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PASEO NUEVO LOT 2 PUBLIC PARKING COVENANTS,
CONDITIONS AND RESTRICTIONS AGREEMENT

by and among

SANTA BARBARA ASSOCIATES

("Developer")

CARTER HAWLEY HALE STORES, INC.

("Broadway")

NORDSTROM, INC.

("Nordstrom")

THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA

and/or CITY OF SANTA BARBARA

("Owner")

EXHIBIT C

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PASEO NUEVO LOT 2 PUBLIC PARKING COVENANTS,
CONDITIONS AND RESTRICTIONS AGREEMENT

THIS PASEO NUEVO LOT 2 PUBLIC PARKING COVENANTS, CONDITIONS AND RESTRICTIONS AGREEMENT (the "Parking Covenants") is made and entered into as of the 24 day of November, 1989, by and among the following entities: February

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

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

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

THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA ("Agency"); and

AGENCY and/or the CITY OF SANTA BARBARA ("City"), which ever of them or both of them, as the case may be, shall have fee title to, and any other possessory interests in, the Lot 2 Parking Tract (defined below) on the date of recordation of these Parking Covenants ("Owner").

RECITALS

A. Agency is the owner of that certain real property located in the City of Santa Barbara, County of Santa Barbara, State of California, which real property is described in Part I of Exhibit "A" attached hereto ("Project Site").

B. The Project Site has been divided into four (4) tracts more particularly described in Part II of Exhibit "A" and referred to herein as the "Developer Tract," the "Broadway Tract," the "Nordstrom Tract," and the "Lot 1 Parking Tract," respectively.

C. Owner is the owner of the fee estate of certain real property noncontiguous to the Project Site and located in the City of Santa Barbara, County of Santa Barbara, State of California and more particularly described in Part III of Exhibit "A" (the "Lot 2 Parking Tract"). As used herein, the term "Owner" shall mean owner, and any person entitled to possession of the Lot 2 Parking Tract by or through Owner. Owner is also the fee 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 and more particularly described in Part IV of Exhibit A ("Lot 10 Parking Tract"). Owner, as the owner of the fee estate of the Lot 10 Parking Tract, and any person entitled to possession of the Lot 10 Parking Tract by or through Owner as the

owner of such fee estate shall hereafter be referred to as the "Lot 10 Owner." The Lot 2 Parking Tract and Lot 10 Parking Tract are hereinafter collectively referred to as the "Offsite Parking Tracts".

D. Agency and Paseo Nuevo Associates, a California limited partnership, have entered into that certain Disposition and Development Agreement approved by the City Council of the City of Santa Barbara on September 22, 1987 ("DDA") which provides for the acquisition by Paseo Nuevo Associates, Broadway, and Nordstrom of certain leasehold interests in the Project Site and the redevelopment of the Project Site and the Offsite Parking Tracts into a first class, high quality, regional shopping center with appurtenant parking ("Shopping Center"). Paseo Nuevo Associates has assigned its interest in the DDA to Developer.

E. Pursuant to the DDA, Agency has concurrently herewith entered into leases with (a) Developer for the Developer Tract ("Developer Lease"), (b) Broadway for the Broadway Tract ("Broadway Lease"), and (c) Nordstrom for the Nordstrom Tract ("Nordstrom Lease"). The Developer Tract, Broadway Tract and Nordstrom Tract are hereafter collectively referred to as the "Shopping Center Tract". Broadway and Nordstrom are hereafter individually or collectively referred to as "Major" or "Majors," respectively.

F. Developer, Agency and each Major have entered into a Construction, Operation, and Reciprocal Easement Agreement ("REA") concurrently herewith which, in furtherance of the DDA, requires the development and construction by Developer, Broadway and Nordstrom of, among other improvements on the Project Site, a parking structure on the Lot 1 Parking Tract (the "Lot 1 Parking Structure") as a part of the Shopping Center.

G. In furtherance of the DDA, Agency, City, Developer and each Major have entered into that certain Paseo Nuevo Parking Agreement dated as of November 1, 1987 ("Parking Agreement") which requires that the Agency and City provide for the development, construction, operation and maintenance of parking facilities on the Lot 2 Parking Tract ("Lot 2 Parking Structure") and the Lot 10 Parking Tract ("Lot 10 Parking Structure") (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 fifteen (1,115) parking spaces within a two block radius of the Shopping Center.

H. The Parking Agreement requires that Owner, Developer, Broadway, and Nordstrom execute these Parking Covenants, which shall govern the development, construction, use, maintenance, operation and replacement of the Lot 2 Parking Structure and

that these Parking Covenants be recorded against the Lot 2 Parking Tract. Similar parking covenants shall be executed concurrently herewith to govern the use, maintenance and operation of the Lot 1 Parking Structure and the construction, use, maintenance, operation and replacement of the Lot 10 Parking Structure, for the term of the respective parking covenants (hereinafter the "Lot 1 Parking Covenants" and the "Lot 10 Parking Covenants," respectively). These Parking Covenants and the Lot 10 Parking Covenants are hereafter referred to as the "Offsite Parking Covenants."

I. Pursuant to the Parking Agreement, Developer, Broadway, Nordstrom and Owner (hereafter, with their respective successors and assigns, referred to collectively as the "Parties" and individually as a "Party") desire to set forth in detail the obligation to develop and construct the Lot 2 Parking Structure, the rights of each Party to use the Lot 2 Parking Structure, and the standards of maintenance and operation which shall be applicable to the Lot 2 Parking Structure for the term of these Parking Covenants.

J. All capitalized terms used and not otherwise defined herein shall have the same meaning as set forth in the REA.

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

ARTICLE 1

COVENANTS TO CONSTRUCT AND OPERATE LOT 2 PARKING STRUCTURE

1.1 Covenant to Construct, Operate, Maintain and Replace. Owner hereby covenants and agrees that Owner shall own, develop, construct, operate, maintain and replace (or cause the development, construction, operation, maintenance and replacement of) the Lot 2 Parking Structure on the Lot 2 Parking Tract in accordance with these Parking Covenants.

Unless and until these Parking Covenants terminate and except as otherwise provided herein, Owner shall at all times be required to provide five hundred eighty-five (585) parking spaces within a two block radius of the Shopping Center in the Lot 2 Parking Structure or any replacement parking structure or area provided pursuant to Article 8 below.

