

## SETTLEMENT AGREEMENT

This settlement agreement (this "Agreement") is made at Moreno Valley, California as of January 7, 2010, between the SIERRA CLUB, a California not-for-profit corporation, on the one hand, and THE CITY OF MORENO VALLEY (the "City"), HIGHLAND FAIRVIEW PARTNERS, I, a California general partnership, HIGHLAND FAIRVIEW PARTNERS, II, a California general partnership, HIGHLAND FAIRVIEW PARTNERS, III, a Delaware general partnership, and HIGHLAND FAIRVIEW PARTNERS, IV, a Delaware partnership, and HF LOGISTICS I, LLC, a California limited liability company, (collectively, "Highland Fairview"), on the other hand, with the respect to the following facts:

A. Highland Fairview is the owner of a site located in the City. The site, which contains approximately 158 acres, is bounded on the north by State Route 60, on the east by Theodore Street, on the south by future Eucalyptus Avenue and on the west by Redlands Boulevard (the "Project Site").

B. Highland Fairview intends to develop the Project Site in three phases with a total of 2,620,000 square feet of logistic uses, associated office space, and commercial uses (the "Project"). The Project is known as the Highland Fairview Corporate Park.

C. The first phase of the Project will include a building containing 1,820,000 square feet which has been leased to Skechers USA, Inc. ("Skechers"). The building will be used primarily for logistic uses and some associated office and commercial facilities (the "Skechers Building").

D. Highland Fairview also owns approximately 1,800 acres of land located south and east of the Project Site which is subject to the Moreno Highlands Specific Plan (the "Specific Plan Area") which has vested development rights under a development agreement. Highland Fairview is considering developing the Specific Plan Area in the near future and may, as part of that development, seek to include industrial uses in areas not currently so designated in the Moreno Highlands Specific Plan.

E. On February 10, 2009, the City Council certified that environmental impact report P07-157 (the "EIR") analyzing the environmental impacts of the Project had been prepared in compliance with the California Environmental Quality Act ("CEQA") and then granted a number of approvals including general plan amendment PA07-0089, change of zone PA07-0088, tentative parcel map 35629, PA07-0090 and plot plan PA07-0091 for the Project (the "Project Approvals").

F. The development of the Specific Plan Area is unrelated to the that of the Project and no development of the Specific Plan Area has been authorized by the Project Approvals.

G. On February 20, 2009, the Sierra Club filed a lawsuit entitled *Sierra Club v. City of Moreno Valley*, Riverside Superior Court Case No. RIC 519566, which sought to set aside the Project Approvals, primarily on the basis that the EIR failed to comply with CEQA (the "Lawsuit").

H. The Sierra Club, the City and Highland Fairview wish to resolve the dispute between them concerning the Lawsuit, the Project and the development of the Project Site on the terms set forth in this Agreement. Further, they seek to work together to pursue areas of common interest.

I. The Sierra Club wants the City to adopt a climate action plan and a solar energy incentive program and to require additional Code enforcement for commercial properties in order to decrease the emission of greenhouse gases, conserve energy and protect the health of the City's inhabitants. Highland Fairview concurs that the plans, programs and actions sought by the Sierra Club could be beneficial, endorses them and will use its best efforts to encourage the City to consider them. The City believes that the actions desired by the Sierra Club are worthy of consideration, but cannot and does not commit to their adoption. The City Council, in response to the Sierra Club's concerns, has directed staff to prepare both a climate action plan, projected to be available for consideration by the Council within 18 months, and to review possible participation in the Western Riverside County Council of Governments' proposed program to facilitate the production of solar energy, including the use of the financing mechanism available under AB 811. However, because all of the plans, programs and actions are solely within the City Council's legislative authority which cannot be contracted away neither the City nor Highland Fairview can guarantee that either of them will be adopted.

J. The Sierra Club is concerned that truck traffic serving the Project could unduly impact Redlands Boulevard and wants that truck traffic to use Theodore Street to the greatest extent practical. Neither the City nor Highland Fairview has any objection to reducing the amount of truck traffic using Redlands Boulevard.

