

PASEO NUEVO PARKING AGREEMENT

REL:Agmt-154:sm  
724-1116K0187-001

TABLE OF CONTENTS

Page

ARTICLE 1

COVENANTS TO PROVIDE SHOPPING CENTER PARKING.....3

1.1 Lot 1 Parking Structure.....3

    1.1.1 Agency Obligations.....3

    1.1.2 Developer Obligations.....3

1.2 Offsite Parking Facilities.....3

1.3 Cooperation Agreement.....4

1.4 Planning Commission Conditions  
    of Approval.....4

1.5 Downtown Parking Assessment Area.....4

1.6 Employee and Replacement Parking Spaces.....5

1.7 Inappropriate User Program.....6

ARTICLE 2

DELIVERY AND RECORDATION OF PARKING COVENANTS.....8

2.1 Lot 1 Parking Covenants.....8

2.2 Covenant for Public Parking Use.....8

2.3 Offsite Parking Covenants.....9

2.4 Insurable Covenants Running With  
    the Land.....9

ARTICLE 3

CONSTRUCTION, DELIVERY, MAINTENANCE AND  
OPERATION OF THE LOT 1 PARKING STRUCTURE.....10

3.1 Scope of Improvements.....10

3.2 Development and Approval of  
    Improvement Plans.....10

3.3 Evidence of Financing.....10

3.4 Construction and Completion of Improvements....11

3.5 Delivery to Lot 1 Owner for Public Operation...11

3.6 Agency Parking Contribution.....12

3.7 Operation and Maintenance of Lot 1  
    Parking Structure.....13

3.8 Private Operation.....14

3.9 Pocket Assessment Area.....15

3.10 Assessments on Shopping Center Tract.....15

    3.10.1 DPA Assessment.....15

    3.10.2 Limitation on Assessments.....16

ARTICLE 4

CONSTRUCTION, MAINTENANCE, OPERATION AND  
REPLACEMENT OF OFFSITE PARKING FACILITIES.....16

4.1 Scope and Improvements.....16

4.2 Development and Approval of  
    Improvement Plans.....17

    4.2.1 Final Working Drawings.....17

    4.2.2 Timing of Approval of Plans and  
        Drawings.....17

    4.2.3 Changes and Modifications to Final

	Working Drawings.....	17
4.2.4	Approval of Plans; Agency's Indemnification.....	18
4.2.5	Construction in Accordance with Plans.....	18
4.3	Evidence of Ability to Finance and Complete.....	18
4.4	Commencement of Construction.....	18
4.5	Completion of the Offsite Parking Facilities.....	19
4.6	Construction Schedule.....	19
4.7	General Construction Requirements.....	20
4.7.1	Construction Phasing Plan.....	20
4.7.2	Coordination of Construction.....	20
4.7.3	Workmanship.....	21
4.7.4	Construction Indemnity.....	21
4.7.5	Insurance During Construction.....	21
4.7.6	Anti-Discrimination During Construction.....	22
4.8	Relocation of Offsite Parking Facilities.....	22

ARTICLE 5

	UNPERFORMED COVENANTS, DEFAULTS AND REMEDIES.....	23
5.1	Default; Rights and Remedies.....	23
5.2	No Waiver.....	24

ARTICLE 6

	MISCELLANEOUS PROVISIONS.....	24
6.1	No Third Party Beneficiary.....	24
6.2	Survival.....	24
6.3	Breach Shall Not Permit Termination.....	25
6.4	Captions.....	25
6.5	Governing Laws.....	25
6.6	No Partnership.....	25
6.7	Not a Public Dedication.....	25
6.8	Successors.....	25
6.9	Time of Essence.....	26
6.10	Counterparts.....	26
6.11	Notices.....	26
6.12	Liability.....	27
6.13	Exhibits.....	28

PASEO NUEVO PARKING AGREEMENT

THIS PASEO NUEVO PARKING AGREEMENT ("Parking Agreement") is made and entered into as of this first (1st) day of November, 1987 ("Effective Date"), by and between the following entities:

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, a public body, corporate and politic, organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California ("Agency");

CITY OF SANTA BARBARA, a municipal corporation ("City");

SANTA BARBARA ASSOCIATES, a California general partnership ("Developer");

CARTER HAWLEY HALE STORES, INC., a Delaware corporation ("Broadway"); and

NORDSTROM, INC., a Washington corporation ("Nordstrom").

RECITALS

A. Agency and Paseo Nuevo Associates, a California limited partnership, have concurrently herewith entered into that certain Disposition and Development Agreement ("DDA") pursuant to which Agency shall become the owner of that certain real property located in the City of Santa Barbara, County of Santa Barbara, State of California, more particularly described in Part I of Exhibit "A" attached hereto ("Project Site"). Paseo Nuevo Associates has assigned its rights under the DDA to Developer.

B. The DDA contemplates that the Project Site will be divided into four (4) tracts more particularly referred to herein as the "Developer Tract," the "Broadway Tract," the "Nordstrom Tract," and the "Lot 1 Parking Tract," respectively. The Developer Tract, Broadway Tract and Nordstrom Tract are sometimes hereafter collectively referred to as the "Shopping Center Tract."

C. The DDA provides for the acquisition by Developer, Broadway and Nordstrom of certain leasehold interests in the Project Site and the redevelopment of the Project Site (and certain other parcels hereafter described) by Developer, Broadway, Nordstrom and Agency into a first class, high quality, regional shopping center with appurtenant parking ("Shopping Center").

D. Pursuant to the DDA, Agency has agreed to enter into leases with (i) Developer for the Developer Tract ("Developer Lease"), (ii) Broadway for the Broadway Tract ("Broadway Lease") and (iii) with Nordstrom for the Nordstrom Tract ("Nordstrom Lease"). Agency shall be the initial fee owner of the Lot 1 Parking Tract. As used herein, the term "Agency" shall mean Agency and its successors and assigns as the owner of the fee estate in the Lot 1 Parking Tract, or any party entitled to possession of the Lot 1 Parking Tract by or through Agency, except Developer. Broadway and Nordstrom are hereafter individually or collectively referred to as "Major" or "Majors," respectively.

E. Pursuant to the DDA, Developer, Agency, Broadway and Nordstrom shall enter into a Construction, Operation and Reciprocal Easement Agreement ("REA") that shall require the development and construction by Developer, Broadway and Nordstrom of a parking structure on the Lot 1 Parking Tract (the "Lot 1 Parking Structure"), as a part of the Shopping Center.

F. City of Santa Barbara is the owner of certain real property noncontiguous to the Project Site and located in the City of Santa Barbara, County of Santa Barbara, State of California more particularly described in Part II ("Lot 2 Parking Tract") and III ("Lot 10 Parking Tract"), respectively, of Exhibit "A" (the Lot 2 Parking Tract and Lot 10 Parking Tract are hereafter collectively referred to as the "Offsite Parking Tracts," and individually referred to as an "Offsite Parking Tract").

G. In connection with the development of the Shopping Center, the DDA requires that Agency, in cooperation with City, provide for the development, construction, operation and maintenance of a public parking facility on the Lot 2 Parking Tract ("Lot 2 Parking Structure") and the Lot 10 Parking Tract ("Lot 10 Parking Structure") (hereafter sometimes referred to individually as an "Offsite Parking Facility" and collectively as the "Offsite Parking Facilities") in order to provide a total of not less than one thousand one hundred four (1,104) public parking spaces for the benefit of and as an appurtenance to the Shopping Center. The owner of the fee estate of the Lot 2 Parking Tract, whether Agency or City, or any person entitled to possession of the Lot 2 Parking Tract by or through Agency or City as the owner of such fee estate shall hereafter be referred to as the "Lot 2 Owner." Similarly, the owner of the fee estate of the Lot 10 Parking Tract, whether Agency or City, or any person entitled to possession of the Lot 10 Parking Tract by or through Agency or City as the owner of such fee estate shall hereafter be referred to as the "Lot 10 Owner." The Lot 2 Owner and the Lot 10 Owner are sometimes hereafter referred to individually as an "Offsite Owner" and collectively as the "Offsite Owners."

H. Agency, City, Developer, Broadway and Nordstrom (hereafter, with their respective successors and assigns, referred collectively as the "Parties" and individually as a "Party") now desire to set forth in detail the terms and conditions upon which (i) the Lot 1 Parking Structure shall be developed, constructed, operated and maintained, and (ii) the Offsite Parking Facilities shall be developed, constructed, operated and maintained.

NOW, THEREFORE, in consideration of the foregoing, and the covenants and agreements on the part of each Party to the other as hereinafter set forth, IT IS AGREED as follows:

## ARTICLE 1

### COVENANTS TO PROVIDE SHOPPING CENTER PARKING

#### 1.1 Lot 1 Parking Structure.

1.1.1 Agency Obligations. Agency shall acquire the Lot 1 Parking Tract as part of the Project Site pursuant to the DDA and within the time set forth in the Schedule of Performance attached to the DDA ("Schedule of Performance"). Upon the date that Agency conveys leasehold interests in the Developer Tract, Broadway Tract and Nordstrom Tract to Developer, Broadway and Nordstrom, respectively ("Close of Escrow"), Agency shall grant a right of entry onto the Lot 1 Parking Tract to Developer, Broadway and Nordstrom pursuant to the construction license provisions of the Lot 1 Parking Covenants (the "Lot 1 Parking Covenants") attached hereto as Exhibit "B."

1.1.2 Developer Obligations. In accordance with the requirements of this Parking Agreement and the REA, Developer shall develop and construct, or cause to be developed and constructed, the Lot 1 Parking Structure containing at least five hundred seventy two (572) parking spaces on the Lot 1 Parking Tract within the time required by the Schedule of Performance. Each of the Majors shall construct a portion of the Lot 1 Parking Structure in accordance with the REA, subject to reimbursement from Developer pursuant to the REA and a separate agreement by and between Developer and each of the Majors.

1.2 Offsite Parking Facilities. Each Offsite Owner covenants to own, develop, construct, operate and maintain, or cause the development, construction, operation and maintenance of, at its sole cost and expense, an Offsite Parking Facility on its respective Offsite Parking Tract in accordance with this Parking Agreement and the "Offsite Parking Covenants" attached hereto as Exhibit "C" in order to provide and maintain a minimum of one thousand one hundred fifteen (1,115) public

parking spaces within a two block radius of the Shopping Center throughout the term of the Offsite Parking Covenants.