1.2 Effect and Term of Covenants. The Parties hereto intend that these Parking Covenants shall constitute covenants running with the land which shall be a burden upon the Lot 2 Parking Tract and a benefit to each of the Developer Tract, Broadway Tract and Nordstrom Tract and shall constitute covenants running with the land pursuant to applicable law, including, but not limited to, Section 1468 of the California

Civil Code. The covenants and obligations of Owner hereunder shall be binding upon Owner and its successors and assigns in the Lot 2 Parking Tract and shall inure to the benefit of each of Developer, Broadway, and Nordstrom and their respective successors and assigns in the Developer Tract, Broadway Tract and Nordstrom Tract, respectively. These Parking Covenants shall terminate (the "Termination Date") upon the earlier of (i) the date that is seventy-five (75) years after the Effective Date (as defined in Section 12.1 below), (ii) the date upon which all of the Developer Tract, Broadway Tract and Nordstrom Tract revert in Agency pursuant to the Developer Lease, the Broadway Lease and the Nordstrom Lease, or (iii) the date of a Substantial Taking or Total Taking of all of the Developer Tract, Broadway Tract and Nordstrom Tract.

ARTICLE 2

GRANT OF EASEMENTS

2.1 Grant of Nonexclusive Easements. The Lot 2 Parking Structure shall be available for use by the Developer, Broadway, and Nordstrom, and each of their respective Occupants and Permittees in the manner and at the times set forth herein. Owner hereby grants to Developer, Broadway, Nordstrom, and their respective successors and assigns, for their use and for the use of their respective Occupants and Permittees as long as these Parking Covenants are in effect as to the benefited and burdened Tracts, or benefited and burdened portions thereof, nonexclusive easements in common with the general public, on, over or across the Lot 2 Parking Tract for vehicular and bicycle parking, vehicular and bicycle ingress to and egress from the Lot 2 Parking Structure, and pedestrian ingress and egress on, over and across the Lot 2 Parking Tract as reasonably necessary in connection with the foregoing easements.

2.2 Right to Grant Similar Easements. Upon Developer's written request, Owner shall grant similar nonexclusive vehicular, bicycle, and pedestrian easements on, over and across the Lot 2 Parking Tract for the benefit of the Rehabilitation Parcel incorporated into the Shopping Center in accordance with the REA, for so long as Developer, or its successors and assigns, have a fee or leasehold interest in the Rehabilitation Parcel.

2.3 Additional Reservation of Rights. Owner may designate from time to time the areas which will be made available for vehicular and bicycle parking and pedestrian use on the Lot 2 Parking Tract to the extent required by the Conditions of Approval, Downtown Retail Revitalization Project: Parking Structure Lot 2, April 15, 1987 ("Lot 2 Conditions of Approval") subject to the prior written approval of Developer, Broadway and Nordstrom, which approval shall not be unreason-

ably withheld provided that the Lot 2 Parking Structure shall at all times contain not less than five hundred eighty-five (585) automobile parking spaces. In addition, Owner may establish, post and enforce other reasonable Rules and Regulations (as defined in Section 4.7) for the operation of the Lot 2 Parking Structure. Owner may eject or cause an ejection from the Lot 2 Parking Tract of any person or persons not authorized, empowered or privileged to use the Lot 2 Parking Tract.

2.4 Exercise of Easement Rights. The exercise of the easements granted herein and the use of the Lot 2 Parking Structure by the Parties hereto shall be in common with the use of the Lot 2 Parking Structure by the general public and subject to the payment of parking fees and compliance with the Rules and Regulations established by Owner in accordance with these Parking Covenants. Owner shall have the right to eject all persons from the Lot 2 Parking Structure for failure to comply with the Rules and Regulations in effect from time to time.

2.5 Dominant and Servient Estates. Each easement granted pursuant to this Article 2 shall run with the land and shall burden the Lot 2 Parking Tract for the benefit of the Developer Tract, Broadway Tract and Nordstrom Tract (and the Rehabilitation Parcel pursuant to Section 2.2) and shall benefit or burden, as applicable, the successors and assigns of the owners of each such benefited or burdened Tract. The Tract benefited by an easement granted herein shall be the dominant estate and the Lot 2 Parking Tract upon which such easement is located shall be the servient estate.

2.6 Termination of Easements. Any easement granted pursuant to these Parking Covenants may be abandoned or terminated by written agreement so abandoning or terminating the same, executed by the respective owners of the dominant and servient estates and recorded against the servient estate. If not otherwise abandoned or terminated, the easements granted pursuant to this Article 2 shall terminate and expire upon the Termination Date.

ARTICLE 3

CONSTRUCTION AND COMPLETION OF LOT 2 PARKING STRUCTURE

3.1 Scope of Improvement. The Lot 2 Parking Structure shall be constructed on the Lot 2 Parking Tract to provide a minimum of five hundred eighty-five (585) 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 Lot 2 Parking Structure 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.

3.2 Development and Approval of Improvement Plans. The final working drawings for the Lot 2 Parking Structure (the "Lot 2 Parking Improvement Plans") have been prepared and approved by the Parties hereto in accordance with the Parking Agreement. Any modifications to the Lot 2 Parking Improvement Plans after the Effective Date shall be made and approved in accordance with these Parking Covenants.

3.2.1 Changes and Modifications. If any revision or correction of the Lot 2 Parking Improvement Plans shall be required after the Effective Date by any governmental official, agency, department or bureau having jurisdiction thereof, or any lending institution involved in financing the Shopping Center, then the Parties hereto shall cooperate to revise the Lot 2 Parking Improvement Plans accordingly.

If Owner desires to modify the Lot 2 Parking Improvement Plans after the Effective Date, Owner shall submit such proposed modifications to Developer and each of the Majors for approval. If the Lot 2 Parking Improvement Plans, as modified by the proposed changes, conform to the requirements of Section 3.1 hereof, Developer and each Major shall notify Owner of its approval within twenty (20) days of receipt of such proposed modifications. Any modifications to the approved Lot 2 Parking Improvement Plans shall be deemed approved unless rejected, in whole or in part, by written notice thereof from Developer or either Major setting forth in detail the reasons therefor, and such rejection shall be made within said twenty (20) day period. If disapproved, the Parties shall confer and negotiate in good faith to reach agreement upon the proposed modifications to the Lot 2 Parking Improvement Plans.

3.2.2 Approval of Plans. The exercise by Developer or a Major of its right to inspect or review modifications to the Lot 2 Parking Improvement Plans as provided in this Section 3.2 shall not constitute a determination by Developer or such Major of the engineering or structural design, sufficiency or integrity of the improvements contemplated by such plans, drawings and specifications nor a determination of the compliance of such plans, drawings and specifications with the applicable building codes, safety features or standards. The inspection or approval of plans, specifications and drawings made or granted pursuant to these Parking Covenants shall not constitute an inspection of the quality, adequacy or suitability of such plans, specifications or drawings, nor of the labor, materials, services or equipment to be furnished or supplied in connection therewith. Neither Developer nor either Major, has 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 formulation of the plans, drawings and specifications of Owner.

