this Agreement, then Developer shall make a supplemental payment to City, by way of a further Developer Contribution equal to the additional amount determined to be owing by City to Crocker. Nothing in the preceding sentence shall increase the maximum Developer Contribution as hereinabove provided, and any additional such payment by Developer shall be credited against future payments of the Developer Contribution payable to City under this Agreement. Developer shall not be obligated to make any additional payments in respect of City's obligations to Crocker under the Crocker Agreement, including costs or attorneys' fees.

(c) Additional Traffic Improvements. City shall have the discretion to determine in good faith that the effects of cumulative development of properties within the North Pleasanton area (which shall be the area generally encompassed within the boundaries of the North Pleasanton Improvement District) require additional traffic improvements ("Additional Traffic Improvements") beyond those required by Section 3.2(a), and to spread, to the extent reasonable and practical, the cost of financing these Additional Traffic Improvements through formation of a special assessment district or districts encompassing those properties benefitting therefrom. Subject to the terms of this Agreement, Developer agrees not to protest the establishment of assessment districts to fund the Additional Traffic Improvements. Developer retains the right to protest and litigate all matters other than the validity of the formation of any such district, including but not limited to the scope of improvements, the costs thereof and the allocation of such costs among various properties. In the event Developer initiates or participates in litigation concerning allocation of the cost of such improvements, Developer shall allow formation of the district and placement of liens on the Property so long as City provides security which, in Developer's reasonable estimation, will allow City to pay off the amount of indebtedness that is in dispute in the event Developer prevails in the litigation. A good faith

protest pursuant to this Section 3.2(b) shall not be construed as an action of noncompliance under the terms of this Agreement.

(d) Specific Project-Generated Traffic Improvements.

Stoneridge Mall Road is designed to function as a traffic distributor and best fulfills its function without traffic signals. The parties agree, however, that if a multi-level parking structure is constructed and, in the determination of traffic engineers for the City (following review by and consultation with the Developer's traffic engineers), traffic control measures are necessary on Stoneridge Mall Road, Developer shall pay for the installation of a traffic signal or other similar mitigation measure. Such mitigation measure shall become a condition imposed during the design review process, but such condition will allow actual field studies for specified period of time prior to the actual installation of such traffic mitigation measure.

(e) Public Transit. The Developer will continue to cooperate in permitting public bus access to and from the Shopping Center as provided in the existing written agreements with Contra Costa County Transit Authority, Livermore Amador Valley Transit Authority, and San Francisco-Bay Area Rapid Transit District.

3.3 Project Phasing. The Project will be developed in phases, and the Parties acknowledge that Developer cannot presently predict the timing or sequencing of any such Project phasing. Such decisions depend upon numerous factors which are not within the control of Developer, such as market orientation and demand, interest rates, competition and other similar factors. Because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo, 37 Cal. 3d 465 (1984), that failure of the parties therein to provide for the timing of development resulted in a later-adopted initiative restricting the timing of development approved under the parties' agreement, it is the Parties' intent to cure that deficiency by acknowledging and providing that Developer shall have the right to develop the Project in phases in such order and at such times as Developer deems appropriate within the exercise of its subjective business judgment and the provisions of this Agreement. By entering into this Agreement, Developer shall not be obligated to develop the Project.

3.4 Other Governmental Permits.

(a) Developer or City (whichever is appropriate) shall apply for such other permits and approvals from other governmental or quasi-governmental agencies which may have jurisdiction over the Project (such as any public utility district) as may be required for the development of, or provision of services to, the Project. City shall promptly and diligently cooperate, at no cost to the City, with Developer in its endeavors to obtain such permits and approvals and, from time to time at the request of Developer, shall attempt with due

diligence and in good faith to enter into binding agreements with any such entity in order to assure the availability of such permits and approvals or services. To the extent allowed by law, Developer shall be a party or third-party beneficiary to any such agreement and shall be entitled to enforce the rights of Developer or City thereunder or the duties and obligations of other parties thereto.

(b) Water availability shall be subject to the City's rules and regulations in effect at the time building permits are applied for. The City shall withhold building permits for the Project if, at the time building permits are applied for, mandatory water rationing is in effect under a program precluding the issuance of building permits for the Project, unless the City has adopted a water offset program and unless the Developer is participating in the program.