K. The Sierra Club has been concerned about truck traffic on a portion of Ironwood Avenue. The City Council, in response to the Sierra Club's concerns, has eliminated the truck route designation for Ironwood Avenue between Moreno Beach Drive and Theodore Street.

L. The Sierra Club further wants Skechers to take several steps to minimize the emission of greenhouse gases. These steps are solely within the control of Skechers and require Skechers' agreement in order to allow Highland Fairview to take the actions specified in this Agreement. Highland Fairview concurs that the actions sought by the Sierra Club could be beneficial and wants to assist the Sierra Club in seeing that they are seriously considered. However, because Highland Fairview does not control Skechers' actions, it cannot guarantee that any of them will occur.

M. This Agreement is acknowledged by the parties to be a compromise settlement and does not constitute an admission of the validity of any claims which have been, or might have been, made in the Lawsuit. However, Highland Fairview desires that the settlement be comprehensive with respect to the Project and that there shall be no further opposition to the Project on the terms set out in this Agreement.

N. Civil Code § 1542 states:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which if known by him or her must have materially affected his or her settlement with the debtor."

IN LIGHT OF THE FOREGOING FACTS, IT IS MUTUALLY AGREED THAT:

1. Immediately upon the execution of this Agreement, the Sierra Club shall dismiss the Lawsuit in its entirety and as to all parties, with prejudice, and shall then provide conformed copies of the dismissal to Robert L. Hansen, the City's Interim City Attorney, and to Kenneth B. Bley, Highland Fairview's counsel.

2. Highland Fairview shall include a requirement in the contract with the general contractor for the Project that all off-road equipment with a horsepower rating of 25 hp or greater used on the Project Site during the construction of the Project will meet a minimum Tier II rating and at least 80% of such equipment will meet a minimum Tier III rating and that the general contractor certify that this requirement has been satisfied. Highland Fairview shall provide a copy of the certification to the Sierra Club upon receipt of the certification from the general contractor

3. Highland Fairview shall include a requirement in the contract with the general contractor for the Project that diesel-powered portable generators not be used during the construction of the Project.

4. Highland Fairview shall:

a. Provide the amount of electrical power generated through solar cells mounted on the roof of the Skechers Building to the extent needed to provide for the estimated energy demand of the 50,000 sq ft office portion of the Skechers Building. The construction of the solar cells will be initiated within six months of Skechers' occupancy of the Building and completed within 18 months of Skechers' occupancy of the Building. Highland Fairview anticipates that AB 811 sources of funds will be used to finance the construction of the solar cells as well as incentive programs from the City electrical utility which are comparable to the programs offered by Southern California Edison, *i.e.*, which will yield the same economic result, but such programs are not yet adopted by the City and may not be; and

b. Provide the City and the Sierra Club with the appropriate design documents demonstrating that the electrical energy demand of the 50,000 sq ft office portion of the Skechers Building will be met by the solar cells to be mounted on the roof of the Skechers Building; and

c. Design and construct the roof of the Skechers Building to accommodate the maximum number of solar cells ; and

d. Increase the amount of electrical power generated through solar cells mounted on the roof of the Skechers Building within ten years to provide 100% of the

energy needed for the Project to the extent that it is reasonably and economically feasible for Highland Fairview to do so. This will largely depend upon the policies adopted by the City's electrical utility with respect to the subsidization of solar-generated electrical energy, which requires a rate of not less than \$0.22 per kilowatt-hour, the rate currently paid by Southern California Edison under its performance-based incentive program, and provisions on a par with Southern California Edison's solar subsidy programs. Further, Highland Fairview will expand the solar energy generating capacity of the Skechers Building based upon the benefits afforded through AB 811 financing and grants, incentives provided by the City's electrical utility, federal and state tax programs and commercially reasonable financing such that the maximum investment does not exceed \$7,500,000 and the projected after-tax return generated is at least 5.5% over the rate for 20 year United States Treasury bonds but not less than 10% in any event. Should Highland Fairview develop solar capacity beyond the energy usage required by the Project, the excess energy will be sold to a utility provider at a mutually agreeable negotiated rate. Highland Fairview can not guarantee that any increase in the amount of electrical power generated through solar cells will occur because neither the necessary policies nor the rate to be paid have been adopted by the City and may not be.

