

One Paseo Amended and Restated Memorandum of Understanding

Kilroy and California Department of Transportation ("Caltrans") previously executed an agreement dated February 13, 2014, entitled "One Paseo Memorandum of Understanding" ("One Paseo MOU"), regarding the improvements and contributions Kilroy would make to offset the impacts of the One Paseo Reduced Main Street Alternative project, also referred to as the Revised Project on certain transportation facilities. Kilroy no longer is pursuing the Revised Project, and instead has made application with the City of San Diego for a smaller mixed-use development ("New One Paseo"). The traffic analysis prepared by USAI for the Revised Project identified both direct and cumulative project impacts to Caltrans' facilities. New One Paseo will have similar, but generally lesser impacts. In addition to satisfying minimum legal requirements, Kilroy desires to assist with funding and/or installation of improvements for the benefit of the community. As outlined below and in Exhibit 1, Kilroy is prepared to fund \$3,479,400 towards the improvement of facilities within Caltrans' jurisdiction. The following represents the agreement of the parties, effective upon the approval of New One Paseo by the City of San Diego:

1. **Interchange Improvements.** Kilroy will make appropriate applications with Caltrans to obtain permits and install improvements and make fair share payments pursuant to the mitigation phasing schedule attached hereto as Exhibit 1. Improvement costs are estimated at \$1,684,000 and fair share payment contributions are \$1,487,900, with \$307,500 paid in excess of Kilroy's fair share. Subject to its application and permitting process, Caltrans agrees the improvements are appropriate and acceptable mitigation, in some instances partial and in others complete, of New One Paseo impacts. The parties acknowledge that with regard to improvements constructed by Kilroy to mitigate cumulative impacts, Kilroy has both advanced the installation of these improvements and funded in excess of its fair share. The parties also acknowledge that the improvement costs referenced herein are good faith estimates and that Kilroy will be responsible for the actual construction cost of improvements required of Kilroy under this agreement for which Caltrans issues to Kilroy necessary permits to construct, including fully mitigating impacts related to vehicle queuing and ramp capacity to the I-5 NB off-ramp described on Exhibit 1.

2. Bridge Contribution. The parties agree that full mitigation of impacts to the DMH bridge over I-5 can be mitigated by an additional lane to increase capacity, which would effectively necessitate a replacement of the bridge. Such improvements have not been approved by Caltrans, and the timing of any such project is presently unknown. Kilroy agrees to contribute \$1,500,000 ("Bridge Contribution"), an amount in excess of a fair share contribution of \$1,192,500, to fund a portion of the cost of a third eastbound through-lane on the DMH bridge over I-5 as part of a future Caltrans bridge replacement project ("Bridge Replacement Project"), due upon issuance of the first building permit for New One Paseo. (See fair share calculation at Exhibit 2.) The parties agree that the Bridge Contribution may be used to fund planning and engineering studies intended to advance the installation of the replacement bridge. In the event Caltrans (i) has not received all required discretionary approvals to construct the Bridge Project prior to the completion of New One Paseo, or (ii) has not commenced construction of the Bridge Replacement Project within 7 years of the City's first issuance of a certificate of occupancy for New One Paseo, any unexpended portion of the Bridge Contribution, may be expended on programs and projects, including bicycle and pedestrian improvements, mutually acceptable to Kilroy and Caltrans intended to benefit the Carmel Valley community.

3. New One Paseo TDM. Kilroy will satisfy the requirements of the TDM program approved by the City of San Diego in connection with New One Paseo, a draft of which is attached hereto as Exhibit 3.