1.3 Cooperation Agreement. City shall comply with the terms of that certain Cooperation Agreement of even date herewith entered into by and between Agency and City ("Cooperation Agreement") to effectuate the purpose of this Parking Agreement.

1.4 Planning Commission Conditions of Approval. The City Planning Commission has imposed upon the Developer and the Agency, as conditions for approval of the Shopping Center, certain parking and related conditions which are more particularly described in the Conditions of Approval, Downtown Retail Revitalization Project: Paseo Nuevo, April 15, 1987 (the "Shopping Center Conditions of Approval"). The Shopping Center Conditions of Approval require that certain vehicle use disincentives be implemented by Developer pursuant to a Transportation Systems Management Plan ("TSMP"). In addition, the City Planning Commission has imposed upon the City, as a condition for its approval of the Lot 2 Parking Structure and Lot 10 Parking Structure, respectively, certain parking and related conditions which are more particularly described in the Conditions of Approval, Downtown Retail Revitalization Project, Parking Structure Lot 2, April 15, 1987 (the "Lot 2 Conditions of Approval"), and the Conditions of Approval, Downtown Retail Revitalization Project, Parking Structure Lot 10, April 15, 1987 (the "Lot 10 Conditions of Approval"). The Shopping Center Conditions of Approval (including the TSMP), Lot 2 Conditions of Approval and Lot 10 Conditions of Approval are hereafter collectively referred to as the "Conditions of Approval." The Parties hereby covenant and agree to exercise good faith diligent efforts to carry out the objectives and to fulfill the requirements set forth in the Conditions of Approval.

1.5 Downtown Parking Assessment Area. The Parties acknowledge that a Downtown Parking Assessment Area ("DPA") may be formed prior to the date that certificates of completion have been issued for all of the improvements on the Shopping Center Tract in accordance with the REA ("Completion Date") in order to finance Agency's contribution to the cost of construction of the Lot 1 Parking Structure and acquisition and construction of the Offsite Parking Facilities and other public parking facilities in the downtown Santa Barbara area. It is anticipated that any such DPA would consist of a downtown Santa Barbara area generally described as all or a portion of the geographic area between Sola Street, Highway 101, De La Vina Street and Santa Barbara Street and would include the Lot 1 Parking Structure and the Offsite Parking Facilities as public parking facilities of special benefit to the real properties located within the DPA. If a DPA is formed, City shall take those steps that may be necessary in

order to issue tax exempt lease revenue bonds or certificates of participation in order to finance Agency's contribution to the cost of constructing the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities. For purposes of this Parking Agreement, DPA formation shall be deemed to have occurred when (i) the City has adopted a resolution forming the DPA and levying DPA parking assessments within the entire DPA for a period of thirty (30) years or less in an amount sufficient to generate One Million Nine Hundred Thousand Dollars (\$1,900,000) annually by 1990, and (ii) such resolution and formation of the DPA has been validated by a judgment of a court of competent jurisdiction ("DPA Formation"). Notwithstanding DPA Formation, the Lot 1 Parking Structure and the Offsite Parking Structures shall continue to be subject to the Lot 1 Parking Covenants and the Offsite Parking Covenants. (The Lot 1 Parking Covenants and the Offsite Parking Covenants, together with the Public Parking Covenants (as defined below), if recorded, are hereafter collectively referred to herein as the "Parking Covenants.")

1.6 Employee and Replacement Parking Spaces. Agency shall provide, to the extent and for so long as required by Section A.7(j) of the Shopping Center Conditions of Approval, the number of employee parking spaces required by said section subsidized at its own cost and expense ("Employee Parking"). The Parties hereto acknowledge that it is the policy and preference of Agency and the other Parties hereto to place the Employee Parking in parking facilities other than the Lot 1 Parking Structure and the Offsite Parking Structures. Notwithstanding the above, Agency shall have the right to place not more than an aggregate of one hundred sixty-eight (168) Employee Parking spaces in the Lot 2 Parking Structure and the Lot 10 Parking Structure. The Parties hereto acknowledge that Agency may provide up to an aggregate of twenty-five (25) reserved parking spaces in the Lot 1 Parking Structure, Lot 2 Parking Structure or Lot 10 Parking Structure for owners of properties partially acquired by Agency in connection with the acquisition of the Project Site as a means of mitigating severance damages caused to such owners by such acquisition ("Replacement Parking"). If any parking spaces in the Lot 1 Parking Structure, Lot 2 Parking Structure or Lot 10 Parking Structure are reserved for Replacement Parking, the number of parking spaces allocated to Employee Parking in the Lot 2 Parking Structure and Lot 10 Parking Structure shall be reduced by the number of Replacement Parking Spaces granted by Agency, and Agency shall provide the number of Employee Parking spaces displaced by the Replacement Parking in other parking facilities other than the Lot 2 Parking Structure and the Lot 10 Parking Structure. No Employee Parking spaces shall be allocated to the Lot 1 Parking Structure. If any Replacement Parking Spaces are located in the Lot 1 Parking Structure, and Developer operates the Lot 1 Parking Structure as a private parking structure in accordance with Article 4 of

the Lot 1 Parking Covenants, Agency shall pay Developer for such Replacement Parking Spaces in accordance with the terms of a separate agreement by and between Agency and Developer.

1.7 Inappropriate User Program. City and Agency acknowledge that Developer and each Major will make significant capital expenditures and will devote substantial human and financial resources to construct, develop and operate their respective improvements on the Shopping Center Tract in reliance on the availability of parking in the Lot 1 Parking Structure and the Offsite Parking Facilities for use by Occupants and Permittees (as defined in the REA) of the Shopping Center. Agency and City further acknowledge that the success of the Shopping Center, and the Retail Revitalization Project contemplated by the DDA in downtown Santa Barbara, is dependent on the availability and adequacy of parking in the Lot 1 Parking Structure and the Offsite Parking Facilities for Occupants and Permittees of the Shopping Center. Accordingly, City and Agency acknowledge that it is their policy to discourage the use of the Lot 1 Parking Structure (to the extent such structure is operated in accordance with the public operation covenants set forth in Article 3 of the Lot 1 Parking Covenants) and the Offsite Parking Facilities by persons who enter the Lot 1 Parking Structure and the Offsite Parking Facilities between the hours of 5:00 a.m. and the commencement of Retail Hours of Operation (as defined below) ("Pre-Opening Hours") and remain parked therein during Retail Hours of Operation after the expiration of any free parking period permitted pursuant to clause (a) below ("Inappropriate User"). As used herein, the term "Retail Hours of Operation" shall mean the period commencing with the earlier of 9:00 a.m. or thirty (30) minutes prior to the time the first Major's store opens for business each morning, and continuing until at least forty-five (45) minutes after the close of business of the last mall store and Major's store.

In order to implement the foregoing policy of City and Agency, each Offsite Owner and the other Parties hereto, as applicable, shall establish the following operational standards and programs for the use of the Lot 1 Parking Structure (to the extent such structure is operated in accordance with the public operation covenants set forth in Article 3 of the Lot 1 Parking Covenants) and the Offsite Parking Facilities during the Pre-Opening Hours:

(a) No person entering the Lot 1 Parking Structure or an Offsite Parking Facility during Pre-Opening Hours shall be entitled to more than ninety (90) minutes free parking;

(b) Any validation program relating in whole or in part to the use of the Lot 1 Parking Structure or the Offsite Parking Facilities during Pre-Opening Hours shall create a material and substantial disincentive to discourage Inappro-

priate Users from remaining parked in the Lot 1 Parking Structure or the Offsite Parking Facilities after the commencement of Retail Hours of Operation;

(c) Not more than an aggregate of four hundred sixty (460) parking spaces shall be available to users of the Lot 1 Parking Structure and the Offsite Parking Facilities during Pre-Opening Hours. The remainder of the spaces in the Lot 1 Parking Structure and the Offsite Parking Facilities shall not be open to use until commencement of Retail Hours of Operation;

(d) Owner, Developer, Broadway and Nordstrom shall establish a parking program ("Inappropriate User Program") for the use of the Lot 1 Parking Structure and the Offsite Parking Facilities during the Pre-Opening Hours containing the following elements:

(1) The establishment of rates and operating procedures for use of the Lot 1 Parking Structure and the Offsite Parking Facilities during Pre-Opening Hours that create a material and substantial disincentive for use of the Lot 1 Parking Structure and the Offsite Parking Facilities by Inappropriate Users;

(2) A procedure by which Developer, Broadway, Nordstrom and the applicable Offsite Owner may request a revision of the Inappropriate User Program, together with a procedure for consideration of such request by such Parties. The procedure for requesting a revision to the Inappropriate User Program shall allow Developer and the Majors to request such revision at any time and from time to time during the period commencing with the respective opening dates of the Lot 1 Parking Structure and each Offsite Parking Facility to public use and continuing until one (1) year after the Actual Opening Date (as defined in the REA) of the common area of the Shopping Center, and thereafter on a quarterly basis, during the period commencing with the second (2nd) year after the Actual Opening Date of the common area of the Shopping Center and continuing throughout the term of the respective Parking Covenants for the Lot 1 Parking Structure and each Offsite Parking Facility;

(3) A dispute resolution mechanism if Developer, Broadway, Nordstrom, or the applicable Offsite Owner are unable to agree upon the need for, or the extent of, a revision to the Inappropriate User Program; and

(4) A provision for amending the Offsite Parking Covenants, if necessary, to incorporate the Inappropriate User Program.

The Inappropriate User Program to be effective upon the opening of each Offsite Parking Facility shall be established by the Parties hereto prior to the time set forth in the Schedule of Performance for Agency's delivery of a Notice to Proceed (as described in the DDA). The establishment of the Inappropriate User Program shall be a condition precedent to Agency's delivery of a Notice to Proceed.

## ARTICLE 2

### DELIVERY AND RECORDATION OF PARKING COVENANTS

2.1 Lot 1 Parking Covenants. On or prior to the Close of Escrow, Developer, Broadway, Nordstrom and Agency shall execute the Lot 1 Parking Covenants in substantially the form and content attached hereto as Exhibit "B." The Lot 1 Parking Covenants shall provide for the operation and maintenance of the Lot 1 Parking Structure. The Lot 1 Parking Covenants shall be recorded against the Lot 1 Parking Tract at the Close of Escrow prior to all other liens and encumbrances against the Lot 1 Parking Tract except the lien of property taxes not yet due and payable at the Close of Escrow.