5. Highland Fairview shall provide solar water heaters, which may include supplemental conventional heating sources, throughout the Project for all personal uses, such as bathrooms and showers, but not for industrial uses.

6. Highland Fairview shall provide the signs required by Mitigation Measure AQ-11 at locations, and of a size, to be easily readable from future Eucalyptus Avenue.

7. Highland Fairview shall physically configure the access areas to future Eucalyptus Avenue so that large trucks (over 10,000 pounds) will be required to make a left turn, towards Theodore Street, when exiting the Project Site unless prohibited by the City from doing so.

8. Highland Fairview shall provide on-site signs directing large trucks (over 10,000 pounds) leaving the Project Site to use Theodore Avenue unless prohibited by the City from doing so.

9. Highland Fairview shall provide the landscaped median in Eucalyptus Avenue between Redlands Boulevard and Theodore Street in substantially the form currently planned, as shown on Exhibit A, subject to final approval by the City.

10. Highland Fairview shall provide a disclosure document in substantially the following form to each buyer/lessee of any residential unit developed on property owned by Highland Fairview which is located southerly of State Route 60 and within 300 feet of the Project Site. The document shall be signed by the buyer/lessee and recorded against the unit:

"Buyer/Lessee acknowledges that the property which Buyer/Lessee is purchasing/leasing is located in the vicinity of the Highland Fairview Corporate Park project. Buyer/Lessee acknowledges that, in addition to commercial and office uses, there are, or may be, distribution warehouses for national and regional

companies located within the Corporate Park project. As a result of these uses, there will be automobile and truck traffic, which may operate on a 24/7 basis for pick up and delivery of products from various buildings from within the Corporate Park project. There may also be increased diesel fumes, which contain toxic air contaminants which are known to cause cancer, noise and light as a result of the operations of these facilities. A copy of the Highland Fairview Corporate Park Environmental Impact Report, which includes a detailed evaluation of the potential impacts of the Corporate Park project, has been made available for the Buyer's/Lessee's review."

11. Highland Fairview shall, within 30 days of the receipt of a written request from the Sierra Club, contribute ~~\$25,000~~ <sup>\$100,000 = IR</sup> to the Riverside Land Conservancy. The contribution may only be used for the preservation of agriculture through the purchase of agricultural land or of agricultural conservation easements on agricultural land located in Riverside County.

12. If Highland Fairview includes industrial uses in areas not currently designated for industrial uses in the Moreno Highlands Specific Plan, it shall provide buffers of commercial uses within the Specific Plan Area between industrial uses and residential uses. The extent of the buffers shall be determined by appropriate technical studies conducted by a qualified third party air quality expert, selected and paid for by Highland Fairview, subject to the City's approval.

13. The Skechers building has been designed with the goal of achieving LEED silver certification. Highland Fairview shall seek to obtain the highest commercially reasonable level of LEED certification of the Skechers Building and shall, in any event, take all of the actions set forth on Exhibit B. As used in this Agreement, "commercially reasonable" shall mean that the actions involved are capable of being accomplished in a successful manner within a reasonable period of time taking into account economic and other circumstances that would be considered by a prudent commercial entity.

14. Highland Fairview shall submit a formal request to the California Department of Transportation ("CalTrans") for the installation of signs to be installed, at Highland Fairview's expense, along State Route 60, east bound and west bound, directing Project traffic to the Theodore Street exit.

15. To the extent consistent with the Project Approvals and adopted City regulations and policies:

a. The design and installation of improvements and signs shall direct all large trucks (over 10,000 pounds) to use Theodore Street, rather than Redlands Boulevard, when entering or leaving the Project Site unless the site-specific traffic analysis required prior to the approval of a plot plan for Phase III (condition TE3 of the Project Approvals, City Council Resolution 2009-10) provides compelling evidence that: and

(i) Keeping large trucks (over 10,000 pounds) off of Redlands Boulevard will cause Eucalyptus Avenue, Theodore Street or its on- or off-ramps to State Route 60 to fall below the City's Level of Service standard; and

(ii) Mitigation within the limits of the currently planned right of way of Theodore Street is unavailable to improve the Level of Service to acceptable levels; and

(iii) Allowing large trucks (over 10,000 pounds) to use Redlands Boulevard will not cause Redlands Boulevard to fall below the applicable City's Level of Service Standards after mitigation.

b. To the extent that any part of subparagraph a above is found not to be consistent with existing Project Approvals or City regulations or policies, Highland Fairview shall apply for and the City will consider, under its existing procedures and preserving the Council's legislative and discretionary policy authority, modifications of conditions, and/or amendments to existing Project Approvals, regulations and policies.