4. Traffic Signal Optimization Program. Caltrans and Kilroy will work cooperatively with the City of San Diego to explore the feasibility of a traffic signal optimization program, including an emergency vehicle preemption system, on Del Mar Heights Road, including two (2) signals within Caltrans jurisdiction at the I-5 interchange. Kilroy intends to install the system along Del Mar Heights Road from Mango Drive to Lansdale Drive. In the event the system is not feasible within Caltrans' jurisdiction, Kilroy will install the system at signals within the City's jurisdiction (Del Mar Heights Road from Lansdale Drive to High Bluff Drive). If components of the proposed system are not acceptable to Caltrans, Kilroy nevertheless will install the system components acceptable to Caltrans at the intersections within its jurisdiction. In the event Caltrans, after due consideration of the system, determines it infeasible to approve all or a portion of the system for Caltrans' facilities, upon the issuance of the first

building permit for New One Paseo, Kilroy will contribute \$100,000, less the cost of system components acceptable within Caltrans' jurisdiction, towards Caltrans' project(s) mutually agreeable to the parties which benefit the Carmel Valley community. Kilroy will work cooperatively with Caltrans staff to explore the implementation of a cost-effective traffic signal optimization technology or similar improvements intended to reduce queuing on the north bound I-5 freeway off ramp at Del Mar Heights Road, including without limitation, improved communications, controllers, detection and CCTV. The parties acknowledge that Kilroy has no obligation to fund any portion of the traffic signal optimization program and has proposed to do so as a benefit to the community and not as a mitigation measure. The traffic signal optimization program technology proposed by Kilroy within Caltrans' jurisdiction will conform to Caltrans District 11 standards, specifications, policies and procedures for traffic signal systems and operations. The parties also acknowledge that Caltrans ultimately may not be able to participate in some or all of the proposed system to the extent inconsistent with current Caltrans policies and procedures. However, for the components of the system consistent with Caltrans policies and procedures, Caltrans agrees to support the implementation of the system. Kilroy will submit additional information to Caltrans regarding the program Kilroy wishes to implement.

5. One Paseo MOU Superseded. This One Paseo Amended and Restated Memorandum of Understanding supersedes, in its entirety, the One Paseo MOU. In light of the City of San Diego's rescission of certain approvals necessary for the development of the Revised Project, the One Paseo MOU is null and void, and of no further force and effect.


The parties have entered into this agreement as of February ____, 2016.

KILROY REALTY, L.P.,
a Delaware limited partnership

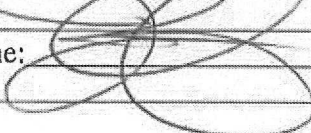
CALIFORNIA DEPARTMENT OF
TRANSPORTATION

By: Kilroy Realty Corporation,
a Maryland corporation,
its general partner

Bill Figge
Deputy District Director, Planning and Local
Assistance

By: 
Name: Jeffrey C. Hawken
Its: Executive Vice President
Chief Operating Officer

Date: 2-23-16

By: 
Name: _____
Its: _____

Joseph E. Magri
Senior Vice President
and Corporate Counsel

EXHIBIT 1

**Caltrans Transportation
Mitigation Summary
(11/15)**

Location	Responsible Party	Improvement	Impact Fully Mitigated?	When Mitigation Required?
Del Mar Heights Road / I-5 NB Ramps	One Paseo	Modify I-5 NB On/Off Ramps: Widen Off-Ramp to include dual left and shared through/right and right turn lane at intersection; Extend WB right turn pocket by 845 feet ¹ ; Reconfigure median on bridge to extend EB dual left turn pocket to 400 feet.	Partially	Prior to C of O of the first office building
I-5 NB Ramp Meter / Del Mar Heights Road	One Paseo & Other projects	Contribute a fair share (31.1%) towards widening the NB On-Ramp to add a HOV lane to the ramp.	Yes	Prior to C of O of the first office building
Del Mar Heights Road (I-5 SB Ramps to I-5 NB Ramps Bridge)	One Paseo	Reconfigure median on bridge to extend EB dual left turn pocket to 400 feet.	Partially	Prior to C of O of the first office building
I-5 SB (Loop) Ramp Meter / Del Mar Heights Road	One Paseo & Other projects	Contribute fair share (25.5%) towards widening to add an HOV lane to the On Ramp.	Partially	Prior to C of O of the first office building
El Camino Real / SR-56 EB On-Ramp	One Paseo & Other projects	Contribute fair share (2.7%) of the cost of the following improvement; Widen & Restripe EB approach to provide 1 left, 1 through/left, 1 through, and 2 dedicated right turn lanes.	Yes	Prior to C of O of the first office building

Footnotes:

C of O = Certificate of Occupancy

¹ In lieu of the extension of the WB right turn pocket described herein, Caltrans also will accept dual right turn pocket scenarios more particularly depicted in the Leppert Engineering drawings dated 1/19/16, sheet C-13, which shall include the requirements stated in the 11/30/15 Caltrans letter to John Boarman of LLG and further clarified by the Caltrans letter attached hereto as Exhibit 4.