3.2.3 Construction in Accordance with Plans. Owner shall construct the Lot 2 Parking Structure in accordance with the Lot 2 Parking Improvement Plans approved by the Parties. Owner shall not commence construction of the Lot 2 Parking Structure until the Lot 2 Parking Improvement Plans have been approved by the Parties.

3.3 Commencement and Completion of the Offsite Parking Facilities.

3.3.1 Commencement of Construction. Owner shall commence construction of the Lot 2 Parking Structure in accordance with and within the time required by the Parking Agreement and Owner shall diligently prosecute the same to completion.

3.3.2 Completion of Construction. The Lot 2 Parking Structure shall be completed and open for public use not later than four (4) months prior to the Proposed Opening Date of the Shopping Center. The date that construction of the Lot 2 Parking Structure is completed shall hereafter be referred to as the "Completion Date".

3.3.3 Temporary Parking. Owner shall make the Lot 2 Parking Structure, or the completed portion thereof, available for construction parking as reasonably necessary by Developer, Broadway and Nordstrom and their respective construction employees. Such construction shall be made available prior to the Completion Date to the extent spaces therein are parkable. The Lot 10 Owner shall also make the Lot 10 Parking Structure available for the construction parking on similar terms and conditions. Owner and the Lot 10 Owner may withhold from the construction parking available in the Lot 2 Parking Structure and the Lot 10 Parking Structure, 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, Lot 2 Parking Tract and Lot 10 Parking Tract. The temporary parking area referred to herein shall be maintained by Owner in a safe and reasonably clean condition during the period of construction of the Shopping Center and prior to the opening of the Lot 2 Parking Structure for public use.

3.4 Construction Schedule. Owner shall exercise due diligence and best efforts to construct or cause the construction of the Lot 2 Parking Structure in accordance with the construction schedule attached hereto as Exhibit "B" ("Construction Schedule"). 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, material 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 control of Owner; provided, however, that Owner shall not be excused from performance in accordance with the Construction Schedule due to inability to obtain financing, or any City or Agency ordinances, rules, regulations or actions. Owner shall give Developer and each Major written notice of delays in the 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.

3.5 General Construction Requirements.

3.5.1 Construction Phasing Plan. As required by the Parking Agreement and the Lot 2 Conditions of Approval, Owner shall comply with the provisions of the Construction Phasing Plan and shall cause the construction work on the Lot 2 Parking Tract to be performed in accordance therewith.

3.5.2 Coordination of Construction. Owner agrees to use reasonable efforts to perform its work on the Lot 2 Parking Tract 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 Occupants and Permittees.

3.5.3 Workmanship. The Lot 2 Parking Structure shall be constructed in a good and workmanlike manner. Upon completion of construction, Owner shall deliver to Developer and each Major a certificate of its architect stating that the Lot 2 Parking Structure has been completed in compliance with all applicable laws, ordinances, regulations and rules, and in compliance with the approved Lot 2 Parking Improvement Plans.

3.5.4 Construction Indemnity. During the period of construction on the Lot 2 Parking Structure, Owner covenants and agrees to indemnify, defend and hold harmless Developer and each Major 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 to any natural person, or to the property of any person, which shall occur on or adjacent to the Lot 2 Parking Structure, and which shall be directly or indirectly caused by any acts done on such Lot 2 Parking Tract, or any errors or omissions of Owner or its agents, servants, employees or contractors, except for claims caused by the negligence or willful wrongdoing of the Developer or the Majors or their respective agents, servants or employees. Each indemnitee shall give written notice to Owner of any suit or proceeding entitling such indemnitee to indemnification pursuant to this Section 3.5.4.

3.5.5 Insurance During Construction. During the period from the date of commencement of construction until the date that Owner completes construction of the Lot 2 Parking Structure, 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 the Lot 2 Parking Tract, with a combined single limit of not less than Five Million Dollars (\$5,000,000). Such policy shall provide that Developer and each Major be named as an additional insured and that the policy cannot be amended nor the coverage reduced or cancelled without thirty (30) days' prior written notice to Developer and each Major. Notwithstanding the foregoing, if Owner is a public entity, Owner may maintain the foregoing insurance with a pooled self-insurance fund maintained by two or more public entities. If 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 provided in this Section 3.5.5; provided, however, Owner shall deliver to each of Developer, Broadway and Nordstrom, prior to the commencement of construction, satisfactory evidence that the pooled self-insurance fund has the financial ability to satisfy Owner's insurance obligations hereunder. If Owner discontinues using the pooled self-insurance fund to satisfy its insurance obligations hereunder, 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 3.5.5.

3.5.6 Anti-Discrimination During Construction. Owner, for itself and its successors and assigns, covenants that during the construction of the Lot 2 Parking Structure, Owner 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 Owner

will comply with all applicable local, state and federal fair employment laws and regulations.

ARTICLE 4

PUBLIC OPERATION AND MAINTENANCE

4.1 Responsibility for Operation and Maintenance. Following the Completion Date, Owner shall operate and maintain the Lot 2 Parking Structure in accordance with and for the term of these Parking Covenants.

4.2 Minimum Standards of Maintenance and Operation. At all times during the term of these Parking Covenants, the Lot 2 Parking Structure shall be operated and maintained by Owner in good order, condition and repair in accordance with the standard of maintenance for parking garages or parking areas servicing first class, high quality, regional shopping centers located in Southern California. Without limiting the generality of the foregoing, Owner shall operate and maintain the Lot 2 Parking Structure in accordance with the following maintenance specifications, which shall require Owner to perform, without limitation, the following obligations:

(a) Maintain the surfaces of the Lot 2 Parking Structure in a smooth and evenly covered condition with the type of surfacing material originally installed thereon, or such substitute as approved by Developer and each Major;

(b) Remove all paper, debris, filth and refuse and wash or thoroughly sweep the floor surfaces of the Lot 2 Parking Structure, and the portion of the elevators, stairways and escalators leading to and from the parking areas and the walkways and sidewalks within the Lot 2 Parking Structure as often as reasonably necessary;

(c) Maintain illumination at the following "minimum maintained" foot candles: 10 foot candles in parking decks and 25 foot candles in entrances;

(d) Clean lighting fixtures and relamp as necessary;