3.5 Additional Fees. Except as set forth in this Agreement, City shall not impose on the Project any further or additional fees, taxes or assessments, whether through the exercise of the police power, the taxing power or any other means, other than those prescribed in this Agreement, provided that (a) if City forms an assessment or similar district including the Property, and such district is City-wide, the Property may be legally assessed through such district based on the benefit to the Property, which assessment shall be consistent with the assessment of other property in the district similarly situated (but in no event shall Developer's obligation to pay any such assessment result in a cessation or postponement of construction of the Project or affect in any way Developer's rights in respect of the Project); (b) City may charge Developer fees which are in force and in effect on a City-wide basis under Existing City Laws, but at the rate applicable at the time application is submitted, for the following: building and related construction permit fees (including plan review and site inspection); fire department fees (including sprinkler); disabled persons review and field inspection fee; City water and water meter fees; Lower Income Housing Fee; and, subject to limitations contained in a separate agreement between the Parties entered into concurrently herewith, sanitary sewer fees; (c) any applicable school district fees, Zone 7 drainage and water fees, and other fees required to be collected by City on behalf of and for the benefit of other governmental agencies or instrumentalities, provided that the same are payable in respect of the Project notwithstanding Developer's rights and benefits under this Agreement; and (d) the City may adopt an ordinance for a City-wide traffic mitigation fee uniformly applied and applicable to all new construction.

The Parties acknowledge that the provisions contained in this Section 3.5 are intended to implement the intent of the Parties that Developer has the right to develop the Project pursuant to specified and known criteria and rules, and that City receive the benefits which will be conferred as a result of such

development without abridging the right of City to act in accordance with its powers, duties and obligations.

3.6 Effect of Agreement. This Agreement shall constitute a part of the Enacting Ordinance, as if incorporated by reference therein in full.

4. Specific Criteria Applicable to Development of the Project.

4.1 Applicable Laws and Standards. Notwithstanding any change in any Existing City Laws, including, but not limited to, any change by means of ordinance, resolution, initiative, referendum, policy or moratorium, and, except as otherwise provided in this Agreement (including Section 3.5), the laws and policies applicable to the Property are set forth in Existing City Laws (regardless of future changes in these by City) and this Agreement. Developer has vested rights to build and occupy on the Property in accordance with this Agreement, provided that City may apply and enforce the Uniform Building Code (including the Uniform Mechanical Code, Uniform Electrical Code and Uniform Plumbing Code) and Uniform Fire Code in effect at the time Developer applies for building permits for any aspect of the Project.

4.2 Application of New City Laws. Nothing herein shall prevent City from applying to the Property new City Laws that are not inconsistent or in conflict with the Existing City Laws or the intent, purposes or any of the terms, standards or conditions of this Agreement in respect of the development of the Project, and that do not impose any further or additional fees or any other Conditions on the Project, except as provided in Section 3.5. Any action or proceeding of the City that has any of the following effects on the Project shall be considered in conflict with this Agreement and the Existing City Laws:

- (a) limiting the uses permitted on the Property;
- (b) limiting or reducing the density or intensity of uses, the maximum height or the allowable Floor Area, increasing the number of required parking spaces, or imposing reservations and dedications of land for public purposes;
- (c) limiting the timing or phasing of the Project in any manner;
- (d) limiting the location of building sites, grading or other improvements on the Property in a manner that is inconsistent with or more restrictive than the limitations included in this Agreement; or
- (e) applying to the Project or the Property any law, regulation or rule restricting or affecting a use or activity otherwise allowed by this Agreement.

The above list of actions is not intended to be comprehensive, but is illustrative of the types of actions that would conflict with this Agreement and the Existing City Laws.

4.3 Timing. Without limiting Section 4.1 and except as provided in Section 3.4(b), no moratorium of the City or other limitation affecting building permits or other land use entitlements imposed by the City, or the rate, timing or sequencing thereof, shall apply to the Project.

4.4 Architectural Review of Project. In order for the Developer to receive approval of the particular design of new improvements under the Project, the City may apply the rules and regulations regarding architectural review in effect in the City at the time the Developer applies for design review approval for any aspect of the Project, as long as applying these rules and regulations does not conflict with Developer's rights under this Agreement, impose any further or additional fees or impose any other Conditions on the Project, except as provided in Section 3.2(c). The City shall approve the design of improvements under the Project so long as the same are reasonably consistent with the general design concept of existing improvements in the Shopping Center.

4.5 Easements; Improvements. City shall cooperate with Developer in connection with any arrangements for abandoning existing utility or other easements and facilities and the relocation thereof or creation of any new easements within the Property necessary or appropriate in connection with the development of the Project.

5. Indemnity. Developer shall indemnify, defend and hold City, and its elective and appointive boards, commissions, officers, agents, and employees, harmless from any and all claims, causes of action, damages, costs or expenses (including reasonable attorneys' fees) arising out of or in connection with, or caused on account of, the development of the Project, any Approval with respect thereto, or claims for injury or death to persons, or damage to property, as a result of the operations of Developer or its employees, agents, contractors or representatives with respect to the Project.

6. Annual Review.

(a) City shall, every twelve (12) months during the term of this Agreement, review the extent of good faith substantial compliance with the terms of this Agreement pursuant to Government Code § 65865.1. A finding by City of good faith compliance by Developer with the terms of this Agreement shall conclusively determine said issue up to and including the date of said review.