16. The City Council has, in Study Session of October 20, 2009 or previously, directed City staff to analyze, as quickly as feasible, and then to report back to the Council, for its consideration without commitment to adoption, each of the following:

a. The adoption/enforcement of a City-wide commercial truck idling ordinance; and

b. The acquisition, generation and distribution of "green" energy by the City's electric utility; and

c. An amendment of the City's Municipal Code current lighting standards to incorporate the guidelines of the International Dark Sky Association and the exterior lighting standards set forth in the Palm Desert Municipal Code; and

d. The submission of a request to CalTrans and/or the Riverside County Transportation Commission that a regional traffic mitigation fee be adopted for the improvement of State Route 60; and

e. The use of LED lamps in City-owned streetlights.

17. Highland Fairview shall require any user of the Skechers facility, other than Skechers, and will use reasonable efforts to seek to have Skechers:

a. Have its trucking fleet (all trucks owned and operated by Skechers) and all trucking carriers that distribute Skechers' products to its retail stores be classified as SmartWay 1.0 or higher at the time that it takes possession of the Skechers building, increase the SmartWay classification to 1.25 for Skechers' trucking fleet and such other trucking carriers within five years and provide an annual report to Highland Fairview, which Highland Fairview shall then provide to the Sierra Club; and

b. Continue to provide incentives to its employees to encourage carpooling; and

c. Conduct an annual review for five years following the occupancy of the Skechers Building to determine the level of use of alternatively fueled vehicles and the demand for designated spaces for such vehicles, beyond the 37 spaces already designated. Spaces located closest to building entries will be converted by Highland Fairview from general parking to alternatively fueled vehicle parking to meet the demand; and

d. Conduct an annual review for five years following the occupancy of the Skechers Building to determine the level of use of plug-in electrical vehicles and the demand for plug-in-stations. Additional plug-in-stations will be provided by Highland Fairview to meet the demand; and

e. Not use diesel-powered "yard goats" in its operations.

18. Highland Fairview shall provide the Sierra Club with notice of the submission of any application for a discretionary permit for the development of the Project within five business days of the submission.

19. The Sierra Club shall not sue to invalidate the development, use or modification of the Project, including, but not limited to, any approvals needed for the development of any phase of the Project, as long as the development or use is consistent with the terms of this Agreement and the Project, as analyzed in the EIR, and any modification will not result in a significant adverse impact on the environment, as defined in CEQA Guidelines § 15382, as determined by the City. For the purpose of this Agreement, changes in the manner in which the Project is financed, in whole or in part, and removal of vegetation within State Route 60 right-of-way shall not be considered to be significant adverse impacts on the environment by the Sierra Club. Nothing in this paragraph 19 shall apply to a modification of the terms of this Agreement.

20. Highland Fairview shall pay Johnson & Sedlack, the Sierra Club's attorneys, \$183,000 within 10 days of the dismissal of the Lawsuit. Except for this payment, each party shall bear its own attorneys' fees and costs incurred in connection with the Lawsuit and the preparation of this Agreement.

21. Any party alleging a breach of this Agreement shall provide written notice of the alleged breach to the party alleged to be in breach. That party shall then have 30 days from receipt of the notice in which to cure the breach or to begin curing the breach if it is one which cannot be cured within 30 days. If the breach has not been cured within the 30 day period or, if no effort has been begun within the 30 day period for a breach which cannot be cured within the 30 day period, then the party alleging the breach shall be entitled to avail itself of its legal remedies.