(e) Maintain (i) landscaping, if any, as necessary to keep in a first class thriving condition, and (ii) slopes and grades within any landscaped areas in an attractive condition, all in compliance with the Lot 2 Conditions of Approval;

(f) Maintain all signs in good and clean condition, including relamping and/or reballasting and/or repairing as may be required;

(g) Maintain all utility systems serving the Lot 2 Parking Structure;

(h) Clean, repair and maintain all decorative items and all benches, seats, drinking fountains and other improvements and conveniences installed for the benefit of users of the Lot 2 Parking Structure;

(i) Maintain all entrance, exit and directional signs, stripings, and markers in the Lot 2 Parking Structure in good condition and repair as shall be reasonably required;

(j) Maintain all areas clean and free from graffiti to the extent feasible;

(k) Maintain at least five hundred eighty-five (585) parking spaces in the Lot 2 Parking Structure in such configurations as shown on the Lot 2 Parking Improvement Plans;

(l) Remove oil and other fluids from the surfaces of the Lot 2 Parking Structure on a periodic basis as reasonably necessary;

(m) Maintain the elevators in good working condition by (i) checking the elevators daily, and (ii) contracting with a licensed elevator maintenance firm; and

(n) Except as otherwise set forth above in this Section 4.2, maintain the Lot 2 Parking Structure in compliance with the Lot 2 Conditions of Approval.

4.3 Parking Rate Structure. Unless a different rate structure is approved by Developer and each Major, the rate structure established for use of the Lot 2 Parking Structure shall not impose greater or lesser charges than the rate structure in effect from time to time in a majority of the other retail-oriented public parking lots operated by the City in order to (i) promote a nondiscriminatory rate structure for public parking facilities throughout the Santa Barbara downtown area, and (ii) maintain a rate structure not greater or lesser than the rate structure for publicly-operated parking garages or parking areas servicing retail shopping areas within the downtown Santa Barbara retail area.

Without limiting the generality of the foregoing, the following parking programs shall be implemented in the Lot 2 Parking Structure:

4.3.1 Free Parking. Each person entitled to use the Lot 2 Parking Structure shall receive ninety (90) minutes free parking per day. If a greater or lesser amount of free parking is offered at any other municipally-operated parking

lot, the free period of parking available to each person entitled to use the Lot 2 Parking Structure may be increased or decreased, as necessary, to match the free parking period offered at such other municipally operated parking lots upon written request executed by each of Developer, Broadway and Nordstrom.

4.3.2 Validation. On or prior to the Proposed Opening Date of the Shopping Center, Owner shall use best efforts to establish a parking validation program reasonably acceptable to the Developer and each Major. In accordance with the Cooperation Agreement dated 11/1, 1987 by and between City and Agency ("Cooperation Agreement"), Agency shall use best efforts to cause City to establish a nondiscriminatory parking validation program approved by Developer and each Major, and to make such validation program available to Developer, each Major and other retail businesses on a nondiscriminatory basis. The cost of validations given pursuant to a validation program shall be borne by the validating party at not more than the then current rate applicable to the use of the Lot 2 Parking Structure (after the free parking period has elapsed).

4.3.3 Employee Parking Areas. Pursuant to the Transportation Systems Management Plan for the Downtown Retail Revitalization Project: Paseo Nuevo (the "TSMP") developed in connection with the Conditions of Approval, Downtown Retail Revitalization Plan: Paseo Nuevo, April 15, 1987 ("Shopping Center Conditions of Approval"), the Operator shall have the right to (i) assign the use of designated car pool spaces to employees of Occupants who qualify for such spaces, (ii) issue free monthly parking permits to eligible carpoolers, subject to payment by the Operator to the Owner of regular charges for monthly parking permits, which charges shall not exceed the regular rates charged for monthly parking permits in the Lot 2 Parking Structure, and (iii) designate not more than eighty-six (86) parking spaces in the Lot 2 Parking Structure for use by employees of Occupants. Owner shall cooperate with the Operator in order to implement the TSMP and shall (i) reserve not more than the number of spaces as may be required by the TSMP in the Lot 2 Parking Structure for use by eligible carpools of employees of Occupants in such locations as may be approved by Developer, Broadway and Nordstrom, (ii) monitor use of the carpool spaces to ensure that users comply with the qualifications set forth in the TSMP, (iii) reserve not more than eighty-six (86) parking spaces in the Lot 2 Parking Structure for use by employees of Occupants, (iv) permit employees of Occupants to park only in the designated employee spaces; and (v) discourage the use of parking spaces in the Lot 2 Parking Structure by the employees of Occupants other than the designated Employee Parking (as defined below) spaces so that not more than eighty-six (86) parking spaces in the Lot 2 Parking Structure are used for Employee Parking. Agency

shall be responsible for subsidizing the Employee Parking spaces as provided in the Shopping Center Conditions of Approval.

Owner acknowledges that the TSMP requires that up to two hundred eighty (280) parking spaces be provided for employees of Occupants ("Employee Parking") in one or more of the Lot 1 Parking Structure, Lot 2 Parking Structure, Lot 10 Parking Structure, or in City commuter lots or other remote parking facilities. Agency has agreed to provide the Employee Parking pursuant to the Parking Agreement. The Parties hereto acknowledge that it is the policy and preference of Agency to place the Employee Parking in parking facilities other than the Lot 1 Parking Structure, Lot 2 Parking Structure and Lot 10 Parking Structure, but that Agency has the right to place not more than an aggregate of one hundred sixty-eight (168) parking spaces for Employee Parking in the Lot 2 Parking Structure and the Lot 10 Parking Structure. The Parties further acknowledge that Agency may provide not more than 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 in order to mitigate severance damages to such owners caused 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 reserved for Employee Parking in the Lot 2 Parking Structure and Lot 10 Parking Structure shall be reduced by the number of Replacement Parking spaces, and Agency shall provide the number of Employee Parking spaces displaced by the Replacement Parking in parking facilities other than the Lot 1 Parking Structure, Lot 2 Parking Structure or Lot 10 Parking Structure.

4.4 Hours of Operation. The Lot 2 Parking Structure shall be open and available for vehicular, bicycle and pedestrian use at all times that any of the Major's Stores and the Developer Mall Stores are open, but in any event (i) not earlier than 9:00 a.m. or thirty (30) minutes prior to the time the first Major's Store opens for business each morning, and (ii) at least forty-five (45) minutes after the close of business of the last Developer Mall Store and Major's Store ("Retail Hours of Operation"). In any event, the Lot 2 Parking Structure shall close by 5:00 a.m. daily and all vehicles shall be removed therefrom prior to such time. No vehicular access to the Lot 2 Parking Structure shall be allowed between 5:00 a.m. or the earlier of 9:00 a.m. or thirty (30) minutes prior to the time the first Major Store opens for business each morning, except for vehicles operated by persons entitled to use the Replacement Parking spaces and as otherwise provided in Section 4.4.1 hereof. Changes in the hours of

operation of the Lot 2 Parking Structure shall be subject to the reasonable approval of Developer and each Major.