2.2 Covenant for Public Parking Use. If DPA Formation occurs prior to the Close of Escrow, City shall execute, acknowledge and record, or cause to be executed, acknowledged and recorded, in the Official Records of Santa Barbara County, a declaration of covenants containing the terms and conditions set forth in Exhibit "D" attached hereto ("Public Parking Covenants") against the Lot 2 Parking Tract and the Lot 10 Parking Tract, which covenants shall require that the Lot 2 Parking Tract and Lot 10 Parking Tract, respectively, be used exclusively for public automobile parking purposes. The Public Parking Covenants shall constitute covenants running with the land that burden each of the Lot 2 Parking Tract and the Lot 10 Parking Tract, and shall bind each and every person having any fee, leasehold or other interest in any part of the Offsite Parking Tracts and their respective successors and assigns. The Public Parking Covenants shall initially benefit that portion of the Project Site owned by City as of the date hereof and shall benefit the remaining property in the Project Site upon the acquisition thereof by City or Agency. The Public Parking Covenants shall inure to the benefit of City and Agency and any person thereafter acquiring any fee, leasehold, or other interest in the Project Site through City or Agency. The Public Parking Covenants shall benefit the Shopping Center Tract, and any person having any fee, leasehold or other interest in any portion thereof. City shall record the Public Parking Covenants prior to the recordation of any indenture, lease, trust agreement or other security instrument securing lease revenue bonds or certificates of participation that are obligations of the City issued in connection with DPA Formation to finance Agency's contribution

to the cost of constructing the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities such that the Public Parking Covenants are at all times senior to the rights of bondholders of such lease revenue bonds or the holders of such certificates of participation. City hereby covenants to cause any indenture, lease, trust agreement or other security instrument securing such bonds or certificates to expressly state that such indenture, lease, trust agreement or other security instrument is subordinate and subject to the Public Parking Covenants. Agency covenants with Developer, Broadway and Nordstrom to pay, or cause to be paid, prior to the delinquency thereof, any and all debt service payments required to be made in connection with lease revenue bonds or certificates of participation issued in connection with the financing of Agency's contribution to the cost of constructing the Lot 1 Parking Structure and the acquisition and construction of the respective Offsite Parking Facilities. Upon the written request of any of Developer, Broadway or Nordstrom, City and Agency shall deliver to the requesting Party written evidence of payment of all such amounts.

2.3 Offsite Parking Covenants. On or prior to the Close of Escrow, Developer, Broadway, Nordstrom and the applicable Offsite Owner shall execute the Offsite Parking Covenants for the Lot 2 Parking Structure and the Lot 10 Parking Structure in substantially the form and content attached hereto as Exhibit "C." The Offsite Parking Covenants shall provide for the construction, operation, maintenance and relocation of the Offsite Parking Facilities as parking appurtenant to the Shopping Center during the term of such Offsite Parking Covenants. The Offsite Parking Covenants shall be recorded against each of the Offsite Parking Tracts at Close of Escrow prior to all other liens and encumbrances against each such Offsite Parking Tract except the lien of property taxes not yet due and payable at the Close of Escrow and certain rights and items more particularly set forth in each of the Offsite Parking Covenants. In addition, if DPA Formation occurs prior to the Close of Escrow, the Offsite Parking Covenants shall be subordinate to the rights of bondholders of lease revenue bonds or certificate holders of certificates of participation that are obligations of City issued in connection with DPA Formation to finance Agency's contribution to the cost of constructing the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities, provided that any indenture, lease, trust agreement or other security instrument securing such bonds or certificates shall be subordinate to the Public Parking Covenants on the Lot 2 Parking Tract and the Lot 10 Parking Tract.

2.4 Insurable Covenants Running With the Land. The Parties intend that the Lot 1 Parking Covenants shall constitute insurable covenants running with the land that shall

burden the Lot 1 Parking Tract and shall bind each and every person having any fee, leasehold or other interest in any part of the Lot 1 Parking Tract and their respective successors and assigns. The Parties also intend that the Public Parking Covenants, if recorded, and the Offsite Parking Covenants shall constitute insurable covenants running with the land that shall burden each of the Offsite Parking Tracts and shall bind each and every person having any fee, leasehold or other interest in any part of the Offsite Parking Tracts and their respective successors and assigns. The Parking Covenants shall benefit the Developer Tract, the Broadway Tract and the Nordstrom Tract and any person succeeding to an interest therein. At the Close of Escrow, Agency shall cause to be issued with the title insurance policy to be delivered to Developer and each of the Majors in accordance with Section 211 of the DDA a title insurance endorsement insuring the priority and enforceability of the Parking Covenants, including, if DPA Formation occurs prior to the Close of Escrow, a title insurance endorsement insuring the priority of the Public Parking Covenants as senior to all other liens and encumbrances, including the rights of bondholders of lease revenue bonds or certificate holders of certificates of participation issued in connection with DPA Formation, and any other title exceptions.

### ARTICLE 3

#### CONSTRUCTION, DELIVERY, MAINTENANCE AND OPERATION OF THE LOT 1 PARKING STRUCTURE

3.1 Scope of Improvements. The Lot 1 Parking Structure shall be constructed in accordance with the REA.

3.2 Development and Approval of Improvement Plans. The final working drawings and plans ("Lot 1 Parking Improvement Plans") for the Lot 1 Parking Structure shall be prepared by Developer, Broadway and Nordstrom prior to the Close of Escrow in accordance with the REA. The Agency, Developer and each Major shall have the right to review and approve the Lot 1 Parking Improvement Plans prepared by each other Party prior to the Close of Escrow in accordance with the REA. Following the Close of Escrow, any modifications to the Lot 1 Parking Improvement Plans shall be made and approved in accordance with Article 5 of the REA.

3.3 Evidence of Financing. Within the time set forth in the Schedule of Performance and pursuant to Section 217 of the DDA, Developer shall provide Agency with evidence that it has sufficient funds, together with any contributions required to be made by the Majors pursuant to a separate agreement by and between Developer and each Major, with which to construct the Lot 1 Parking Structure. Developer shall provide each of the Majors with evidence that it has sufficient funds to pay

Developer's portion of the cost of construction of the Lot 1 Parking Structure in accordance with the REA.

3.4 Construction and Completion of Improvements. The Lot 1 Parking Structure shall be constructed and completed in accordance with the applicable provisions of the REA within the time set forth therein. If DPA Formation occurs in accordance with this Agreement prior to the Completion Date, the improvements constructed by each of Developer, Broadway and Nordstrom shall become the property of Agency upon the Delivery Date (as defined below); provided, however, that each of Developer, Broadway and Nordstrom shall execute and deliver to Agency a quitclaim deed quitclaiming any interest each may have in the Lot 1 Parking Structure, except for any interests such Party may have in the Lot 1 Parking Structure pursuant to the Lot 1 Parking Covenants and the REA. If DPA Formation does not occur in accordance with this Parking Agreement prior to the Completion Date, each of Broadway and Nordstrom shall execute and deliver to Developer a quitclaim deed quitclaiming all of such Major's interest in the Lot 1 Parking Structure except any interest such Major may have in the Lot 1 Parking Structure pursuant to the Lot 1 Parking Covenants and the REA on or before the Completion Date. Thereafter, the Lot 1 Parking Structure shall remain the property of Developer until the termination of the Developer Lease (as defined in the DDA), except as otherwise specified in Section 3.8 hereof.

3.5 Delivery to Lot 1 Owner for Public Operation. If DPA Formation occurs on or prior to the Completion Date, Developer shall deliver the Lot 1 Parking Structure to Agency for operation as a public parking facility in accordance with the public operation covenants set forth in the Lot 1 Parking Covenants on the date that all of the following conditions have been satisfied or waived by Developer ("Delivery Date") (to the extent any of the following conditions can be waived); provided, however, that waiver of any of the following conditions by Developer shall not constitute a waiver of Developer's right to enforce any of the covenants contained herein:

- (a) DPA Formation has occurred;
- (b) A certificate of completion has been issued for the Lot 1 Parking Structure in accordance with the REA;
- (c) The Offsite Owners have completed construction of both of the Offsite Parking Facilities in accordance with this Parking Agreement and the Offsite Parking Covenants;
- (d) The architect for each Offsite Owner has delivered to Developer, Broadway and Nordstrom its certification that the Lot 2 Parking Structure or Lot 10 Parking Structure, as appropriate, has been completed in accordance with

the final plans and specifications approved by the Parties pursuant to Section 4.2 below and all applicable laws, codes, rules and regulations;

(e) The Offsite Parking Facilities are open and being operated in accordance with the Offsite Parking Covenants; and

(f) Agency has delivered or concurrently delivers to Developer the Agency Note (as defined in Section 3.6) representing the Agency Parking Contribution (as defined in Section 3.6 below), together with any instruments securing the Agency Note.

Notwithstanding the above, Developer may operate and maintain the Lot 1 Parking Structure as a private parking structure for the benefit of the Shopping Center in accordance with Article 4 of the Lot 1 Parking Covenants during the period commencing with the Completion Date and ending with the Delivery Date.

3.6 Agency Parking Contribution. The obligations of Agency set forth in this Section 3.6 shall be effective only if DPA Formation occurs on or before the Completion Date. If DPA Formation occurs on or before the Completion Date, Agency shall pay to Developer, in consideration for Developer's agreement to develop and construct, or cause the development and construction of, the Lot 1 Parking Structure for use as a public parking facility during the term of the Lot 1 Parking Covenants, the sum of Four Million Dollars (\$4,000,000) as a contribution to the cost of construction of the Lot 1 Parking Structure ("Agency Parking Contribution). The Agency Parking Contribution shall be evidenced by a promissory note in the principal amount of Four Million Dollars (\$4,000,000) ("Agency Note") in form attached hereto as Exhibit "E." The Agency Note shall be a general obligation of the Agency secured as hereafter set forth. Agency shall deliver the Agency Note to Developer on or before the Delivery Date. Concurrently with the delivery of the Agency Note, Agency shall execute and deliver to Developer pledge agreements ("Pledge Agreements") in form satisfactory to Developer pledging (i) funds received by Agency as proceeds from the sale of Agency's real property pursuant to Sections A.1(a) and (b) and B.3 of the Downtown Parking Assessment District Cooperation Agreement, executed by and between City and Agency in connection with the DPA Formation, and (ii) (A) funds reimbursed to Agency as a result of the formation of the DPA, (B) funds received by Agency as reimbursement for Agency's loan to City in connection with the construction of the Downtown Traffic Mitigation Improvements pursuant to Section 4.C of the Cooperation Agreement, and (C) net operating revenues from the Lot 1 Parking Structure received by Agency, as security for the Agency Note. At Developer's option, to be exercised by written notice to

Agency prior to the Delivery Date, Agency shall execute and deliver to Developer an assignment of rents ("Assignment of Rents") in form satisfactory to Developer, assigning to Developer all of Agency's rights with respect to the rent required to be paid by Developer to Agency under the Developer Lease as security for the Agency Note. If Developer exercises such option, the Assignment of Rents shall be recorded in the Official Records of Santa Barbara County concurrently with the delivery of the Agency Note; provided, however, that the Assignment of Rents shall be subordinate to the Assignment of Rents executed and delivered by Agency to Developer pursuant to the DDA as security for the Promissory Note (as defined in the DDA). If Developer does not exercise such option, Developer shall have the right, so long as Developer is the holder of the Agency Note, to offset any delinquent payments due under the Agency Note against the rent required to be paid by Developer under the Developer Lease; provided, however, that each time Developer exercises its offset right, Developer shall endorse the Agency Note to indicate the amount applied to the unpaid principal balance and accrued interest thereon as a result of the offset. Agency shall have the right to prepay the Agency Note at any time without premium.