(b) If the City Council makes a finding that Developer has not complied in good faith and in a material

respect with the terms and conditions of this Agreement, the City shall provide written notice to Developer describing (i) such failure to comply with the terms and conditions of this Agreement (referred to herein as a "Default"), and (ii) the actions required by Developer to cure such Default. Developer shall have ninety (90) days after the date of such notice to cure such Default, or in the event that such Default cannot be cured within such 90-day period, Developer shall have commenced the actions necessary to cure such Default and shall be diligently proceeding to complete such actions necessary to cure such Default within 90 days from the date of notice. If Developer fails to cure or pursue the cure of a Default as set forth above, the City Council may modify or terminate this Agreement as provided below.

(c) If, upon a finding under Section 6(b) and the continuance of Developer's Default beyond the expiration of the cure period specified therein, City determines to proceed with modification or termination of this Agreement, City shall give written notice to Developer of its intention so to do. The notice shall be given at least ten (10) calendar days before the scheduled hearing and shall contain:

(i) The time and place of the hearing;

(ii) A statement as to whether or not City proposes to terminate or to modify the Agreement; and

(iii) Such other information as is reasonably necessary to inform Developer of the nature of the proceeding.

(d) At the time and place set for the hearing on modification or termination, Developer shall be given an opportunity to be heard, and Developer shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. If the City Council finds, based upon substantial evidence, that Developer has not complied in good faith with material terms or conditions of this Agreement, the City Council may terminate this Agreement or modify this Agreement and impose such conditions as are reasonably necessary to protect the interests of the City. Any such termination shall not affect any City Approval with respect to the Project that has been granted prior to the date of termination.

7. Supersedure by Subsequent Laws. If any Law made or enacted after the date of this Agreement prevents or precludes compliance with one or more provisions of this Agreement, then the provisions of this Agreement shall, to the extent feasible, be modified or suspended as may be necessary to comply with such new Law. Immediately after enactment of any such new Law, the parties shall meet and confer in good faith to determine the feasibility of any such modification or suspension based on the effect such modification or suspension would have on the purposes and intent of this Agreement. Developer shall have the right to challenge the new Law preventing compliance with the terms of

this Agreement, and, in the event such challenge is successful, this Agreement shall remain unmodified and in full force and effect. The provisions of this Section 7 shall be narrowly construed in favor of Developer, in order to preserve to Developer the benefits of this Agreement to the fullest extent possible.

8. Remedies. Either Party may, in addition to any other rights or remedies, institute legal action to cure, correct or remedy any default, enforce any covenant or agreement herein, enjoin any threatened or attempted violation or enforce by specific performance the obligations and rights of the Parties hereto.

9. Waiver; Remedies Cumulative. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any default shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to any such default. All of the remedies permitted or available to a Party under this Agreement, or at law or in equity, shall be cumulative and not alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right or remedy.

10. Attorneys' Fees. If either Party brings an action or proceeding (including, without limitation, any cross-complaint, counterclaim, or third-party claim) against the other Party by reason of an event of Default, or otherwise arising out of this Agreement, the prevailing Party in such action or proceeding shall be entitled to its costs and expenses of suit, including but not limited to reasonable attorneys' fees (including, without limitation, fees and expenses), which shall be payable whether or not such action is prosecuted to judgment. "Prevailing Party" within the meaning of this section shall include, without limitation, a Party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of covenants allegedly breached, or consideration substantially equal to the relief sought in the action.

11. Limitations on Actions. City and Developer hereby renounce the existence of any third-party beneficiary to this Agreement and agree that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status. If any action or proceeding is instituted by any third party challenging the validity of any provisions of this Agreement, or any action or decision taken or made hereunder, the parties shall cooperate in defending such action or proceeding.

12. Effect of Court Action. If any court action or proceeding is brought by any third party to challenge this Agreement or any other permit or Approval required from City or any other governmental entity for development or construction of the Project, or any portion thereof, and without regard to whether or not Developer is a party to or a real party in interest in such action or proceeding, then Developer shall indemnify and defend City or, at City's option, pay all costs incurred by City in defending itself; however, City agrees to cooperate with Developer in defending such an action.

13. Estoppel Certificate. Either Party may, at any time, and from time to time, deliver written notice to the other Party requesting such Party to certify in writing that (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, and 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, to describe therein the nature and amount of any such defaults, and (iv) the requesting Party has been found to be in compliance with this Agreement, and the date of the last determination of such compliance. A Party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof. The Director shall have the right to execute any certificate requested by Developer hereunder. City acknowledges that a certificate hereunder may be relied upon by transferees and Mortgagees.