22. All notices and communications shall be provided in writing, which may be delivered by e-mail, to the following addresses:

Sierra Club Environmental Law Program:

85 Second Street  
San Francisco, CA 94105  
[Aaron.Isherwood@sierraclub.org](mailto:Aaron.Isherwood@sierraclub.org)

Sierra Club, San Gorgonio Chapter:

Chapter Chair/Conservation Chair  
4079 Mission Inn Avenue  
Riverside, CA 92501-3204  
[san.gorgonio.chapter@sierraclub.org](mailto:san.gorgonio.chapter@sierraclub.org)

Sierra Club, Moreno Valley Group:

Ann Turner-McKibben and George  
Hague  
P.O. Box 1325  
Moreno Valley, CA 92556-1325  
[morenovalleygroup@yahoo.com](mailto:morenovalleygroup@yahoo.com)

with a copy to Raymond W. Johnson, Esq.:

Johnson & Sedlack  
26785 Camino Seco  
Temecula, CA 92590  
[esqaicp@wildblue.net](mailto:esqaicp@wildblue.net)

The City attention of the City Manager,  
w/ copy attention of the City Attorney:

14177 Frederick Street  
P.O. Box 88005  
Moreno Valley, CA 92552  
[CMOffice@moval.org](mailto:CMOffice@moval.org)  
[CityAttorney@moval.org](mailto:CityAttorney@moval.org)

Highland Fairview:

14225 Corporate Way  
Moreno Valley, CA 92553  
[ibenzeevi@highlandfairview.com](mailto:ibenzeevi@highlandfairview.com)

with a copy to Kenneth B. Bley, Esq.:

Cox, Castle & Nicholson LLP  
2049 Century Park East, 28th Floor,  
Los Angeles CA 90067  
[kbley@coxcastle.com](mailto:kbley@coxcastle.com)

Any address may be changed by providing written notice to all of the other parties.

23. Except as set forth in this Agreement, the Sierra Club releases the City and Highland Fairview and their owners, affiliates, members, officers, employees, agents and attorneys from any and all claims, demands, liabilities, obligations, costs, expenses, fees, actions, and/or causes of action arising out of, or connected to, the Lawsuit or the Project, whether known, unknown or suspected and the Sierra Club hereby waives the provisions of Civil Code § 1542 set forth in Recital N. The release in this paragraph 23 is a separate consideration for the release contained in paragraph 24 and the Sierra Club would not have executed this Agreement nor agreed to this paragraph 23 but for the release contained in paragraph 24.

24. Except as set forth in this Agreement, the City and Highland Fairview release the Sierra Club and its members, officers, employees, agents and attorneys from any and all claims, demands, liabilities, obligations, costs, expenses, fees, actions, and/or causes of action arising out of, or connected to, the Lawsuit or the Project, whether known, unknown or suspected and the

City and Highland Fairview hereby waive the provisions of Civil Code § 1542 set forth in Recital N. The release in this paragraph 24 is a separate consideration for the release contained in paragraph 23 and neither the City nor Highland Fairview would have executed this Agreement nor agreed to this paragraph 24 but for the release contained in paragraph 23.

25. The rights and obligations of the Sierra Club under this Agreement are personal to it and may not be transferred or assigned to any other person or entity. This Agreement is entered into solely for the benefit of the parties hereto and, with the exception of the Sierra Club, their successors, transferees and assigns. Other than the parties hereto and, with the exception of the Sierra Club, their successors, transferees and assigns, no third party shall be entitled, directly or indirectly, to base any claim, or to have any right arising from, or related to, this Agreement.

26. The parties to this Agreement shall act in good faith and shall take all further actions reasonably necessary to effectuate the letter and the spirit of this Agreement.

27. This Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California.

28. Any litigation arising out of this Agreement shall be conducted only in the Riverside Superior Court. Only equitable remedies shall be available to the prevailing party in any such litigation, damages for breach of this Agreement being expressly waived. Each party to any such litigation shall bear its own attorneys' fees and costs, the right to recover them under any statute, including, but not limited to Code of Civil Procedure § 1021.5, any Rule of Court or any rule of law being expressly waived.

29. This Agreement contains the entire agreement and understanding concerning the Lawsuit and the Project and supersedes and replaces all prior negotiations or proposed agreements, written or oral. Each of the parties hereto acknowledges that no other party, nor the agents nor the attorneys for any party, has made any promise, representation or warranty whatsoever, express or implied, not contained herein, to induce the execution of this Agreement and acknowledges that this Agreement has not been executed in reliance upon any promise, representation or warranty not contained herein.