The Agency Note shall grant to Developer an option ("Prepayment Option") to require prepayment of the Agency Note at any time during the period commencing with the Delivery Date and terminating on December 31 of the third calendar year after the calendar year in which the Delivery Date occurs ("Prepayment Period"). Developer may exercise the Prepayment Option at any time during the Prepayment Period by delivering written notice of such exercise to Agency. On or prior to the date that is six (6) months after the date of Developer's exercise of the Prepayment Option, Agency shall prepay the Agency Note by paying to Developer in cash or immediately available funds an amount equal to the sum of (i) the unpaid principal balance of the Agency Note, less One Million Dollars (\$1,000,000), and (ii) the accrued interest on the face amount of the Agency Note. Such payment shall constitute full satisfaction of the Agency Note, and Developer shall thereafter mark the Agency Note "paid in full" and return the same to Agency along with the Pledge Agreements. If the Agency Note has been secured by an Assignment of Rents, Developer shall thereafter execute and record such documents as may be necessary to remove the lien of the Assignment of Rents from Agency's interest in the Developer Lease.

3.7 Operation and Maintenance of Lot 1 Parking Structure. Following Developer's delivery of the Lot 1 Parking Structure to Agency pursuant to Section 3.5, Agency shall operate and maintain the Lot 1 Parking Structure in accordance with, and for the term of, the Lot 1 Parking Covenants.

3.8 Private Operation. If DPA Formation does not occur prior to the Completion Date, Developer shall operate the Lot 1 Parking Structure as a private parking structure in accordance with Article 4 of the Lot 1 Parking Covenants for the remainder of the term thereof, except as otherwise provided in this Section 3.8. Developer's private operation of the Lot 1 Parking Structure shall be for the benefit of the Majors, Occupants and Permittees (as defined in the REA) of the Shopping Center, and subject to the private operation and maintenance standards in Article 4 of the Lot 1 Parking Covenants, for the public in general. City and Agency shall have no right under this Parking Agreement to impose any obligations or restrictions relating to the private operation and maintenance of the Lot 1 Parking Structure, except that the operation of the Lot 1 Parking Structure shall remain subject to the Conditions of Approval. Agency shall not be responsible for the cost of private operation and maintenance of the Lot 1 Parking Structure and the payment of such costs shall be governed by Article 4 of the Lot 1 Parking Covenants.

Concurrently with the commencement of private operation of the Lot 1 Parking Structure, Developer and Agency shall enter into an agreement amending the Developer Lease to include the Lot 1 Parking Tract and the Lot 1 Parking Structure and any equipment located thereon, and such other terms and conditions as Developer and Agency may agree. Notwithstanding the foregoing, the Lot 1 Parking Tract shall not be included within the Participation Rent Area (as defined in the Developer Lease) and Developer shall not be required to pay any rent or make any other payments to Agency under the Developer Lease from any revenues derived by Developer from the private operation of the Lot 1 Parking Structure.

If a DPA or other parking assessment district (other than a Pocket Assessment Area as defined below) is formed after the Completion Date, the Shopping Center Tract shall not be responsible for payment of any assessments or levies for Agency's contribution to the cost of constructing the Lot 1 Parking Structure and acquisition and construction of the Offsite Parking Facilities and Agency shall assume liability for all such assessments on the Shopping Center Tract in accordance with the REA.

Notwithstanding anything contained herein, Developer may transfer the Lot 1 Parking Structure to Agency for operation in accordance with the public operation covenants set forth in the Lot 1 Parking Covenants provided (a) the transfer occurs within ten (10) years after the date Developer commences private operation of the Lot 1 Parking Structure, (b) the City is operating other parking lots or facilities in the downtown Santa Barbara area at the time of such transfer, and (c) the Lot 1 Parking Structure is in good condition and repair at the time of the transfer. The transfer shall not require the

approval of any of the other Parties hereto; provided, however, that the transfer shall not modify or alter the Lot 1 Parking Covenants.

3.9 Pocket Assessment Area. Notwithstanding anything contained in Section 3.8 above, Developer may notify Agency and City at any time during the period commencing with the date that Developer commences private operation of the Lot 1 Parking Structure and terminating on December 31 of the third calendar year after the calendar year in which Developer commences such private operation of its desire to cooperate in the formation of an assessment area which shall include the Shopping Center Tract and other properties which voluntarily agree to be included in such assessment area (the "Pocket Assessment Area"). The Pocket Assessment Area would be formed in order to finance the acquisition by City and/or Agency of a covenant from Developer to operate the Lot 1 Parking Structure as a public parking structure in accordance with and during the term of the Lot 1 Parking Covenants. Upon written notification of Developer's desire to cooperate in the formation of the Pocket Assessment Area, Agency and City shall implement such procedures and hearings as necessary for the consideration of the formation of the Pocket Assessment Area and the imposition of assessments or other sources of financing therefor. As consideration for Developer's covenant to operate the Lot 1 Parking Structure as a public parking structure, City and Agency shall pay or cause to be paid to Developer the net proceeds of any assessment bonds issued by City in connection with the Pocket Assessment Area. Developer shall be responsible for the reasonable costs of formation of the Pocket Assessment Area, including the reasonable costs associated with the sale of assessment bonds used to finance the Pocket Assessment Area. Developer, Broadway and Nordstrom agree not to protest or challenge the formation of the Pocket Assessment Area described herein. The Lot 1 Parking Structure shall be operated and maintained by Developer as a public parking structure in accordance with the Lot 1 Parking Covenants from and after the date of formation of the Pocket Assessment Area.

3.10 Assessments on Shopping Center Tract.

3.10.1 DPA Assessment. Developer, Broadway and Nordstrom hereby waive their respective rights to protest or challenge DPA Formation in accordance with the terms of Section 1.5 hereof provided (i) Agency and City are in compliance with this Parking Agreement, (ii) Agency and the Offsite Owners are in compliance with the Parking Covenants, and (iii) DPA Formation occurs on or prior to the Completion Date. The waiver described above shall not be construed as a waiver of any rights to protest any other tax, levy or assessment except as specifically set forth herein. No assessments in connection with the DPA shall be levied on the Shopping Center Tract prior to the Completion Date. Provided DPA Formation occurs

in accordance with this Parking Agreement prior to the Completion Date, each owner of a Tract in the Shopping Center Tract shall be responsible for the payment of the assessments levied on its Tract in connection with Agency's contribution to the cost of constructing the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities. As between Developer and each of the Majors, the payment of such assessments shall be governed by the REA and the separate agreements by and between each Major and Developer. The Shopping Center Tract shall not be subject to any DPA assessments in connection with Agency's contribution to the cost of construction of the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities from and after the date that is the earlier of (i) thirty (30) years after the Completion Date, or (ii) the date that lease revenue bonds or certificates of participation issued to finance the DPA have been paid in full. Agency shall assume any and all assessments levied on the Shopping Center Tract in connection with Agency's contribution to the cost of construction of the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities from and after said date.

3.10.2 Limitation on Assessments. Notwithstanding anything contained herein, the Shopping Center Tract shall not be subject to any DPA or other benefit assessments in connection with Agency's contribution to the cost of construction of the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities except (i) assessments levied in connection with a DPA formed in accordance with and within the time specified in Section 1.5 of this Parking Agreement, or (ii) if such DPA is not formed, assessments levied in connection with a Pocket Assessment Area formed in accordance with Section 3.8 of this Parking Agreement.

#### ARTICLE 4

#### CONSTRUCTION, MAINTENANCE, OPERATION AND REPLACEMENT OF OFFSITE PARKING FACILITIES

4.1 Scope of Improvements. The Offsite Parking Facilities shall be constructed on the Offsite Parking Tracts to provide a minimum of one thousand one hundred four (1,104) public parking spaces available for the benefit of the Shopping Center in accordance with the final working drawings and plans approved by the Parties as hereinafter provided. The exterior architecture of the Offsite Parking Facilities shall (i) be harmonious with the architecture and design of the Lot 1 Parking Structure, and (ii) comply with the Lot 2 Conditions of Approval and the Lot 10 Conditions of Approval, respectively.

## 4.2 Development and Approval of Improvement Plans.

4.2.1 Final Working Drawings. Agency has prepared and submitted for approval to each of Developer, Broadway and Nordstrom (collectively, the "Approving Parties" and individually, "Approving Party") final working drawings and specifications ("Final Working Drawings") for each Offsite Parking Facility which are of sufficient detail to enable the Offsite Owners to obtain building permits for the Offsite Parking Facilities.

4.2.2 Timing of Approval of Plans and Drawings. Each Approving Party shall approve or disapprove the Final Working Drawings submitted to such Approving Party for approval within ten (10) days after the Effective Date of this Agreement. All approvals or disapprovals shall be in writing. The approval of an Approving Party shall not be unreasonably withheld or delayed if the Final Working Drawings are consistent with the requirements of this Parking Agreement. Any Approving Party may give written notice of any disapproval of the Final Working Drawings within the time period specified above. Any notice of disapproval shall state in writing the reasons for the disapproval and the changes in the Final Working Drawings necessary for such Approving Party to render its approval. Upon receipt of a written notice of disapproval from an Approving Party, the Parties shall confer and negotiate in good faith to reach agreement as expeditiously as possible on such disapproved items. Agency shall thereafter revise the proposed Final Working Drawings to implement the agreements reached by the Parties. Failure to deliver written notice of disapproval of the proposed Final Working Drawings within the time period specified above shall be deemed approval thereof. As soon as Final Working Drawings are approved, the Offsite Owners shall obtain all necessary governmental approvals and shall thereafter commence construction in accordance with Section 4.4 below.