14. Mortgagee Protection; Certain Rights of Cure.

14.1 Mortgagee Protection. No Default hereunder by Developer shall defeat, render invalid, diminish or impair the lien of any Mortgage, but all of the terms and conditions contained in this Agreement shall be binding upon and effective against any person (including any Mortgagee) who acquires title to the Property, or any portion thereof, by foreclosure, trustee's sale, deed-in-lieu of foreclosure or otherwise.

14.2 Mortgagee Not Obligated. Notwithstanding the provisions of Section 14.1, no Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure, or deed in lieu of foreclosure, or transferee of such Mortgagee shall have any obligation or duty under this Agreement to construct or complete the construction of improvements, to guarantee such construction or completion or to be liable for any defaults or monetary obligations arising prior to acquisition of title to the Property by the Mortgagee or transferee.

14.3 Notice of Default to Mortgagee; Right of Mortgagee to Cure. If City receives notice from a Mortgagee requesting a copy of any notice of default given Developer hereunder and specifying the address for service thereof, then City shall

deliver to such Mortgagee, concurrently with service thereon to Developer, any notice of default or other determination of noncompliance given to Developer. Each Mortgagee shall have the right (but not the obligation) for a period of ninety (90) days after the receipt of such notice from City to cure or remedy, or to commence to cure or remedy, the event of default claimed or the areas of noncompliance set forth in the City's notice. If the default or such noncompliance is of a nature which can only be remedied or cured by such Mortgagee upon obtaining possession, such Mortgagee may seek to obtain possession with through a receiver or otherwise, and may thereafter remedy or cure the default or noncompliance within ninety (90) days after obtaining possession. If any such default or noncompliance cannot, with diligence, be remedied or cured within such ninety (90) day period, then such Mortgagee shall have such additional time as may be reasonably necessary to remedy or cure such default or noncompliance if such Mortgagee commences a cure during such ninety (90) day period, and thereafter diligently pursues completion of such cure to the extent possible.

15. Right to Assign, etc. Developer's rights hereunder may be encumbered, sold or assigned in conjunction with the transfer, sale, assignment or financing of all or any portion of the Property at any time during the term of this Agreement. Upon the sale, transfer or assignment of Developer's rights and interests under this Agreement, Developer shall be released from its obligations pursuant to this Agreement with respect to the Property or portion thereof so transferred which arise subsequent to the effective date of the transfer.

16. Binding on Successors. All of the provisions, agreements, rights, powers, standards, terms, covenants, and obligations contained in this Agreement shall be binding upon the parties and their respective heirs, successors, and assignees, devisees, administrators, representatives, lessees, and all other persons acquiring the Property, or any portion thereof, or any interest therein, whether by operation of laws or in any manner whatsoever, and shall inure to the benefit of the parties and their respective heirs, successors and assignees.

17. Amendment.

17.1 General. Except as otherwise provided in this Agreement, this Agreement may be canceled, modified or amended only by mutual consent of the parties in writing, and then only in the manner provided for in Government Code Section 65868. Any amendment to this Agreement which does not relate to the term, a material element of the Project or the Conditions shall require the giving of notice pursuant to Government Code Section 65867, as specified by Section 65868 thereof, but shall not require a public hearing before the Parties may make such amendment.

17.2 Recordation. Any amendment of this Agreement shall be recorded by the City Clerk not later than ten (10) days

after the effective date of the action effecting such amendment; however, a failure to record shall not affect the validity of such amendment.

17.3 Amendment Exemptions. The following actions shall not require an amendment to this Agreement:

(a) Subdivision. The subdivision of the Property, or the filing of a parcel map or subdivision map that creates new legal lots, or any lot-line adjustment, shall not require an amendment to this Agreement. Developer may subdivide the Property in accordance with the laws regarding subdivision in effect in the City at the time the Developer applies for any subdivision, as long as applying these laws does not limit the Project or impose any additional Conditions, taxes or assessments other than those set out in this Agreement.

(b) Design Review. Design review of specific aspects of the Project shall not require an amendment to this Agreement.

18. Notices.

18.1 Procedure. Any notice to either Party shall be in writing and given by delivering the notice in person or via facsimile, by overnight courier, or by sending the notice by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the Party's mailing address. The respective mailing addresses of the Parties are, until changed as hereinafter provided, the following:

City: City of Pleasanton
123 Main Street
Pleasanton, CA 94566-0802
Attn: Director of Planning

Developer: Security Trust Company, as Trustee
c/o The Taubman Company, Inc.
200 East Long Lake Road
Bloomfield Hills, MI. 48303
Attn: Vice President - Development

With
copies to: The Taubman Company, Inc.
200 East Long Lake Road
Bloomfield Hills, MI. 48303
Attn: Vice President - Partnership
Relations

Robert L. Gibney, Jr.
Heller, Ehrman, White & McAuliffe
333 Bush Street
San Francisco, California 94104-2878

Either Party may change its mailing address at any time by giving

ten (10) days notice of such change in the manner provided for in this Section 18.1. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

19. Miscellaneous.

19.1 Negation of Partnership. The parties specifically acknowledge that the Project is a private development, that neither Party is acting as the agent of the other in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in the businesses of Developer, the affairs of City, or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise.