30. This Agreement may not be amended except in a writing signed by all the parties hereto.

31. The parties to this Agreement hereby acknowledge that they have undertaken an independent investigation of the facts concerning the Lawsuit and the Project. The parties expressly assume the risk that the true facts concerning the foregoing may differ from those currently understood by them.

32. Each individual signing this Agreement represents and warrants that he or she has been authorized to do so by proper action of the party on whose behalf he or she has signed.

33. This Agreement may be signed in one or more counterparts and, when all parties have signed the original or a counterpart, such counterparts, whether originals, facsimiles or e-mail attachments, together shall constitute one original document.

January 7, 2010

SIERRA CLUB

By: *Richard A. Stanton*

Its: CHAPTER CHAIR, SAN GABRIEL  
CHAPTER

January 14, 2010

THE CITY OF MORENO VALLEY

By: *Richard A. Stanton*

Its: MAYOR

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS I

By: HFP Realty Investment, LP, its Managing Partner

By: HFP Realty Holdings, LLC, its General Partner

By: *Idho Benzer*

Its: President

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS II

By: New Sands Holdings, LP, its Managing Partner

By: Sand Holdings, LLC, its General Partner

By: *Idho Benzer*

Its: President

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS III

By: HFP Realty Investment, LP, its Managing Partner

By: HFP Realty Holdings, LLC, its General Partner

By: *Idho Benzer*

Its: President

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS IV  
By: Sinclair Holdings, LP, its Managing Partner  
By: Sinclair Realty Holdings, LLC, its General Partner

By: *John Benzi*

Its: President

January 7, 2010

HF LOGISTICS I, LLC

By: *John Benzi*

Its: President

APPROVED AS TO FORM:

January 11, 2010

JOHNSON & SEDLACK

By: *Raymond W. Johnson*  
Raymond W. Johnson  
Attorneys for the SIERRA CLUB

January 11, 2010

CITY ATTORNEY  
OF THE CITY OF MORENO VALLEY

By: *Barbara A. Allen*

Its: Interim City Attorney










January 7, 2010

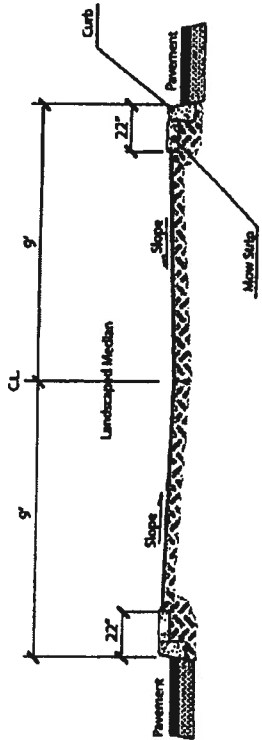
COX CASTLE & NICHOLSON LLP

By: *Kenneth B. Bley*  
Kenneth B. Bley  
Attorneys for HIGHLAND FAIRVIEW PARTNERS I;  
HIGHLAND FAIRVIEW PARTNERS, II, HIGHLAND  
FAIRVIEW PARTNERS, III, HIGHLAND FAIRVIEW  
PARTNERS, IV and HF LOGISTICS I, LLC

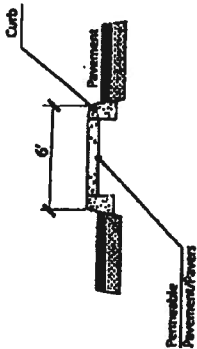
EXHIBIT A

**Legend**

-  Eucalyptus Nicholii
-  Willow-Leaved Peppermint
-  Muhlenbergia Rigens
-  Deer Grass
-  Nassella Tenuissima
-  Mexican Feather Grass
-  Decomposed Granite (DG)
-  4" Scabbled
-  Permeable Pavements/Pavers