4.2.3 Changes and Modifications to Final Working Drawings. If any revision or correction of the approved Final Working Drawings shall be required by any government official, agency, department or bureau having jurisdiction thereof, or any lending institution involved in financing the Shopping Center, or any part thereof, the Approving Parties and the Agency shall cooperate to obtain a mutually acceptable alternative and revise the Final Working Drawings accordingly.

If Agency desires to modify the approved Final Working Drawings, Agency shall submit such proposed modifications to the Approving Parties for approval. If the Final Working Drawings, as modified by the proposed changes, conform to the requirements of Section 4.1, each Approving Party shall notify Agency of its approval within twenty (20) days of its receipt of such proposed changes. In any event, any changes to the

approved Final Working Drawings shall be deemed approved unless rejected, in whole or in part, by written notice setting forth in detail the reasons therefor, within said twenty (20) day period. If disapproved, the Parties shall confer and negotiate in good faith to reach agreement upon approved Final Working Drawings.

4.2.4 Approval of Plans; Agency's Indemnification. The exercise by an Approving Party of its right to inspect or review the Final Working Drawings as provided in this Section 4.2 shall not constitute a determination by such Approving Party of the engineering or structural design, sufficiency or integrity of the improvements contemplated by such Final Working Drawings nor a determination of the compliance of such Final Working Drawings with the applicable building codes, safety features or standards. The inspection or approval of Final Working Drawings made or granted pursuant to this Parking Agreement shall not constitute an inspection of the quality, adequacy or suitability of such Final Working Drawings, nor of the labor, materials, services or equipment to be furnished or supplied in connection therewith. The Approving Party shall not have any right, and hereby expressly disclaims any right, of supervision or control over the architects, designers, engineers or other persons responsible for the drafting or formulations of the Final Working Drawings of Agency.

4.2.5 Construction in Accordance with Plans. Each Offsite Owner shall construct its Offsite Parking Facility in accordance with the Final Working Drawings prepared by Agency and approved by the Approving Parties pursuant to this Section 4.2. Neither Offsite Owner shall commence construction of its respective Offsite Parking Facility until the Final Working Drawings therefor have been approved by the Approving Parties.

4.3 Evidence of Ability to Finance and Complete. Each Offsite Owner covenants that it has, or will have prior to the commencement of construction, sufficient funds with which to construct its respective Offsite Parking Facility. Prior to commencement of construction, each Offsite Owner shall provide to Developer, Broadway and Nordstrom evidence that the funds necessary to finance the construction of its respective Offsite Parking Facility are available to such Offsite Owner and that such Offsite Parking Facility will be completed at or prior to the time set forth in Section 4.5 hereof. Failure of the City to form a DPA in accordance with the terms of this Agreement shall not relieve City or Agency from any liability resulting from a breach of their covenants to provide the Offsite Parking Facilities.

4.4 Commencement of Construction. Immediately following the approval of the Final Working Drawings, but in any event

no later than the time necessary to complete each Offsite Parking Facility on or prior to the date set forth in Section 4.5 below, each Offsite Owner shall commence construction of its Offsite Parking Facility, in accordance with the approved Final Working Drawings therefor and the general construction requirements set forth in Section 4.7 below. Prior to the commencement of construction, each Offsite Owner (i) shall secure all governmental permits necessary to construct its respective Offsite Parking Facility and (ii) shall enter into construction contracts with a contractor licensed by the State of California for the construction of its respective Offsite Parking Facility.

4.5 Completion of the Offsite Parking Facilities. Subject to the provisions of Section 4.6 below, each Offsite Parking Facility shall be completed and open for use not later than four (4) months prior to the Proposed Opening Date of the Shopping Center (as defined in the REA). Notwithstanding the above, each Offsite Owner shall make their respective Offsite Parking Facility, or the completed portion thereof, available for construction parking as reasonably necessary by Developer, Broadway and Nordstrom and their respective construction employees. Such construction parking will be made available prior to the Completion Date to the extent spaces therein are parkable. The Offsite Owners may collectively withhold from the construction parking available in their respective Offsite Parking Facilities the aggregate amount of spaces not available for public use from time to time on the Project Site, the Lot 2 Parking Tract, and the Lot 10 Parking Tract due to replacement of the existing parking facilities on the Project Site, the Lot 2 Parking Tract, or the Lot 10 Parking Tract. The construction parking areas referred to herein shall be maintained by each Offsite Owner in a safe and reasonably clean condition during the period of construction of the Shopping Center and prior to the opening of either Offsite Parking Facility for public use.

4.6 Construction Schedule. Each Offsite Owner shall exercise due diligence and best efforts to construct or cause the construction of its respective Offsite Parking Facility in accordance with the construction schedule for the Offsite Parking Facilities attached hereto as Exhibit "F" ("Construction Schedule"). Each Offsite Owner shall be excused from performing its construction in accordance with the Construction Schedule in the event and so long as the performance of such construction is prevented or delayed, retarded or hindered by acts of God, fire, earthquake, floods, explosion, actions of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, requisition, laws, orders of governmental or civil or military or naval authorities, or any other cause

whether similar or dissimilar to the foregoing not within the respective control of such Offsite Owner; provided, however, that neither Offsite Owner shall be excused from performance in accordance with its construction contract due to inability to obtain financing, or any City or Agency ordinances, rules, regulations or actions. Each Offsite Owner shall give Developer and each Major written notice of delays in its Construction Schedule caused by any of the foregoing factors. Any extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of commencement of such cause. Notwithstanding anything contained herein, in no event shall performance be delayed for more than twelve (12) months from the commencement of the delay.

#### 4.7 General Construction Requirements.

4.7.1 Construction Phasing Plan. Developer, Agency, Broadway and Nordstrom shall enter into the construction phasing plan required by the REA prior to the Close of Escrow. The construction phasing plan shall provide for (i) coordination of the timing of construction of the improvements to be constructed on the Project Site and the Offsite Parking Tracts, (ii) the staging of each phase of construction of the foregoing improvements, (iii) hours during which construction activity is permitted, (iv) provisions for location of material and equipment storage sites, construction shacks, temporary improvements used in construction, and parking for construction employees, (v) maintenance of the Project Site and the Offsite Parking Tracts during construction, (vi) rules and regulations regarding time and routes of ingress and egress to and from the Project Site and the Offsite Parking Tracts for trucks and construction equipment, (vii) street and lane closures and construction detours on streets surrounding the Project Site and the Offsite Parking Tracts and (viii) such other conditions and requirements that may be imposed upon construction of the Shopping Center, the Lot 2 Parking Structure or the Lot 10 Parking Structure by the Conditions of Approval. Each Offsite Owner hereby severally covenants to comply with the provisions of the construction phasing plan and to cause the construction work on its Offsite Parking Facility to be performed in accordance therewith.

4.7.2 Coordination of Construction. Each Offsite Owner agrees to use reasonable efforts to perform the work on its Offsite Parking Facility so as not to (i) cause any increase not reasonably necessary in the cost of constructing the improvements contemplated on the Project Site or any part thereof, (ii) unreasonably interfere with any construction work being performed on the Project Site, or any part thereof, or (iii) unreasonably interfere with the use, occupancy or enjoyment of the Project Site or any part thereof by Developer, Broadway or Nordstrom (or any adjacent property

owned or leased by third parties or any of the foregoing or its tenants, occupants, and permittees), and any other occupant or permittee of the Project Site.

4.7.3 Workmanship. Upon completion of construction, each Offsite Owner shall deliver to Developer, Broadway and Nordstrom a certificate of its architect stating that its Offsite Parking Facility has been completed in compliance with all applicable laws, ordinances, regulations and rules and in compliance with the approved Final Working Drawings therefor.

4.7.4 Construction Indemnity. During the period of construction on its respective Offsite Parking Tract, each Offsite Owner covenants and agrees to indemnify and hold harmless Developer, Broadway and Nordstrom from and against all liability, loss, damage, cost or expense, including reasonable attorneys' fees and court costs, arising from or as a result of the death of, or any accident, injury, loss or damage whatsoever caused any natural person, or to the property of any person, which shall occur on or adjacent to such Offsite Owner's Offsite Parking Tract, and which shall be directly or indirectly caused by any acts done on such Offsite Parking Tract, or any errors or omissions of such Offsite Owner or its agents, servants, employees or contractors, except for claims caused by the negligence or willful wrongdoing of the Developer, Broadway, Nordstrom or their agents, servants or employees. Each indemnitee shall give written notice to the appropriate Offsite Owner of any suit or proceeding entitling such indemnitee to indemnification pursuant to this Section 4.7.4.

4.7.5 Insurance During Construction. During the period from the date of commencement of construction until the time an Offsite Owner completes construction of its respective Offsite Parking Facility, such Offsite Owner shall maintain in full force and effect a policy of public liability insurance insuring against personal injury or property damage arising out of the construction on its Offsite Parking Tract, with a combined single limit of not less than Five Million Dollars (\$5,000,000). Each such policy shall provide that Developer, Broadway and Nordstrom be named as additional insureds and that the policy cannot be amended nor the coverage reduced or cancelled without thirty (30) days' prior written notice to Developer. Notwithstanding the foregoing, if an Offsite Owner is a public entity, such Offsite Owner may maintain the foregoing insurance with a pooled self-insurance fund maintained by two or more public entities. If the Offsite Owner maintains its insurance through a pooled self-insurance fund, it shall not be required to name Developer, Broadway and Nordstrom as additional insureds or provide insurance certificates as specified in this Section 4.7.5; provided, however, such Offsite Owner shall deliver to each of Developer, Broadway and Nordstrom, prior to the commencement of construc-

tion, satisfactory evidence that the pooled self-insurance fund has the financial ability to satisfy such Offsite Owner's insurance obligations hereunder. If an Offsite Owner discontinues using the pooled self-insurance fund to satisfy its insurance obligations hereunder, such Offsite Owner shall immediately give written notice of such action to the other Parties hereto and shall immediately comply with all other insurance requirements of this Section 4.7.5.