19.2 Approvals. Unless otherwise provided herein, whenever approval, consent or satisfaction (herein collectively referred to as an "approval") is required of a Party pursuant to this Agreement, such approval shall not be unreasonably withheld. If a Party shall disapprove, the reasons therefor shall be stated in reasonable detail in writing.

19.3 Project Approvals Independent. All Approvals which may be granted pursuant to this Agreement, and all Approvals or other land use approvals which have been or may be issued or granted by the City with respect to the Property, constitute independent actions and approvals by the City. If any provisions 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, such invalidity or unenforceability shall not affect the validity or effectiveness of any Approvals or other land use approvals. In such cases, such Approvals will remain in effect pursuant to their own terms, provisions and conditions.

19.4 Not A Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of the Property or any portion thereof to the general public or for any public use or purpose whatsoever. Developer shall have the right to prevent or prohibit the use of the Property or any portion thereof, including common areas and buildings and improvements located thereon, by any person for any purposes inimical to the operation thereof.

19.5 Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance, and the same shall remain in full force and effect, unless enforcement of this

Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

19.6 Exhibits. The Exhibits listed in the Table of Contents and referred to herein are deemed incorporated into this Agreement in their entirety.

19.7 Entire Agreement. This written Agreement contains all the representations and the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement, any prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement.

19.8 Construction of Agreement. The provisions of this Agreement shall be construed as a whole according to its common meaning and not strictly for or against any Party in order to achieve the objectives and purpose of the parties. The captions preceding the text of each Article, Section or Subsection are included only for convenience of reference and shall be disregarded in the construction and interpretation of this Agreement. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, or vice versa. All references to "person" shall include, without limitation, any and all corporations, partnerships or other legal entities.

19.9 Further Assurances; Covenant to Sign Documents. Each Party covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and do all things, and to execute, with acknowledgement or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this Agreement.

19.10 Governing Law. This Agreement, and the rights and obligations of the parties, shall be governed by and interpreted in accordance with the laws of the State of California.

19.11 Construction. This Agreement has been reviewed and revised by legal counsel for both Developer and City, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

19.12 Time. Time is of the essence of this Agreement and of each and every term and condition hereof. In particular, City agrees to act in a timely fashion in accepting, processing, checking and approving all maps, documents, plans, permit applications and any other matters requiring City's review or approval relating to the Project or Property. In the event the issuance of a building permit for any part of the Project is delayed as a result of Developer's or City's inability to obtain

any other permit or approval of the type referred to in Section 3.4(a), or as a result of a mandatory water moratorium of the type referred to in Section 3.4(b), then the term of this Agreement as provided in Section 2.2 shall be extended by the period of any such delay.

19.13 Subsequent Projects. After the Effective Date of this Agreement, City may approve other projects that place a burden on City's infrastructure; however, it is the intent and agreement of the Parties that Developer's right to build and occupy the Project, as described in this Agreement, shall not be diminished despite the increased burden of future approved development on public facilities.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

"City"

CITY OF PLEASANTON, a
municipal corporation of
the State of California

Attest:

Peggy Ezidro
City Clerk - Peggy L. Ezidro

By: Deborah A. Acosta
Deborah A. Acosta,
City Manager

Approved as to Form:

By: Michael H. Roush
Michael H. Roush
City Attorney

"Developer"

SECURITY TRUST COMPANY,
as Trustee under
Trust No. 1860-0

By: [Signature]
Title: PRESIDENT
Santha L. Love

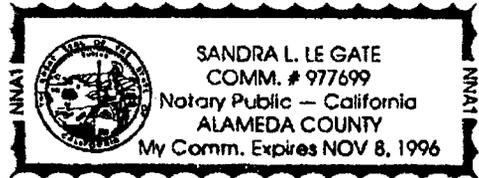
CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA) ss

On this the 17th day of December, 1992, before me, Deborah A. Acosta, the undersigned Notary Public, personally appeared Deborah A. Acosta, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the within instrument in her capacity as City Manager, and that, by her signature on the instrument, the corporation executed it.

WITNESS my hand and official seal.