4.4.1 Early Operation. Notwithstanding the foregoing, Owner may open the Lot 2 Parking Structure prior to 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 but not prior to 5:00 a.m. ("Pre-Opening Hours"), subject to the following terms and conditions:

Owner acknowledges that Developer and each Major have made or will make significant capital expenditures and have devoted or will devote substantial human and financial resources to construct, develop and operate the Improvements on the Shopping Center Tract in reliance on the availability of parking in the Lot 2 Parking Structure for use by Occupants and Permittees of the Shopping Center. Owner further acknowledges 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 2 Parking Structure for Occupants and Permittees of the Shopping Center. Accordingly, Owner acknowledges that it is the policy of City and Agency to discourage the use of the Lot 2 Parking Structure by persons who enter the Lot 2 Parking Structure during 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 Users").

In order to implement the foregoing policy of City and Agency, Owner and the other Parties hereto, as applicable, shall establish the following programs with respect to use of the Lot 2 Parking Structure during Pre-Opening Hours of Operation:

(a) No person entering the Lot 2 Parking Structure 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 2 Parking Structure during Pre-Opening Hours shall create a material and substantial disincentive to discourage Inappropriate Users from remaining parked in the Lot 2 Parking Structure after the commencement of Retail Hours of Operation.

(c) Not more than two hundred thirty (230) parking spaces, or if the Lot 1 Parking Structure is operated as a public parking structure in accordance with Article 3 of the Lot 1 Parking Covenants, not more than one hundred sixty-two (162) parking spaces, shall be available to the users of the Lot 2 Parking Structure during Pre-Opening Hours. The remainder of the spaces in the Lot 2 Parking Structure shall

not be open to use until the commencement of Retail Hours of Operation.

(d) The Parties shall establish a parking program applicable to Inappropriate Users, including but not limited to the establishment of rates and operating procedures, for the use of the Lot 2 Parking Structure during the Pre-Opening Hours that creates a material and substantial disincentive for use of the Lot 2 Parking Structure by Inappropriate Users ("Inappropriate User Program"). At any time and from time to time commencing with the date the Lot 2 Parking Structure is opened to public use, and continuing until one (1) year after the Actual Opening Date of the Common Area of the Shopping Center, any of the Parties hereto may from time to time request a revision in the Inappropriate User Program if such Party determines that such revision is necessary to deter use of the Lot 2 Parking Structure by Inappropriate Users. Commencing with the second year after the Actual Opening Date of the Common Area of the Shopping Center and continuing throughout the term of these Parking Covenants, any of the Parties hereto may request a revision of the Inappropriate User Program, but not more frequently than on a quarterly basis. The Inappropriate User Program shall set forth the procedures for requesting a revision to such program and the procedure for consideration of such revision by Owner, Developer, Broadway and Nordstrom, and shall contain a dispute resolution mechanism if the Parties hereto are unable to agree as to the need for, or the extent of, any revision to the Inappropriate User Program. Notwithstanding anything contained herein, any revision of the Inappropriate User Program shall be subject to the prior written agreement of Developer, Broadway and Nordstrom; provided, however, that if the Parties are unable to agree upon a revision, such dispute shall be settled in accordance with the dispute resolution mechanism set forth in the Inappropriate User Program.

4.5 Staffing. One or more toll booths shall be operated at each exit from the Lot 2 Parking Structure to a public street during all hours of operation of the Lot 2 Parking Structure. Owner shall adequately staff such toll booths during the hours of operation of the Lot 2 Parking Structure in order to ensure users a minimum of delay in exiting therefrom.

4.6 Security. Owner shall employ adequate security personnel to patrol the Lot 2 Parking Structure and provide adequate security for safe use thereof by Occupants and Permittees of the Shopping Center. Security shall be maintained during all hours when the Lot 2 Parking Structure is open to public use and such other hours as are necessary and appropriate. Owner may fulfill the requirements of this Section 4.6 causing the City Police Department to provide the

security required herein. Notwithstanding the above, the Operator shall have the right to engage private security for the Lot 2 Parking Structure if it determines that the security provided by the Owner is inadequate. The Operator shall be responsible for the cost of such private security. Owner hereby grants a license to the Operator, and its agents and employees, to enter onto the Lot 2 Parking Tract and the Lot 2 Parking Structure for purposes of providing additional security in accordance with this Section 4.6. The retention of private security by the Operator shall not relieve Owner of its obligation to provide security for the Lot 2 Parking Structure as set forth herein.

4.7 Rules and Regulations. At least thirty (30) days prior to the opening of the Lot 2 Parking Structure for public use, Owner shall develop and circulate to Developer and each Major for approval rules and regulations for the Lot 2 Parking Structure ("Rules and Regulations") which shall incorporate pertinent operating information including, without limitation, the parking rate structure and the hours of operation. The Rules and Regulations, including modifications thereto, shall be subject to the prior written consent of Developer and each Major, which consent shall not be unreasonably withheld or delayed provided said Rules and Regulations are in conformance with these Parking Covenants. To the extent possible, the Rules and Regulations for the Lot 2 Parking Structure shall be similar to the rules and regulations for the Lot 10 Parking Structure and the public operation of the Lot 1 Parking Structure.

4.8 Costs of Maintenance and Operation. The costs of maintenance and operation of the Lot 2 Parking Structure, including without limitation, operating expenses, repairs, insurance, taxes (including any possessory interest taxes attributable thereto but imposed upon the Developer Tract, Broadway Tract or Nordstrom Tract), security services, and replacement costs, shall be borne solely by the Owner. Neither Developer, the Majors, nor any of the tenants of the mall stores shall bear any expense for the maintenance or operation of the Lot 2 Parking Structure.