4.7.6 Anti-Discrimination During Construction. Each Offsite Owner, for itself and its successors and assigns, agrees that during the construction of its respective Offsite Parking Facility, it shall not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, ancestry or national origin, and that it will comply with all applicable local, state and federal fair employment laws and regulations. Each construction contract entered into by an Offsite Owner for construction of its Offsite Parking Facility shall contain a provision substantially similar to this Section 4.7.6 prohibiting discrimination in employment by such contractor during such construction.

4.8 Relocation of Offsite Parking Facilities. Each Offsite Owner hereby covenants to maintain at all times during the term of the Offsite Parking Covenants the number of parking spaces originally required to be contained in its respective Offsite Parking Facility in accordance with this Parking Agreement and the Offsite Parking Covenants. Prior to the Close of Escrow, each Offsite Owner may relocate all or a portion of the parking spaces provided in its Offsite Parking Facility (the "Relocated Parking") only upon compliance with each of the following conditions:

(a) The Relocated Parking shall be located within a two block radius of the Shopping Center;

(b) The Offsite Owner shall provide Developer and each of the Majors with evidence satisfactory to Developer and the Majors that the Relocated Parking is at least equal to the parking provided or to be provided in its respective Offsite Parking Facility, including parking convenience, access, availability, maintenance, operation and traffic mitigation, and relative proximity to the Majors' stores and the mall stores, that the Relocated Parking will contain the same or greater number of spaces as is being relocated from the Offsite Parking Facility, and that such Relocated Parking will comply with the Lot 2 Conditions of Approval or the Lot 10 Conditions of Approval, as appropriate. Developer and each of the Majors shall have the right to approve the Relocated Parking on the basis of the foregoing factors, which approval shall not be unreasonably withheld or delayed;

(c) The Offsite Owner shall submit the improvement plans for the Relocated Parking to Developer, Broadway and Nordstrom for approval in accordance with Article 4 hereof, which approval shall not be unreasonably withheld or delayed;

(d) The Offsite Owner shall complete construction of and open the Relocated Parking for public use within the time set forth in Section 4.5 hereof;

(e) Upon completion of the construction of the Relocated Parking, the number of parking spaces required to be contained within the Offsite Parking Facilities and the Lot 1 Parking Structure and available to the Shopping Center shall not be located in more than three (3) parking structures; and

(f) The Offsite Owner shall record or cause the recordation of the Offsite Parking Covenants against each parcel of real property on which the Relocated Parking is located and shall provide the Developer and each of the Majors with a title insurance policy (at no cost to the Developer or the Majors) insuring the priority and enforceability of the Offsite Owner's covenant to maintain and operate the Relocated Parking in accordance with the Offsite Parking Covenants, subject only to such title exceptions as may be reasonably approved by Developer and each Major.

Following the Close of Escrow, relocation of all or a portion of the parking provided in the Offsite Parking Facilities shall be governed by the Offsite Parking Covenants. Under no circumstances shall Agency have the right to relocate the parking provided in the Lot 1 Parking Structure at any time during the term of the Lot 1 Parking Covenants.

## ARTICLE 5

### UNPERFORMED COVENANTS, DEFAULTS AND REMEDIES

5.1 Default; Rights and Remedies. If, prior to the Close of Escrow, any Party fails to pay any sum of money or perform any obligation hereunder within the time that such payment or obligation is required to be made or performed, such failure shall constitute a default under the DDA, and the terms of the DDA shall govern the rights of the Parties with respect to such default. If, after the Close of Escrow, any Party fails to perform a covenant hereunder or neglects to perform any act or thing or pay any sum of money required to be performed and paid by such Party under this Parking Agreement, and such failure and neglect continues after thirty (30) days notice from another Party of such breach or failure, then such Party may exercise any or all rights and remedies available to it in law or equity including, without limitation, a suit for

damages or the institution of proceedings for specific performance, an injunction to compel the defaulting Party to observe or perform its covenants and obligations hereunder, or the appointment of a receiver to observe or perform the covenants and obligations of the defaulting Party hereunder.

5.2 No Waiver. No act or thing done or performed by a Party pursuant to this Article 5 and no omission to act pursuant to this Article 5 shall be construed as a waiver of any default or as a waiver of any covenant, term or condition herein contained or the performance thereof.

## ARTICLE 6

### MISCELLANEOUS PROVISIONS

6.1 No Third Party Beneficiary. The provisions of this Parking Agreement are for the exclusive benefit of the Parties hereto, and their successors and assigns, and not for the benefit of any third person, and this Parking Agreement shall not be deemed to confer any rights, express or implied, upon any third person, including any occupant of the Shopping Center other than a Party. In any event, it is expressly understood and agreed that no modification or amendment, in whole or in part, shall require any consent or approval on the part of any person other than a Party to this Parking Agreement.

6.2 Survival. The rights and obligations of the Parties under this Parking Agreement shall merge with the rights and obligations set forth in the Lot 1 Parking Covenants, and each of the Offsite Parking Covenants, respectively. Except as provided below, following the date when each of the foregoing Parking Covenants are recorded in the Official Records of Santa Barbara County, this Parking Agreement shall be of no force and effect. Notwithstanding the foregoing, this Parking Agreement shall terminate and be of no further force and effect if the DDA terminates prior to the Close of Escrow, and the rights and remedies of the Parties with respect to such termination shall be governed by the DDA.

Notwithstanding the foregoing merger, the rights of Developer and the Majors and the obligations of Agency described in the following provisions shall survive the effective date of each of the foregoing covenants:

- (a) Section 1.6 Employee and Replacement Parking Spaces;
- (b) Section 3.6 Agency Parking Contribution;
- (c) Section 3.9 Pocket Assessment Area;

(d) Section 3.10 Assessments on Shopping Center Tract; and

(e) Section 4.8 Relocation of Offsite Parking Facilities.

6.3 Breach Shall Not Permit Termination. It is expressly agreed that no breach of this Parking Agreement shall entitle any Party to cancel, rescind, or otherwise terminate this Parking Agreement, but such termination shall not affect, in any matter, any other right or remedy which a Party may have hereunder by reason of any breach of this Parking Agreement.

6.4 Captions. The captions of the sections and articles of this Parking Agreement are for convenience only and shall not be considered nor referred to in resolving questions of interpretation and construction.

6.5 Governing Laws. This Parking Agreement shall be construed in accordance with the laws of the State of California.

6.6 No Partnership. Nothing contained in this Parking Agreement nor any acts of the Parties hereto shall be deemed or construed by the Parties, or any of them, or by any third person, to create the relationship of principal and agent, or a partnership, or a joint venture, or of any association between the Parties.

6.7 Not a Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Shopping Center to the general public or for any public purpose whatsoever, it being the intention of the Parties hereto that this Parking Agreement shall be strictly limited to and for the purposes herein expressed.

6.8 Successors. This Parking Agreement shall, except as provided in the succeeding sentence, be binding upon and inure to the benefit of the successors and assigns of each of the Parties hereto. Notwithstanding the foregoing, the Lot 2 Owner and the Lot 10 Owner shall not be entitled to transfer their respective obligations under this Parking Agreement prior to the completion of construction of the Offsite Parking Facilities without the prior written consent of each of Developer, Broadway and Nordstrom, which consent may be withheld in such Parties' sole discretion. Following the recordation of the Offsite Parking Covenants, the right of the Lot 2 Owner and the Lot 10 Owner to transfer their respective interests in the Offsite Parking Tracts shall be governed by the Offsite Parking Covenants.

The rights of Developer and Agency to transfer their respective interests in this Parking Agreement which pertain

to the Lot 1 Parking Tract and/or the Lot 1 Parking Structure shall be governed by the DDA prior to the Close of Escrow. The rights of the Parties hereto to transfer their respective interests in this Parking Agreement pertaining to the Lot 1 Parking Tract and the Lot 1 Parking Structure shall be governed by the Lot 1 Parking Covenants after the Close of Escrow.

6.9 Time of Essence. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Parking Agreement.

6.10 Counterparts. This Parking Agreement may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument.

6.11 Notices. Any notice, demand, request, consent, approval, designation or other communication which any Party is required or decides to give or make or communicate to any other Party shall be in writing and shall be given by personal delivery, or by United States registered or certified mail, return receipt requested, postage prepaid, or by courier or express service guaranteeing overnight delivery, with a signed receipt in each case addressed, in the case of Agency to:

REDEVELOPMENT AGENCY OF THE CITY OF  
SANTA BARBARA  
City Hall  
P.O. Drawer P-P  
735 Anacapa Street  
Santa Barbara, CA 93102  
Attn: Executive Director

and addressed, in the case of Developer to:

SANTA BARBARA ASSOCIATES  
c/o REININGA CORPORATION  
600 Montgomery Street, Suite 3600  
San Francisco, CA 94111  
Attn: President

with a copy to:

JMB/PASEO NUEVO ASSOCIATES  
875 North Michigan Ave., Suite 3900  
Chicago, IL 60611  
Attn: Mr. Robert J. Chapman

with a further copy to:

JMB/CALIFORNIA  
One Embarcadero Center, Suite 2716  
San Francisco, CA 94111  
Attn: Ms. Darla Totusek

and addressed, in the case of Broadway to:

CARTER HAWLEY HALE STORES, INC.  
550 South Flower Street  
Los Angeles, CA 90071  
Attn: Vice President, Real Estate-Legal

and addressed, in the case of Nordstrom to:

NORDSTROM, INC.  
1501 Fifth Avenue  
Seattle, WA 98101  
Attn: President

with a further copy to:

NORDSTROM, INC.  
1501 Fifth Avenue  
Seattle, WA 98101  
Attn: Vice President Store Planning

and addressed, in the case of City to:

CITY OF SANTA BARBARA  
City Hall  
P.O. Box Drawer P-P  
735 Anacapa Street  
Santa Barbara, CA 93102  
Attn: City Attorney

In addition, notice of a default hereunder by any Party shall be given to any mortgagee holding a mortgage on such Party's Tract who provides each of the other Parties with written notice of the existence of such mortgage and an address to which notice to such mortgagee may be addressed. Any Party or mortgagee may designate a different or additional address by notice similarly given. Any notice, demand, request, consent, approval, designation, including any duplicate original, or other communication so sent shall be deemed to have been given, made or communicated, as the case may be, on the date the same was delivered personally or by the United States mail as registered or certified mail, with postage thereon fully prepaid.