Sandra L. Le Gate
Notary Public in and for said State

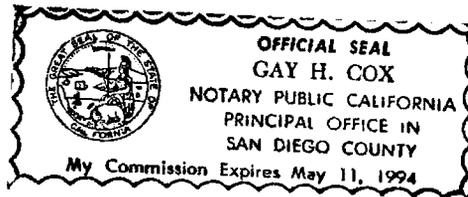


STATE OF CALIFORNIA)
)
COUNTY OF San Diego) ss

On this the 3rd day of December, 1992, before me, Gay Cox, the undersigned Notary Public, personally appeared J. Paul Spring *, personally known to me (or proved to me on the basis of satisfactory evidence) to be 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 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.

WITNESS my hand and official seal. * Sandra L. Love

[Signature]
Notary Public in and for said State



PARCEL 9
PM 2510
BK 102 OR 31-32

PARCEL 8
PM 2508

PARCEL 8
PM 2510

PARCEL 7
PM 2510

PARCEL 6
PM 2510
BK 102 OR 31-32

PARCEL 5
PM 2510

PARCEL C
11.608 AC
TOTAL
L. 297.11'

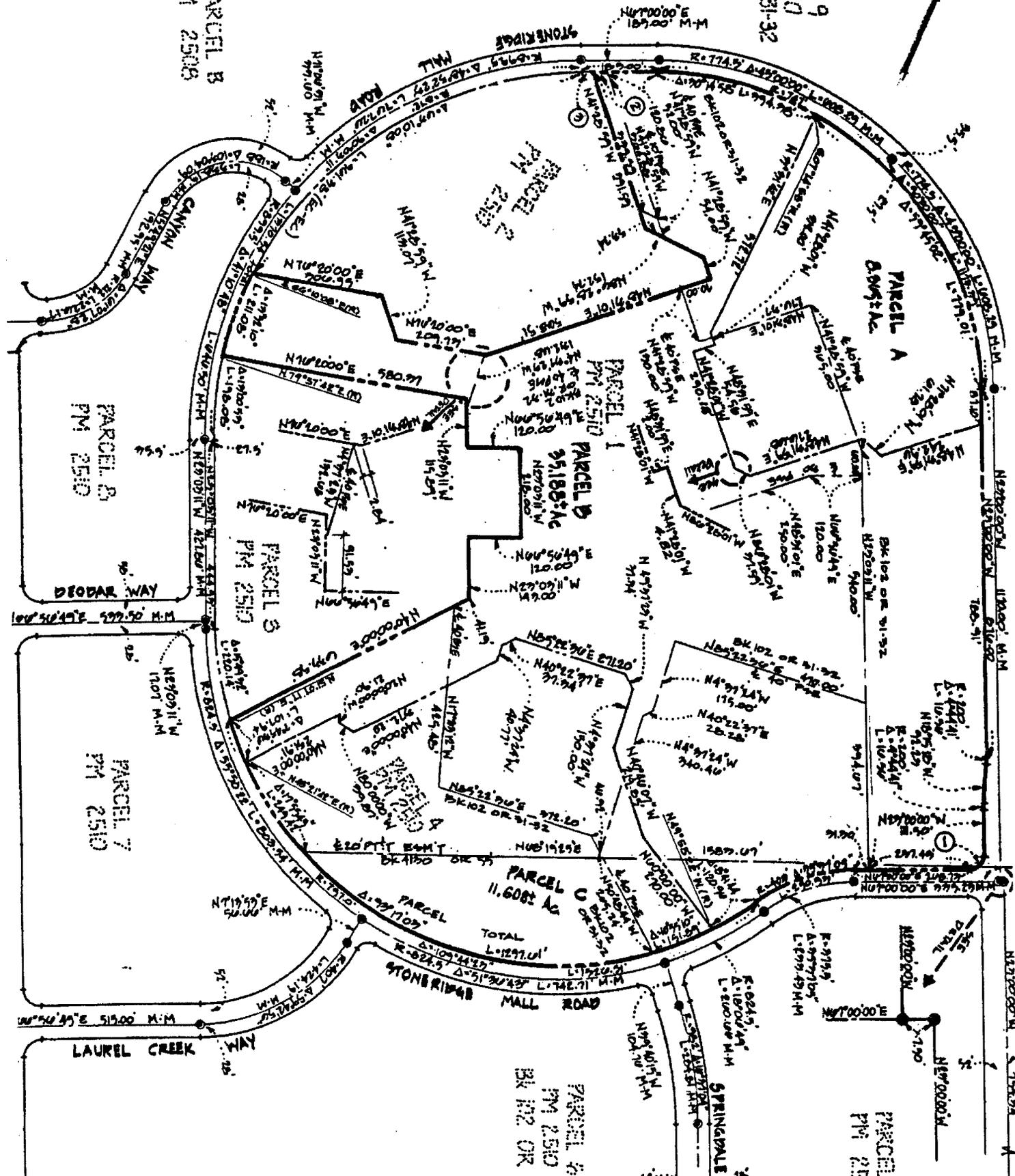


EXHIBIT A

EXHIBIT BDescription of Property

That certain real property located in the City of Pleasanton, County of Alameda, California, and more particularly described as follows:

Parcel B, as shown on Parcel Map 5469, filed December 28, 1988 in Book 180 of Parcel Maps at Pages 93-94, Alameda County Records.