4.9 Insurance. During the term of these Parking Covenants, Owner shall maintain or cause to be maintained the following insurance policies:

4.9.1 Liability Insurance. Owner shall maintain or cause to be maintained a policy or policies of public liability and property damage insurance insuring against any loss, liability, damage and expense (including expense of legal defense) incurred or arising out of any death, personal injury or property damage suffered or alleged to be suffered by any person or persons within the Lot 2 Parking Structure or on the Lot 2 Parking Tract. Such policy or policies shall

include liability and property damage insurance covering any vehicles operated by Owner or its employees in the operation of the Lot 2 Parking Structure. Such policy or policies shall also include contractual liability insurance covering the indemnification obligations of the Owner under Section 4.10 below and shall insure the other Parties against any cost incurred in the legal defense of any such claim. The policy of liability insurance shall be kept in full force and effect during the term of these Parking Covenants in an initial combined single limit of not less than Five Million Dollars (\$5,000,000) per occurrence; provided, however, the liability limits of such policy shall be periodically reviewed by the Parties for the purpose of mutually increasing the minimum limits of such insurance from time to time to amounts which may be reasonable and customary for parking garages or parking areas servicing first class, high quality, regional shopping centers located in Southern California.

4.9.2 Workers' Compensation Insurance. Owner, if Owner is not a public entity, shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure all persons employed by Agency in the operation and maintenance of the Lot 2 Parking Structure. Such insurance shall cover full liability for compensation under the Workers' Compensation Act, as amended from time to time, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with work or employment on the Lot 2 Parking Tract.

4.9.3 Property Insurance. Owner shall carry or cause to be carried broad-form all risk property insurance in an amount equal to one hundred percent (100%) of the full insurable value of the Lot 2 Parking Structure, with a deductible not to exceed ten percent (10%) for any one loss that is less than the face amount of the policy, insuring against "all risks" (except loss or damage by war or nuclear incident) including, but not limited to, loss or damage by fire, flood (if flood insurance is available at commercially reasonable rates), earthquake, windstorm, cyclone, tornado, hail, lightning, explosion, riot, riot attending a strike, civil commotion, malicious mischief, vandalism, aircraft, vehicle, smoke damage, and sprinkler leakage. For purposes of this subsection, the term "full insurable value" shall mean the actual replacement cost (excluding the cost of excavation, foundations, and footings below the ground level and without deduction for depreciation) of the Lot 2 Parking Structure, as adjusted from time to time to reflect changes in the actual replacement costs less such deductibles as are reasonable and customary for insurance maintained on parking garages or

parking areas servicing first class, high quality, regional shopping centers in Southern California.

4.9.4 Earthquake Insurance. The requirement in Section 4.9.3 above that Owner maintain or cause to be maintained an earthquake damage endorsement as part of the "all risk" casualty coverage described above shall not be required if such endorsement, or other appropriate form of earthquake damage insurance, is not available in "commercially reasonable amounts" and at "commercially reasonable premiums." For purposes of this Section 4.9.4, earthquake damage insurance shall not be deemed to be available in commercially reasonable amounts unless Owner is able to obtain such insurance in amounts equal to one hundred percent (100%) of the full replacement cost of the Lot 2 Parking Structure, with a deductible not to exceed ten percent (10%) for any one loss that is less than the face amount of the policy. Earthquake damage insurance shall not be considered to be available at commercially reasonable premiums if the costs thereof would exceed Five Dollars (\$5.00) for each One Thousand Dollars (\$1,000) of replacement cost coverage. If, in accordance with this Section 4.9.4, earthquake insurance is not required to be obtained by Owner, any casualty resulting from earthquake damage shall be considered a peril not required to be insured against pursuant to these Parking Covenants.

4.9.5 Release and Waiver of Subrogation. Owner hereby releases and waives any claims against each other Party hereto from any liability for any death, personal injury, or property damage, including any resulting loss of rents or profits of Owner or of any person claiming its rights by or through Owner, which loss or damage is of the type covered by insurance required to be maintained by Owner under this Section 4.9, regardless of any negligence on the part of the released persons which may have contributed to or caused such death, personal injury or property damage, and Owner on behalf of its insurance carrier, waives any right of subrogation that may arise therefrom. If the insurance policy does not allow waiver of the rights of subrogation of the insurer, Owner covenants it will obtain for the benefit of each other Party a waiver of any rights of subrogation which the insurer of Owner may acquire against any of the other parties by virtue of the payment of any loss covered by such insurance.

4.9.6 General Provisions for Insurance. Each policy of insurance required to be maintained on the Lot 2 Parking Structure shall comply with the following requirements:

(a) Any liability insurance policy shall name each of the other Parties, and any mortgagee holding a mortgage on a Party's Tract as additional insureds.

(b) Each policy shall be issued by insurers of recognized financial responsibility. Such insurers shall be licensed or permitted to do business in the State of California.

(c) Upon request, Owner shall deliver certificates of insurance evidencing the liability insurance required to be maintained hereunder to each Party or person named as an additional insured under such policy. The certificates of insurance shall specifically provide that the insurance may not be cancelled or the amount of coverage reduced without at least thirty (30) days prior written notice to each of the Parties named as additional insureds.

(d) The insurance required to be maintained hereunder may be carried under a blanket insurance policy or policies covering other premises or properties and other insureds in addition to the Parties hereto; provided however, that any such policy or policies of blanket insurance shall specify therein, or supplemental written certification from the insurers under such policy shall specify, the amount of insurance allocated to the coverage to be provided in Sections 4.9.1 through 4.9.4, inclusive.

4.9.7 Self Insurance, Pooled Insurance. If Owner is a public entity, Owner may maintain any of the insurance required to be maintained by Owner under this Section 4.9 through a pooled self-insurance fund maintained by two or more public entities. Owner shall give thirty (30) days' written notice to each of the other Parties hereto of its intent to satisfy its insurance obligations under this Section 4.9 through such pooled self-insurance fund and Owner shall submit to each Party with such notice evidence that the reserves established in the pooled self-insurance fund are sufficient to satisfy Owner's insurance obligations hereunder. Thereafter, on an annual basis and at the request of any Party hereto, Owner shall deliver to the requesting Party evidence that the reserves established in the pooled self-insurance fund are sufficient to satisfy Owner's insurance obligations hereunder. During the period that Owner is satisfying its insurance obligations hereunder through such pooled self-insurance fund with respect to one or more of the casualties required to be insured hereunder, the provisions of Section 4.9.6(a)-(d) hereof shall not apply with respect to such casualty. If Owner discontinues using the pooled self-insurance fund to satisfy its insurance obligations hereunder, Owner shall immediately give written notice of such action to the other Parties hereto and shall immediately comply with all other requirements of this Section 4.9 with respect to the insurance required to be carried by Owner.

4.9.8 Failure to Maintain Insurance. If Owner fails or refuses to procure or maintain any insurance as required by this Article 4, each other Party shall have the right, at its election but without obligation, and without notice, to procure and maintain such insurance. The premiums paid by such Party shall be reimbursed by Owner within fifteen (15) days after such Party's written demand therefor.