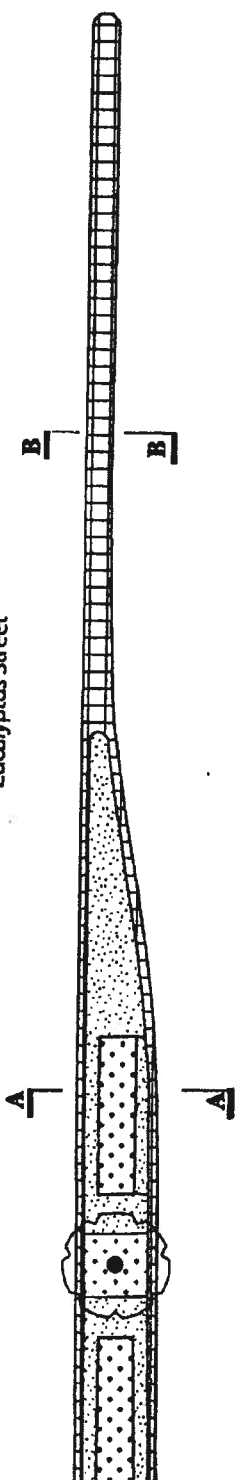


**Median Section A - A**



**Median Section B - B**

Eucalyptus Street



Not to scale  
July 21, 2009

**Exhibit A**

Highland Fairview Corporate Park  
Rancho Belago, Ca 92555

P:\Highland Fairview Corporate Park\Entitlements\Guerra Club Litigation\Litigation Exhibits

**EXHIBIT B**

## Exhibit B

### Highland Fairview Corporate Park – TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

- **Alternative Transportation:**

- **Bicycle Storage & Changing Rooms**

- The project will provide secure bicycle racks within 200 yards of the building entrances for 5% or more of all building users and will provide shower and changing facilities in the building for 0.5% of full-time equivalent occupants.

- **Low Emission and Fuel Efficient Vehicles**

- The project will provide preferred parking for low-emission and fuel efficient vehicles for 5% of the total vehicle parking capacity of the site.

- **Parking Capacity**

- The project will meet, but not exceed the number of parking stalls required by the local zoning requirements and will provide preferred parking for carpools and vanpools for 5% of the total parking spaces.

- **Site Development:**

- **Maximum Open Space**

- As approved by the City of Moreno Valley, the project will provide vegetated open space within the project boundary in accordance with the local zoning's open space requirement.

- **Storm Water Design:**

- **Quality Control**

- Highland Fairview will implement the City approved Storm Water Pollution Prevention Program (SWPPP).

- **Heat Island Effect:**

- **Roof**

- The project will use roofing materials having a Solar Reflectance Index (SRI) equal to or greater than 78 for a minimum of 75% of the roof surface.

- **Water Efficient Landscaping:**

- The project will reduce potable water consumption for irrigation by 50% from a calculated mid-summer baseline case.

*The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.*

## Exhibit B

### Highland Fairview Corporate Park – TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

- **Water Use Reduction:**  
Reduce Water Usage by 30%  
The project will employ strategies that in aggregate use 30% less water than the water use baseline calculated for the building (not including irrigation).
- **Optimize Energy Performance:**  
The project will demonstrate a percentage improvement in the proposed building performance rating compared to the baseline building performance rating.
- **On-Site Renewable Energy:**  
The project will use on-site renewable energy systems (solar) to offset a portion of building energy cost.
- **Enhanced Commissioning:**  
The project began the commissioning process during the design process and will execute additional activities after systems performance verification is completed.
- **Construction Waste Management:**  
The project will recycle and/or salvage a minimum of 50% (by weight) of non-hazardous construction and demolition debris.
- **Recycled Content:**  
The project will use materials with recycled content such that the sum of post-consumer recycled content plus one-half of the pre-consumer content constitutes at least 10% (cost-based) on the total value of the materials in the project.
- **Regional Materials:**  
The project will use building materials or products that have been extracted, harvested or recovered, as well as manufactured, within 500 miles of the project site for a minimum of 10% (cost-based) of the total materials value.