EXHIBIT 2

ONE PASEO

EASTBOUND 3rd LANE ON DEL MAR HEIGHTS ROAD BRIDGE
OVER I-5

Length = 475 feet (From Advanced Planning Study)

Width = 12 feet (Adding 1 lane)

5,700 S.F. = 530 square meters

@ 10.76 SF/SM · (\$2,250) (From Advanced Planning Study)

530 SM x \$2,250/SM = \$1,192,500

EXHIBIT 3

TRANSPORTATION DEMAND MANAGEMENT (TDM) ONE PASEO

Commuters base their travel choices on a desire to save time and money, reduce stress, improve the environment and their health, and other considerations. The One Paseo TDM strategy is to address these personal and business motivations with targeted outreach, education and public awareness campaigns combined with the resources and incentives needed to change travel behavior.

Goals and Objectives

- Reduce peak hour congestion.
- Provide for a balanced approach to mobility.
- Enhance safety and convenience for vehicles, bicyclists, and pedestrians.
- Reduce parking demand.
- Maximize the functionality of current and future parking supply.
- Execute sustainability practices detailed in LEED for Neighborhood Development.
- Reduce greenhouse gas emissions.
- Support Kilroy Realty Corporation's sustainability program.
- Facilitate a coordinated transportation approach with the overall neighborhood.

Integrating Transportation Demand Management into the Project

TDM deals directly with the basic demand for travel by affecting mode, time of day, frequency, and path of travel. TDM includes a broad range of synergistic actions to reduce single occupant vehicular travel. These strategies are intended to improve the efficiency of the existing transportation system by encouraging use of alternate travel modes to the single-occupancy vehicle (SOV).

Strategies

- Ridesharing, Preferential Carpool Parking and Parking Strategies.
- Parking cash-out incentives (Cash incentive in lieu of free parking for choosing not to drive to work alone).
- Pedestrian and Bicycle connections and circulation Improvements.
- Cycling Support Services, storage and amenities.
- Electric Vehicle Charging Stations.
- Shuttle Program to Coaster station.
- Transportation Coordinator/TDM Sustainability Coordinator.
- Tenant/Resident/Staff best practices education such as staggered work hours.
- Public Transit Enhancements for the future.
- Carsharing/Bikesharing promotions.
- Trip Reduction Membership Program.

(To be determined – under review.)
TDM PLAN RECOMMENDATIONS TABLE

RECOMMENDATION	TARGETED AUDIENCE	PHASING
Ridesharing, Preferential Carpool Parking and Parking Strategies	Entire Community	100% within scope of development for each project phase
Pedestrian and Bicycle Circulation Improvements	Entire Community	100% within scope of development for each project phase
Bicycle Parking	Entire Community	100% within scope of development for each project phase
Bicycle Support Services	Entire Community	Phase 2
Electronic Vehicle Charging Stations	Entire Community	100% within scope of development for each project phase
Shuttle Program	Entire Community	Project Build-out (unless regional funding sources become available with earlier demand for service)
TENANT/RESIDENT/STAFF RESOURCES		Incremental with build out of each phase
<ul style="list-style-type: none"> • TDM Resource Website 	Entire Community	Upon introduction of final office phase or final residential phase
<ul style="list-style-type: none"> • Transit Enhancements 	Entire Community	Controlled by Regional funding sources – Not within control of project developer
<ul style="list-style-type: none"> • Carsharing/Bikesharing 	Entire Community	Market driven by third party providers willing to expand programs based on market demand
<ul style="list-style-type: none"> • Trip Reduction 	Entire Community	Final Project Phase Membership Program