4.9.9 Disposition of Insurance Proceeds Resulting From Loss or Damage to Lot 2 Parking Structure. All proceeds of insurance with respect to loss or damage to the Lot 2 Parking Structure received during the term of these Parking Covenants shall be used by Owner for the repair, restoration or reconstruction of the Lot 2 Parking Structure in accordance with Article 6. To the extent the proceeds exceed the cost of repair, restoration or reconstruction, the excess proceeds shall be payable to Owner. If the Lot 2 Parking Structure is not repaired, restored or reconstructed as provided herein or Owner is not required to use such proceeds to provide Relocated Parking in accordance with Article 8, the insurance proceeds shall be applied first to pay any of Owner's monetary obligations to any other Party to these Parking Covenants, second, to the expenses of clearing the Lot 2 Parking Tract, and the remainder, if any, to Owner.

4.10 Indemnification. Owner covenants to defend, indemnify and hold harmless each other Party from and against all costs, expenses and liability (including reasonable attorneys' fees) incurred in connection with all claims, including any action or proceeding brought thereon, arising or resulting from death or personal injury, caused to any person, or damage to the property of any person, occurring in or about the Lot 2 Parking Structure. A Party shall not be entitled to such indemnification for any loss incurred by such Party to the extent of its negligence or willful wrongdoing.

4.11 Retail Space. The Parties acknowledge that the Lot 2 Parking Improvement Plans contemplate the construction of retail space on the ground floor of the Lot 2 Parking Structure. Owner shall operate and maintain, or cause to be operated and maintained, such retail space in accordance with the following conditions:

(a) the retail space shall be located only in the areas shown on the Lot 2 Parking Improvement Plans;

(b) the retail space shall be used in a manner consistent with the requirements of Section 11.5 of the REA; and

(c) the retail space shall not be used for any purpose prohibited by Section 11.7 of the REA.

ARTICLE 5

ASSESSMENTS

5.1 Formation of Downtown Parking Assessment Area.

5.1.1 Description of DPA. 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 ("Center Completion Date") in order to fund Agency's contribution to the cost of constructing the Lot 1 Parking Structure and the 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. For purposes of these Parking Covenants, 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 have been validated by a judgment of a court of competent jurisdiction ("DPA Formation"). Notwithstanding DPA Formation, the Lot 2 Parking Structure shall continue to be operated and maintained in accordance with these Parking Covenants.

5.1.2 Waiver of Rights to Protest DPA; Reservation of Other Rights. Developer, Broadway and Nordstrom hereby waive their respective rights to protest or challenge DPA Formation in accordance with the Parking Agreement provided (i) Agency and City are in compliance with the Parking Agreement, (ii) Owner is in compliance with these Parking Covenants, (iii) Agency is in compliance with the Lot 1 Parking Covenants, (iv) the Lot 10 Owner is in compliance with the Lot 10 Parking Covenants, and (v) DPA Formation occurs on or prior to the Center 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 Center Completion Date. Provided that DPA Formation occurs in accordance with the Parking Agreement prior to the Center 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 the funding

of Agency's contribution to the cost of construction of 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 assessment 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 the funding of Agency's contribution to the cost of constructing 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 Center Completion Date, or (ii) the date that lease revenue bonds or certificates of participation issued to finance the DPA have been paid in full.

5.2 Pocket Assessment Area. If DPA Formation does not occur in accordance with the Parking Agreement on or prior to the Center Completion Date, Developer may notify Agency at any time during the period commencing with the date Developer commences private operation of the Lot 1 Parking Structure and terminating on December 31st 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 any 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. Developer, Broadway and Nordstrom agree not to protest the formation of the Pocket Assessment Area described herein and formed in accordance with the Parking Agreement. Notwithstanding formation of the Pocket Assessment Area, the Lot 2 Parking Structure shall continue to be operated and maintained in accordance with these Parking Covenants.

5.3 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 the funding of Agency's contribution to the cost of constructing 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 the Parking Agreement, or (ii) if such DPA is not formed, assessments levied in connection with a Pocket Assessment Area formed in accordance with the Parking Agreement.

ARTICLE 6

DAMAGE AND DESTRUCTION TO LOT 2 PARKING STRUCTURE

6.1 Obligation to Repair or Restore. Owner shall be required to repair and restore, or cause to be repaired and restored, at Owner's sole cost and expense, any damage or destruction to the Lot 2 Parking Structure, in accordance with this Section 6.1:

6.1.1 No Damage to Shopping Center. If the Lot 2 Parking Structure is damaged or destroyed, and the Improvements on the Shopping Center Tract have not been damaged or destroyed and at least one of the Majors or Developer remains in operation, then Owner shall repair or restore the Lot 2 Parking Structure in accordance with Section 6.2 hereof.

6.1.2 Simultaneous Damage and Destruction. If there is simultaneous damage and destruction to the Lot 2 Parking Structure and the Improvements located on the Shopping Center Tract, Owner's restoration obligations with respect to the Lot 2 Parking Structure shall be as follows:

(a) If Developer and both of the Majors are required or, if not required, elect to restore the Improvements located on their respective Tracts in accordance with the REA, or if Developer and only one of the Majors are required or, if not required, elect to restore their Improvements, Owner shall repair or restore the Lot 2 Parking Structure in accordance with Section 6.2 hereof.

(b) If neither Major is required to restore and does not elect to restore the Improvements on its respective Tract in accordance with the REA, but Developer restores the Improvements on the Developer Tract, Owner, in cooperation with the Lot 1 Owner and the Lot 10 Owner shall only be required to restore the Lot 2 Parking Structure to the extent necessary to provide the number of parking spaces in both the Lot 2 Parking Structure and the Lot 10 Parking Structure equal to the difference between (i) the number of parking spaces required to provide parking at the rate of 4.1 spaces per one thousand (1,000) square feet of restored and reconstructed Floor Area located on the Shopping Center Tract and on the Rehabilitation Parcel incorporated into the Shopping Center and (ii) the number of parking spaces located in the restored Lot 1 Parking Structure.

(c) If Developer and both Majors are not required to restore and do not elect to restore their respective Improvements on the Shopping Center Tract in accordance with the REA, Owner shall not be obligated to restore the Lot 2 Parking Structure.

(d) Owner shall give prompt written notice to each of Developer, Broadway and Nordstrom of any damage or destruction to the Lot 2 Parking Structure. Within one hundred fifty (150) days after the occurrence of such damage and destruction, Developer and each Major shall give written notice to Owner indicating whether such Party's Improvements were damaged, and whether such Party is required to restore or has elected to restore its Improvements in accordance with the REA.