*The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.*

## Exhibit B

### Highland Fairview Corporate Park – TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

- **Increased Ventilation:**  
The project will increase breathing zone outdoor air ventilation rates to all occupied spaces by at least 30% above the minimum rates required by ASHRAE Std. 62.1-2004.
- **Construction IAQ Management Plan:**  
The project will develop and implement an Indoor Air Quality (IAQ) Management Plan for the construction and pre-occupancy phases of the building.
- **Low Emitting Materials:**  
The project will utilize only those paints and coatings that comply with Credit 4.2, 4.3 and 4.4 of the LEED standards.
- **Indoor Chemical & Pollutant Source Control:**  
The project will provide entryway systems to reduce the infiltration of dirt and particulates into the indoor environment. Separate ventilation systems will be provided for storage areas for hazardous chemicals in order to minimize and control pollutants in the building.
- **Daylight and Views:**  
The project will achieve day-lighting via skylights for building occupants in 75% of all regularly occupied areas.
- **Innovation in Design:**  
The project will utilize locally-sourced concrete and interior fixtures providing a 40% water use savings.
- **LEED Accredited Professional:**  
At least one principal participant of the project team is a LEED Accredited Professional (AP).

*The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.*

## Exhibit B

### Highland Fairview Corporate Park – TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

#### The Following are Energy-Saving and Other Design Features:

- **Use of More Shade Trees vs. Palm Trees to Reduce Temperature**  
As shown in the City-approved Plot Plan package, palm trees used on the site will be located at the building's primary entry as part of the decorative entry treatment, and along the freeway, near gates and building corners as accent elements. All other trees on the site, in the parking areas, adjacent to the building, in the landscape areas, and along the freeway will be varieties of shade trees.
- **Waterless Urinals**  
Use of these products was investigated but ultimately rejected based upon marginal performance and excessive maintenance costs. Very low flow urinals will be used in the facility which will provide a 30% reduction in water use over typical low-flow urinals.
- **Automatic turn on and off for lavatory faucets—only allow ½ gal per minute**  
These products will be installed throughout the building.
- **Monitoring system that keeps track of all systems so that response can be quick if one of the systems does not function properly**  
The Skechers building will include a building systems monitoring program which will immediately notify maintenance personnel of any system malfunction.
- **Photo Sensors for Lighting**  
Motion sensors will be installed in the office areas of the building to turn off all lighting (except security lighting) when these areas of the building are not occupied. A network of thousands of roof-mounted skylights will provide substantial natural light in the warehouse areas. Sensors will be installed in the warehouse areas to automatically turn off artificial area lighting when ambient light is adequate.
- **Reduce carpet and flooring glue toxics by environmentally friendly carpet and non toxic glue.**  
Low VOC carpeting, paint and adhesives will be used throughout the building. Polished concrete flooring will replace vinyl flooring originally

*The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.*

## Exhibit B

### Highland Fairview Corporate Park – TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

planned for the warehouse restrooms, break rooms and shipping/receiving areas.

- **Recycle of All Used Materials**  
Recycling bins will be provided at the site for recycling during the operation of the building. Recycling of construction waste will be required to the greatest degree practicable. Skechers currently bundles and recycles all cardboard waste and will provide recycling bins for employee use throughout the facility. Skechers is exploring opportunities for recycling (mulching) of damaged wood pallets.
- **75% of Construction Waste Salvaged or Recycled**  
The project will salvage or recycle as much construction waste as is feasible, but in no case less than 50% by weight of such waste. The project will utilize recycled (crushed) concrete during construction for temporary access roads and for paving base where acceptable. The project is directing green waste from clearing operations during construction, to a location for mulching and will be re-used.
- **Independent Venting for Toxic Places**  
The storage of toxic materials, as identified by the State of California, will be in accordance with all applicable building code requirements including the independent venting of such storage areas.
- **Thermal Controls in Various Work Spaces**  
The warehouse area is not heated or cooled, utilizing a controlled air exchange system to moderate interior temperatures. The office and commercial areas will be served by a number of HVAC zones each with its own controls. The units are equipped with an automatic time switch with an accessible manual override that allows operation of the system during off-hours.
- **The building occupant/owner must share whole-project energy and water usage data for at least five years with the US Green Building Council or Green Building Certification Institute.**  
Highland Fairview will provide all documentation used to secure LEED certification, including any tenant operational documentation. Such documentation requirements will be addressed in the lease documents.

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