6.12 Liability. No advisor, trustee, director, officer, employee, beneficiary, shareholder, participant or agent of or

in JMB/Paseo Nuevo Associates, a general partner of Developer ("JMB"), shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or referred to herein, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and all other persons and entities shall look solely to JMB's assets for the payment of any claim or for any performance; provided, however, that this provision shall not prevent a Party from naming JMB or any partner in JMB as a party defendant or from obtaining a judgment against JMB or any partner in JMB for the purpose of enforcing this Agreement or any agreement referred to herein or any amendment thereto if recourse is limited to the assets of JMB.

6.13 Exhibits. Exhibits "A," "B," "C," "D," "E" and "F" attached to this Parking Agreement shall be deemed to be incorporated herein by the individual reference to each such Exhibit and all such Exhibits shall be deemed to be a part of this Parking Agreement as though set forth in full in the body hereof. In the event of any conflict between the terms and conditions of this Parking Agreement and any such Exhibits, the terms and conditions of this Parking Agreement shall govern and control the intent of the Parties.

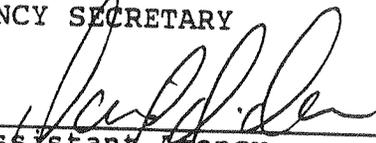
This Parking Agreement has been executed by the Parties and shall become effective as of the day and year first written above.

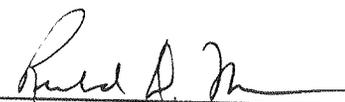
AGENCY:

ATTEST:

REDEVELOPMENT AGENCY OF  
THE CITY OF SANTA BARBARA

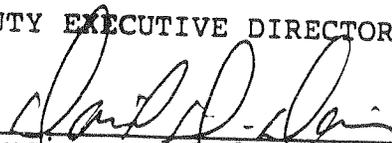
AGENCY SECRETARY

By   
Assistant Agency  
Secretary

By   
Executive Director

APPROVED AS TO CONTENT:

DEPUTY EXECUTIVE DIRECTOR

By   
Housing and Redevelopment  
Manager

APPROVED AS TO FORM:

AGENCY COUNSEL

By [Signature]  
Assistant Agency Counsel

By [Signature]  
Special Agency Counsel

CITY:

CITY OF SANTA BARBARA

ATTEST:

CITY CLERK

By [Signature]  
Deputy City Clerk

By [Signature]  
Mayor

APPROVED AS TO CONTENT:

COMMUNITY DEVELOPMENT DIRECTOR

By [Signature]  
Housing and Redevelopment  
Manager

APPROVED AS TO FORM:

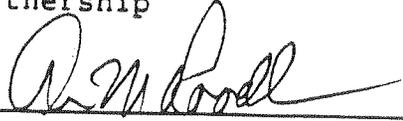
CITY ATTORNEY

By [Signature]  
Assistant City Attorney

DEVELOPER:

SANTA BARBARA ASSOCIATES, a  
California general partnership

By: PASEO NUEVO ASSOCIATES, a  
California limited  
partnership

By 

General Partner

By: JMB/PASEO NUEVO ASSOCIATES,  
an Illinois general  
partnership

By: JMB/PN, INC., an  
Illinois corporation,  
General Partner

By   
DARLA S. TOTUSEK,  
Vice President

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,  
a Delaware corporation

By \_\_\_\_\_

By \_\_\_\_\_

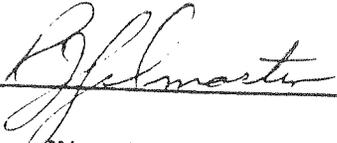
NORDSTROM:

NORDSTROM, INC., a Washington  
corporation

By \_\_\_\_\_

By \_\_\_\_\_

CARTER HAWLEY HALE STORES,  
INC., a Delaware corporation

By   
Its Vice President

By   
Its Secretary

DEVELOPER:

SANTA BARBARA ASSOCIATES, a  
California general partnership

By: PASEO NUEVO ASSOCIATES, a  
California limited  
partnership

By \_\_\_\_\_

General Partner

By: JMB/PASEO NUEVO ASSOCIATES,  
an Illinois general  
partnership

By: JMB/PN, INC., an  
Illinois corporation,  
General Partner

By \_\_\_\_\_

DARLA S. TOTUSEK,  
Vice President

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,  
a Delaware corporation

By \_\_\_\_\_

By \_\_\_\_\_

NORDSTROM:

NORDSTROM, INC., a Washington  
corporation

By *[Signature]*

co-chairman

By \_\_\_\_\_

LIST OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
"A" - Part I	Legal Description of Project Site
"A" - Part II	Legal Description of Lot 2 Parking Tract
"A" - Part III	Legal Description of Lot 10 Parking Tract
"B"	Lot 1 Parking Covenants
"C"	Offsite Parking Covenants
"D"	Terms and Conditions of Public Parking Covenants
"E"	Agency Note
"F"	Offsite Parking Facilities Construction Schedule

EXHIBIT A

Part I

Legal Description of Project Site

[To be attached.]

Those portions of City Block 158 in the said City of Santa Barbara, according to the Official Map thereof described as Parking District No. 1, Lot No. 2, Block 158 as per City Engineer's Plan No. C-1-2973 on file in the office of the City Engineer of said City of Santa Barbara and more particularly described as follows:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

PARCEL ONE:

Beginning at a point on the Northwesterly line of Canon Perdido Street, distant thereon 164 feet Northeasterly from the most Southerly corner of said block; thence Northwesterly at right angles to said street line 154.83 feet; thence North  $41^{\circ}30'$  East 61 feet; thence North  $48^{\circ}30'$  West 3 feet; thence North  $41^{\circ}30'$  East 24.47 feet; thence South  $48^{\circ}30'$  East 21.83 feet; thence South  $37^{\circ}09'30''$  West 2.88 feet; thence South  $48^{\circ}30'$  East 49.08 feet; thence South  $41^{\circ}30'$  West 16 feet to the Northeasterly wall of a building known as California Theatre; thence South  $48^{\circ}30'$  East 86.7 feet to the Northwesterly line of Canon Perdido Street; thence along said street line Southwesterly 66.6 feet to the point of beginning.

PARCEL TWO:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point in the Northeasterly line of Chapala Street as the same existed 60 feet wide, prior to January 1, 1925, distant thereon Southeasterly 136 feet 3-1/2 inches from the most Westerly corner of said block, said point of beginning being the most Southerly corner of the tract of land described in Deed to Hannah A. Hollister, executrix, dated November 13, 1903 and recorded in Book 93 at Page 213 of Deeds, records of said County, being also the intersection of said Northeasterly line of Chapala Street with the Southeasterly line of a 20 foot private alleyway extending into said Block 158; thence Southeasterly along said Northeasterly line of Chapala Street 73.71 feet; thence at right angles Northeasterly 185 feet; thence Northerly 56.80 feet, more or less, to a point distant 170 feet Southeasterly from the Southeasterly line of Carrillo Street, measured at right angles thereto and distant 225 feet Northeasterly from said Northeasterly line of Carrillo Street, hereinbefore referred to, measured at right angles thereto; thence Northwesterly, parallel with said line of Chapala Street 33.71 feet to said Southeasterly line of the 20 foot private alleyway hereinbefore referred to; thence at right angles Southwesterly along said last mentioned line 225 feet to the point of beginning.

EXHIBIT A - PART II

PARCEL THREE:

That portion of Block 158, in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at the intersection of the Northwesterly line of Canon Perdido Street with the Southwesterly line of the alleyway extending into said Block 158 from Canon Perdido Street and described in Deed to Edward A. Johnson, recorded January 27, 1921 in Book 187 at Page 274 of Deeds records of said County, said point of intersection being distant Southwesterly along said Northwesterly line of Canon Perdido Street 133.86 feet from the East corner of said Block 158; thence Northwesterly, at right angles to said line of Canon Perdido Street and along the Southwesterly line of said alleyway and its Northwesterly prolongation, 157.8 feet to intersect the Northwesterly line of the Tract described as Parcel Three in Deed to Bothin Helping Fund, a corporation, recorded June 9, 1920 in Book 186 at Page 15 of Deeds, records of said County; thence Southwesterly along said last mentioned line 65 feet, more or less, to the most Northerly corner of the tract of land described in Deed to Edward A. Johnson, above referred to; thence along the Northeasterly boundary line of said last mentioned tract of land, the following courses and distances: South 48°30' East 21.83 feet; South 37°09'30" West 2.88 feet; South 48°30' East 49.08 feet; South 41°30" West 16 feet; and South 48°30' East 86.7 feet to the Northwesterly line of Canon Perdido Street; thence Northeasterly along said street line 85.34 feet to the point of beginning.

PARCEL FOUR:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at the point of intersection of the Northeasterly line of Chapala Street, as the said street now exists, 80 feet wide, with the Northwesterly line of the tract of land described in Deed to G. B. Parma, recorded June 16, 1887 in Book 14 at Page 389 of Deeds, records of said County; thence Northeasterly along said Northwesterly line of said Parma tract of land, 155 feet to the most Northerly corner of said tract and the true point of beginning of the tract of land herein described; thence Northeasterly along the Northeasterly prolongation of the Northwesterly line of said Parma tract of land 60 feet; thence at right angles Southeasterly 3 feet, more or less, to the Northwesterly line of the tract of land described in Deed to W. H. Aiken, recorded March 31, 1902 in Book 81 at Page 346 of Deeds, records of said County; thence at right angles Southwesterly 60 feet to the

Northeasterly line of the tract of land described in Deed to G. B. Parma, above referred to; thence Northwesterly along said last mentioned line to the point of beginning.

EXCEPT that portion lying Northeasterly of "line of fence" along the Southeasterly line of the "land of Stage Company" as recited in Deed from Mortimer Cook to Archibald Rice, et al., recorded February 27, 1873 in Book "K" at Page 189 of Deeds, records of said County.

PARCEL FIVE:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point on the Northeasterly line of Chapala Street as the same existed, 60 feet wide, prior to January 1, 1925, distant thereon Northwesterly 108.83 feet from the South corner of said Block 158; thence Northwesterly along said Northeasterly line of Chapala Street 50 feet to the Northwesterly line of the tract of land described in Deed to G. B. Parma, recorded June 16, 1887 in Book 14, Page 389 of Deeds, records of said County; thence at right angles Northeasterly along said last mentioned line 165 feet; thence at right angles Southeasterly 50 feet to a point distant Northwesterly 108.83 feet from the Northwesterly line of Canon Perdido Street, measured at right angles thereto; thence Southwesterly 165 feet to the point of beginning.