EXHIBIT 4

DEPARTMENT OF TRANSPORTATION

DISTRICT 11, DIVISION OF PLANNING
4050 TAYLOR ST, M.S. 240
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Serious drought.
Help save water!*

February 16, 2016

11-SD-5
PM 34.13
New One Paseo
Traffic Analysis Addendum

Mr. John A. Boarman, P.E.
Principal
Linscott, Law & Greenspan, Engineers
4542 Ruffner Street, Suite 100
San Diego, CA 92111

Dear Mr. Boarman:

Thank you for including the California Department of Transportation (Caltrans) in the review of the traffic analysis addendum for the New One Paseo project near Interstate 5 (I-5). Caltrans provided a comment letter dated November 30, 2015 (attached). We would like to submit a follow-up letter providing further clarification on our comments.

Caltrans previous comments pertaining to suggested improvements to reconfigure the southbound I-5 on-ramp to improve conditions for bicyclists and pedestrians are general recommendations associated with cumulative impacts to the interchange, when and if future improvements are implemented, and are not associated with any improvements being constructed to the I-5 northbound off-ramp as part of the One Paseo direct impact mitigation. Any actual sidewalk or ADA improvements will be associated with the work for the actual off-ramp construction.

Caltrans recognizes an agreed upon fair share outlined in a Memorandum of Understanding (MOU) between Kilroy Realty and Caltrans to further implement the EIR mitigation and community enhancements. Caltrans further acknowledges that the new project will not contribute to the SR-56 bike path connection referenced in the 4th bullet point of the 11/30 letter.

If you have any questions, please contact Kimberly Dodson, of the Caltrans Development Review Branch, at 619-688-2510 or by e-mail send to kimberly.dodson@dot.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "J.A.", written over a light blue horizontal line.

JACOB ARMSTRONG, Branch Chief
Development Review Branch

DEPARTMENT OF TRANSPORTATION

DISTRICT 11, DIVISION OF PLANNING

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Help save water!*

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New One Paseo
Traffic Analysis Addendum

Mr. John A. Boarman, P.E.
Principal
Linscott, Law & Greenspan, Engineers
4542 Ruffner Street, Suite 100
San Diego, CA 92111

Dear Mr. Boarman:

Thank you for including the California Department of Transportation (Caltrans) in the review process for the New One Paseo project near Interstate 5 (I-5) traffic analysis addendum that was recently submitted to the City of San Diego.

Caltrans comments are as follows:

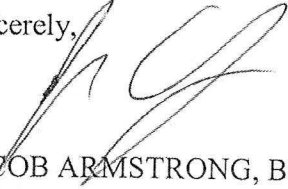
- Bike lanes should be a minimum width of six feet per the California Highway Design Manual (301.2). Striping enhancements such as buffers and green paint are recommended for bike lanes.
- For the dual right option, Caltrans will require a dedicated pedestrian phase at the northbound on-ramp. A blank-out "No Turn on Red" sign will be required for that crosswalk as well.
- In order to improve conditions for bicyclists and pedestrians, the westbound Del Mar Heights Road to southbound I-5 on-ramp should be reconfigured to remove the free right and square-up the intersection.
- Caltrans supports the project contributing to the completion of the gap in the State Route 56 (SR-56) Bike Path to connect to Old Sorrento Valley Road at I-5.
- Sidewalk within Caltrans Right-of-Way (R/W) should be six feet wide per the Caltrans Highway Design Manual and meet Americans with Disabilities Act (ADA) requirements.

Any work performed within Caltrans R/W will require discretionary review and approval by Caltrans and an encroachment permit will be required for any work within the Caltrans R/W prior to construction. As part of the encroachment permit process, the applicant must provide an approved final environmental document including the California Environmental Quality Act (CEQA) determination addressing any environmental impacts with the Caltrans' R/W, and any corresponding technical studies.

Mr. John Boarman
November 30, 2015
Page 2

If you have any questions, please contact Kimberly Dodson, of the Caltrans Development Review Branch, at 619-688-2510 or by e-mail send to kimberly.dodson@dot.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Armstrong', written over a horizontal line.

JACOB ARMSTRONG, Branch Chief
Development Review Branch