EXHIBIT CDescription of Project

The Project shall consist of an additional 356,000 square feet of Floor Area, and related malls and other interior common areas, in new building improvements to be constructed on the Property. Such additional Floor Area shall be allocated among one or more additional department stores, one or more specialty stores and/or additional mall stores connecting the foregoing and the existing improvements on the Property, or other improvements permitted under the zoning currently applicable to the Shopping Center.

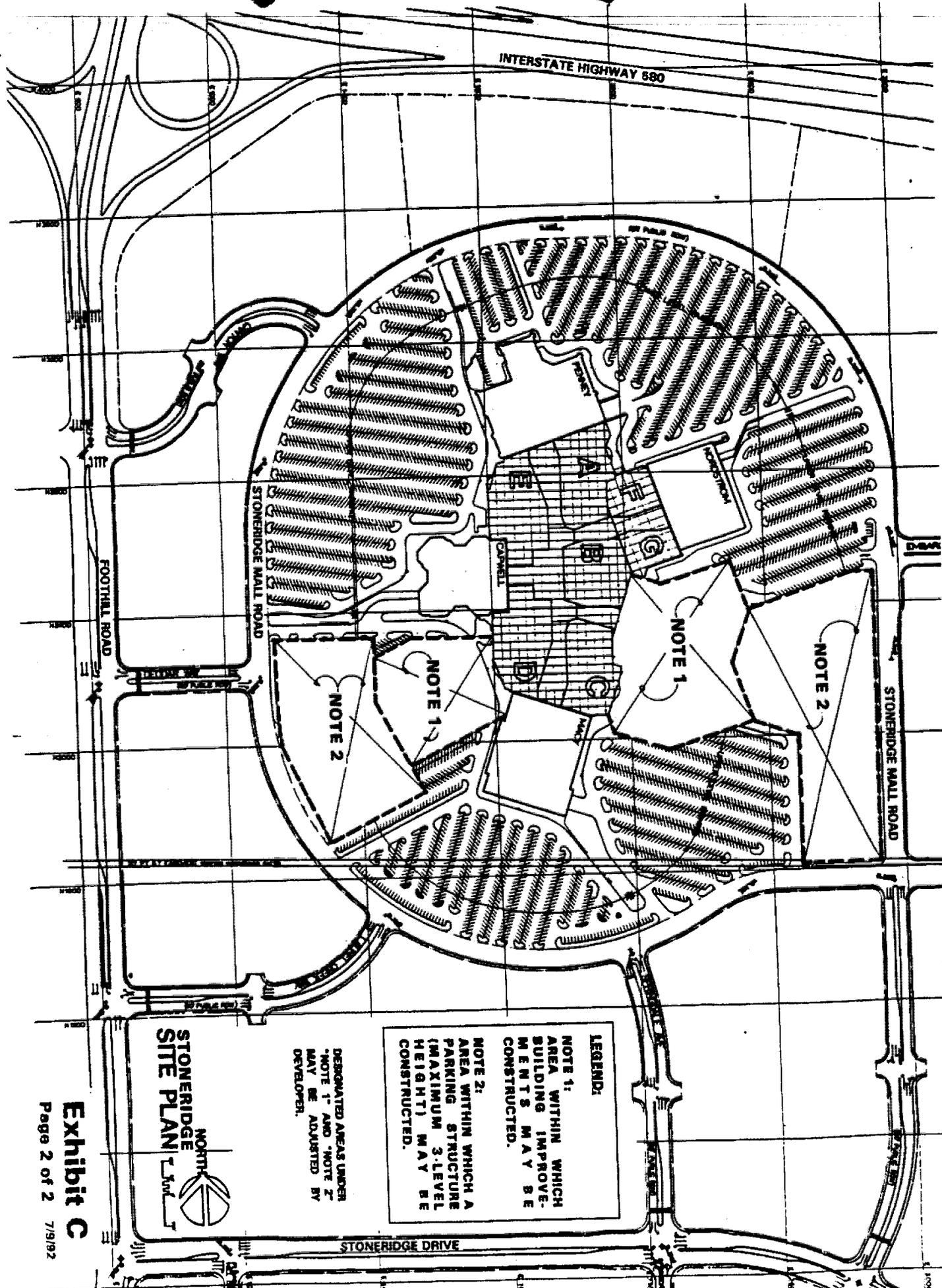
The Project shall also include related alterations and additions to the exterior common area within the Shopping Center, including multi-level parking decks in order to provide adequate parking within the Shopping Center.