PARCEL SIX:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point in the Northeasterly line of Chapala Street, as the same existed 60 feet wide, prior to January 1, 1925, distant thereon 210 feet Southeasterly from the most Westerly corner of said Block 158; thence Southeasterly along said Northeasterly line of Chapala Street 10 feet; thence at right angles Northeasterly into said Block 225 feet; thence at right angles Northwesterly 50 feet to the most Northerly corner of the tract of land described in Deed to The Tucker Shops, Inc., a corporation, recorded in Book 94, Page 263 of Official Records, records of said County; thence Southerly along the Easterly line of the land so described in said last mentioned Deed 56.80 feet to the most Easterly corner of the first parcel of land described in Deed to The Tucker Shops, Inc., a corporation recorded in Book 95, Page 302 of Official Records, records of said County; thence Southwesterly along the Southeasterly line of said last mentioned

tract of land 185 feet to the point of beginning.

Said land is shown together with other lands on a map of survey filed in Book 28, Page 188 of Record of Surveys, in the office of the County Recorder of said County.

PARCEL SEVEN:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point in the Northeasterly line of Chapala Street, as the same now exists, 80 feet wide, distant thereon Northwesterly 196.58 feet from the Northwest line of Canon Perdido Street; thence Northwesterly along said Northeasterly line of Chapala Street 34 feet; thence at right angles Northeasterly 215 feet; thence at right angles Southeasterly 34 feet; thence at right angles Southwesterly 215 feet to the point of beginning.

PARCEL EIGHT:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point on the Northeasterly line of Chapala Street, as the same now exists, 80 feet wide, distant thereon Northwesterly 158.66 feet from the Northwesterly line of Canon Perdido Street, said point of beginning being a point in the Northwesterly line of the tract of land described in Deed to G. B. Parma, recorded June 16, 1887, in Book 14 at Page 389 of Deeds, records of said County; thence Northwesterly along said Northeasterly line of Chapala Street 37.92 feet to the most Westerly corner of the tract of land firstly described in Deed to Martin DePiazzi, recorded April 16, 1936 as Instrument No. 2804 in Book 335 at Page 36 of Official Records, records of said County; thence at right angles Northeasterly 215 feet; thence at right angles Southeasterly 37.92 feet; thence at right angles Southwesterly to and along said Northwesterly line of said Parma tract of land hereinbefore referred to, 215 feet to the point of beginning.

DESCRIPTION:

PARCEL ONE:

That portion of Block 210 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the official map thereof, described as follows:

Beginning at the most Southerly corner of said Block 210, said corner being the most Southerly corner of the real property described in the indenture filed for record December 12, 1942 in Book 561 at Page 442 of Official Records in the office of the Santa Barbara County Recorder, said corner being the intersection of the Northwesterly line of Cota Street and the Northeasterly line of State Street; thence along the Northwesterly line of Cota Street North  $41^{\circ}30'15''$  East 180.07 feet to the most Easterly corner of the real property described in said Book 561 at Page 442, said corner being the true point of beginning; thence along the Northeasterly boundary of said Book 561 at Page 442 and its Northwesterly extension North  $48^{\circ}30'31''$  West 266.97 feet to the most Northerly corner of the real property described as Parcel One in the Grant Deed filed for record June 30, 1961 in Book 1856 at Page 488 of Official Records; thence North  $85^{\circ}23'34''$  West 47.40 feet to a point on the Northwesterly boundary of the real property described as Parcel Two in said Grant Deed in Book 1856 at Page 488; thence North  $48^{\circ}48'59''$  West 11.08 feet; thence North  $0^{\circ}08'31''$  West 18.10 feet; thence North  $48^{\circ}30'30''$  West 15.39 feet to a point on the Southeasterly boundary of the real property described in the Quitclaim Deed filed for record July 12, 1977 as Reel No. 77-35055 in the office of the County Recorder; thence North  $59^{\circ}36'07''$  West 25.47 feet to a point on the Southeasterly boundary of the real property described as Parcel One in the Grant Deed filed for record February 28, 1975 in Book 2554 at Page 424 of Official Records; thence along the Southeasterly boundary of said Parcel One in Book 2554 at Page 424 north  $41^{\circ}30'18''$  East 7.9 feet to the most Easterly corner of said Parcel One in Book 2554 at Page 424; thence along the Northeasterly boundary of said Parcel One in Book 2554 at Page 424 North  $48^{\circ}30'30''$  West 16.86 feet to the most Northerly corner of said Parcel One in Book 2554 at Page 424; thence along the Northwesterly boundary of said Parcel One in Book 2554 at Page 424 South  $41^{\circ}31'18''$  West 11.2 feet; thence North  $59^{\circ}36'07''$  West 9.37 feet; thence North  $35^{\circ}34'56''$  West 31.30 feet; thence North  $41^{\circ}30'18''$  East 6.00 feet to a point on the Northeasterly boundary of the real property described as Parcel One in the Grant Deed filed for record January 4, 1979 as Reel No. 79-549 in the office of the County Recorder; thence along the Northeasterly boundary

of said Parcel One in Reel 79-549 and its Northwesterly extension North 48°30'30" West 25.94 feet to the Southeasterly line of Ortega Street and the most Westerly corner of the real property described as Parcel One in the Deed by Trustees filed for record May 24, 1968 in Book 2233 at Page 511 of Official Records; thence along the Southeasterly line of Ortega Street North 41°30'18" East 12.00 feet; thence on a line parallel with the Southwesterly boundary of said Parcel One in Book 2233 at Page 511 South 48°30'30" East 143.70 feet to its most Southerly corner; thence along the Southeasterly boundary of said Parcel One in Book 2233 at Page 511 North 36°56'35" East 39.36 feet to its most Easterly corner; thence along the Northeasterly boundary of said Parcel One in Book 2233 at Page 511 North 48°30'47" West 140.58 feet to the Southeasterly line of Ortega Street; thence along the Southeasterly line of Ortega Street North 41°30'18" East 84.83 feet to the most Westerly corner of the real property described in the Decree of Final Distribution filed for record February 2, 1956 in Book 1359 at Page 305 of Official Records; thence along the Southwesterly boundary of said Book 1359 at Page 305 South 48°30'03" East 28.00 feet to the most Westerly corner of the real property described in the Grant Deed filed for record December 5, 1979 as Reel No. 79-57059 in the office of the County Recorder; thence along the Northwesterly boundary of said Reel No. 79-57059 North 41°30'18" East 12.00 feet to its most Northerly corner; thence along the Northeasterly boundary of said Reel No. 79-57059, South 48°29'59" East 108.50 feet to its most Easterly corner; thence North 40°19'59" East 32.06 feet to the most Easterly corner of said Book 1359 at Page 305; thence along the Northeasterly boundary of said Book 1359 at Page 305 North 48°30'04" West 135.84 feet to the Southeasterly line of Ortega Street; thence along the Southeasterly line of Ortega Street North 41°30'18" East 104.20 feet to its intersection with the Southwesterly line of Anacapa Street, said intersection being the most Northerly corner of said Block 210; thence along the Southwesterly line of Anacapa Street South 48°30'30" East 300.87 feet to the most Easterly corner of the real property described in Exhibit "B" of the Quitclaim Deed and Easement Agreement filed for record December 26, 1979 as Reel No. 79-59896 in the office of the County Recorder; thence along the Southerly boundary of Exhibit "B" of 79-59896 South 86°29'22" West 14.14 feet to a point on the Northwesterly boundary of the real property described as Parcel One in the Corporation Grant Deed filed for record May 1, 1980 as Reel No. 80-17853 in the office of the County Recorder; thence along the Northwesterly boundary of said Parcel One of 80-17853 South 41°30'37" West 212.28 feet to the most Westerly corner of said Parcel One of 80-17853; thence along the Southwesterly

EXHIBIT A - PART III

boundary of said Parcel One of 80-17853 South 48°30'30" East 160.00 feet to the Northwesterly line of Cota Street; thence along the Northwesterly line of Cota Street South 41°30'14" West 50.00 feet to the true point of beginning.

PARCEL TWO:

An easement for public vehicular and pedestrian ingress and egress, including the right to improve said easement for said purposes, on and over a portion of Block 210 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the official map thereof described as Parcel One in the Grant Deed recorded February 28, 1975 in Book 2554 at Page 424 of Official Records in the office of the County Recorder of said County, described as follows:

Beginning at the most Northerly corner of said Parcel One in Book 2554 at Page 424; thence along the Northwesterly boundary of said Parcel One, South 41°30'18" West 11.2 feet; thence South 59°36'07" East 17.16 feet to a point on the Southeasterly boundary of said Parcel One; thence along the Southeasterly boundary of said Parcel One North 41°30'18" East 7.9 feet to the most Easterly corner of said Parcel One; thence along the Northeasterly boundary of said Parcel One North 48°30'30" West 16.86 feet to the point of beginning.

PARCEL THREE:

An easement for the purpose of pedestrian travel, landscaping, and purposes incident thereto, over, along and across a portion of Block 210, in the City of Santa Barbara, County of Santa Barbara, State of California, as shown upon that record of survey map filed for record in Book 111 of Record of Surveys at Page 42 in the office of the County Recorder of said County, said portion being more particularly described as follows:

Beginning at a nail and tag marked "LS 3306" set at the intersection of the City Monument Line located 5.00 feet Southeasterly of and parallel to the Northwesterly line of Ortega Street and a line located 5.00 feet Southwesterly of and parallel to the Northeasterly line of State Street; thence the following courses: South 48°29'45" East 182.81 feet, North 41°30'00" East 5.00 feet to the Northeasterly line of State Street and the true point of beginning, North 41°30'00" East 106.00 feet, South 48°50'00" East 7.58 feet, North 41°30'00" East 50.65 feet, South 48°49'17" East 10.00 feet, South 41°30'00" West 71.71 feet, North 48°50'00" West 7.58 feet, South 41°30'00" West 84.97 feet to the Northeasterly line of State Street, North 48°29'45" West along the Northeasterly line of State Street 10.00 feet to the true point of beginning. Said easement excludes all air space above elevation 36.10 feet, said elevation based on USC & GS benchmark J-324, elevation 41.590 feet (1979 adjusted) located at the base of flagpole, De La Guerra Plaza.