Page 2 of this Exhibit C contains a general designation of areas within which additional building and/or parking deck improvements may be constructed as part of the Project. The actual location of such improvements may be adjusted by Developer at the time specific plans for development of the Project are completed.

The Ring Road boundaries of the proposed parking structures as delineated on page 2 of Exhibit C are schematic and not drawn to scale. The actual set back distances, if any, as determined by the Developer will be subject to design review as provided in Paragraph 4.4 of the Agreement.

Developer shall not be permitted to construct such additional department or specialty stores, additional mall store buildings and connecting enclosed malls in excess of the height of the highest existing department store building, mall store building or enclosed mall, respectively, currently existing in the Shopping Center.

Developer shall provide, during the course of development of the Project, additional automobile parking at grade and within parking structures. Such additional parking shall be provided on the basis that aggregate automobile parking spaces within the Shopping Center, based upon total Floor Area from time to time in the Shopping Center, shall comply with the following ratios (unless the City shall approve a lesser ratio): (a) department stores and mall stores: 4.75 parking spaces per 1,000 square feet of Floor Area; and (b) specialty department stores: 3.5 parking spaces per 1,000 square feet of Floor Area. Developer shall be permitted to construct parking decks, which shall not exceed three (3) structural levels above grade.



LEGEND:

NOTE 1:
AREA WITHIN WHICH BUILDING IMPROVEMENTS MAY BE CONSTRUCTED.

NOTE 2:
AREA WITHIN WHICH A PARKING STRUCTURE (MAXIMUM 3-LEVEL HEIGHT) MAY BE CONSTRUCTED.

DESIGNATED AREAS UNDER "NOTE 1" AND "NOTE 2" MAY BE ADJUSTED BY DEVELOPER.

STONERIDGE NORTH
SITE PLAN

EXHIBIT DTRAFFIC MITIGATION IMPROVEMENTSA. Foothill Road/Canyon Way/Dublin Canyon Road

1. Widen Canyon Way between Stoneridge Mall Road and Foothill Road to provide one additional westbound lane. This will provide a total of three westbound lanes. Widen both the north and south sides of Canyon Way and reconstruct the existing median narrowing it by four feet to a width of twelve feet. The south curb will be moved six feet. The purpose is to improve existing traffic flow and mitigate the impact of new development by extending a very short existing right-turn lane for westbound traffic destined for the Foothill Road interchange.
2. Add a fourth northbound lane on Foothill Road between Deodar Way and the northbound to eastbound ramp at the Foothill Road interchange with I-580. This will provide two northbound lanes on Foothill Road to the ramp toward eastbound I-580. The two lanes would transition to one lane prior to the collector-distributor road. The other two lanes would serve the existing two lanes toward the over-crossing at I-580. Foothill Road between Deodar Way and Canyon Way can be restriped between the existing curbs. Foothill Road between Canyon Way and the northbound to eastbound ramp will require widening Foothill Road and moving the existing sidewalk back within the existing right-of-way. An additional lane will be constructed next to the existing one-lane northbound to eastbound ramp which will require Caltrans approval. The purpose of this improvement is to provide additional capacity for the northbound through movement and to more evenly distribute traffic across the lanes, thereby reducing the amount of green time needed for the northbound movement.

EXHIBIT D

3. Lengthen the eastbound Dublin Canyon Road left-turn lane next to the median by narrowing the existing 18-foot wide median. No additional right-of-way is required. The purpose of this improvement is to more fully utilize all left-turn lanes by reducing the possibility of one lane being blocked. Green time at the traffic signal will be reduced for this movement by creating a more even distribution of traffic across the left-turn lanes.

B. Stoneridge Drive/Stoneridge Mall Road

1. Restripe one of the through lanes on westbound Stoneridge Drive to create an optional through and right-turn lane. The curb return on the northeast corner should be modified to facilitate this maneuver. This will require right-of-way acquisition. The purpose of this improvement is to shorten the queue for westbound traffic turning right into the Stoneridge Mall area and thereby reduce the amount of green time required. The westbound right turn is a critical movement during the a.m. and p.m. peak hours. It is expected that right turning vehicles will dominate this lane. The need for one additional westbound lane was evaluated and determined to be unnecessary based on no change in the volume-to-capacity ratio.
2. Restripe the southbound Stoneridge Mall Road right-turn lane to provide an optional right-turn and left-turn lane at this "T" intersection. This will spread the critical southbound left-turn movement over three lanes instead of two lanes, thereby reducing the amount of green time necessary to clear the queue. In addition, there is a need to retrofit the signal controller to include an emergency vehicle preemption capability since a City of Pleasanton Fire Station is located nearby.

EXHIBIT D

C. Additional Traffic Signals

1. Foothill Road/Laurel Creek
2. Stoneridge Mall/Fabian Court

EXHIBIT D