6.2 Restoration-Timing. If Owner is required to repair or restore the Lot 2 Parking Structure, any damage thereto shall be restored in accordance with the Lot 2 Parking Improvement Plans, together with such modifications and alterations as may be approved by the Parties in accordance with Article 3 of these Parking Covenants and that may be required by applicable building codes in effect at the time of restoration. Owner shall cause the restoration to be promptly commenced and prosecuted to completion with all due diligence and speed, but in any event, not later than eighteen (18) months after the date that Owner has received written notice from each of Developer, Broadway and Nordstrom whether such Party's Improvements have been damaged, and whether such Party is required or has elected to restore its Improvements in accordance with the REA. In the case of simultaneous damage and destruction of the Lot 2 Parking Structure and the Improvements on the Shopping Center Tract, Owner shall cause the restoration to be completed, to the extent feasible, on or prior to the time that the restoration of any Improvements on the Shopping Center Tract is completed.

6.3 Order of Restoration. If the Lot 2 Parking Structure and the Lot 10 Parking Structure are simultaneously damaged or destroyed and Owner is required to restore under this Article 6, Owner shall exercise due diligence and best efforts to cause the Lot 2 Parking Structure to be restored simultaneously with the Lot 10 Parking Structure. Notwithstanding the above, if the Improvements of one Major are not damaged and such Major is Operating, and the Improvements of the other Major are damaged and such Major is restoring its Improvements, the Offsite Parking Facility located closest to the Operating Major shall be restored first. If only one Major is restoring its Improvements, or if the Major's Improvements were not damaged but such Major is Operating its Improvements, the Offsite Parking Facility located closest to the restoring or Operating Major shall be restored first. To the extent feasible, the restoration of both Offsite Parking Facilities shall be completed on or prior to the time of restoration of any Improvements on the Shopping Center Tract; provided, however, that in any event Owner shall cause restoration of each Offsite Parking Facility to be completed within eighteen (18) months after the date that Owner has received notice from each of Developer, Broadway and Nordstrom whether such Party's

Improvements have been damaged, or whether such Party is required to repair or restore the Improvements on its Tract.

6.4 Restoration-Method. Except as otherwise provided in this Article 6, the restoration of the Lot 2 Parking Structure shall comply with the following requirements:

6.4.1 Cooperation. If restoration of the Lot 2 Parking Structure is to occur simultaneously with restoration of any Improvements on the Shopping Center Tract, the Parties hereto shall meet prior to commencement of the restoration and cooperate in good faith to create a Construction Phasing Plan for the restoration of all damaged improvements in accordance with Section 15.6.4 of the REA.

6.4.2 Workmanship. All restoration shall be performed in a good and workmanlike manner and in accordance with all applicable laws, statutes, codes, rules and regulations of governmental agencies, including the Lot 2 Conditions of Approval, and applicable rules and regulations of insurance underwriters.

ARTICLE 7

EMINENT DOMAIN

7.1 Definition of Taking. As used herein, the term "Taking" shall refer to a taking of all or any part of the Lot 2 Parking Tract pursuant to the exercise of the power of eminent domain, including a voluntary conveyance in lieu of court proceedings, by or to any agency, authority, public utility, person or entity empowered to condemn property.

7.2 Notice of Taking. In case of a Taking of all or any part of the Lot 2 Parking Tract, or the commencement of any proceedings or negotiations that might result in a Taking, Owner shall give written notice thereof to each of the other Parties. The notice shall generally describe the nature and extent of the Taking and the nature of the proceedings or negotiations that might result therefrom.

7.3 Net Awards and Payments. If there is a Taking of all or any portion of the Lot 2 Parking Tract, all awards or other payments on account of such Taking, less costs, fees and expenses incurred in the collection thereof ("Net Awards and Payments") shall be paid to Owner, and Owner shall use such Net Awards and Payments for the performance of Agency's obligations hereunder.

7.4 Effect of Taking. If there is a Taking of all or a portion of the Lot 2 Parking Tract, these Parking Covenants shall terminate as to the portion of the Lot 2 Parking Tract subject to the Taking, but shall remain in full force and

effect as to any portion of the Lot 2 Parking Tract not subject to the Taking; provided, however, that the termination of these Parking Covenants as to any portion of the Lot 2 Parking Tract shall not relieve Owner of its obligations under Section 7.6 hereof.

7.5 Partial Taking. If there is a Taking of a portion but not all of the Lot 2 Parking Tract ("Partial Taking"), Owner shall use the Net Awards and Payments received from such Partial Taking to restore the remaining portion of the Lot 2 Parking Structure as nearly as possible to the condition, character and function existing immediately prior to such Partial Taking. The remaining portion of the Net Awards and Payments shall be used by Owner in accordance with Section 7.6 below.

7.6 Relocated Parking. If all or any portion of the Lot 2 Parking Tract is subject to a Taking, Owner shall use best efforts to provide Relocated Parking (as defined in Article 8 below) for any parking spaces lost as a result of the Taking in accordance with Article 8 and the following additional conditions:

(a) All Net Awards and Payments received by Owner as a result of the Taking, less such portion as may be used to restore the remaining portion of the Lot 2 Parking Structure in the event of a Partial Taking in accordance with Section 7.5 above, shall be held in trust by Owner for the benefit of Developer, Broadway and Nordstrom and shall be used to provide the Relocated Parking;

(b) The number of parking spaces required for the Relocated Parking shall be equal to the difference between (i) the number of parking spaces located in the Lot 2 Parking Structure prior to the Taking, less (ii) the number of parking spaces remaining in the Lot 2 Parking Structure, if any, after the Taking;

(c) Owner shall use best efforts to acquire any property required to provide the Relocated Parking by negotiation. If Owner is unable to acquire by negotiation all property necessary to provide the Relocated Parking, Owner shall use its best efforts to implement the procedures required by law to consider the necessity of exercising Owner's right of eminent domain concerning the properties it is unable to acquire by negotiation; and

(d) Owner shall complete construction and open the Relocated Parking for public use as soon as possible after the date title to the Lot 2 Parking Tract or portion thereof vests in the condemning authority or the date the condemning

authority is entitled to possession of the Lot 2 Parking Tract or portion thereof.

Developer and each Major shall cooperate with Agency to locate suitable Relocated Parking in accordance with the foregoing standards.

7.7 No Release. Notwithstanding the Taking of all or a portion of the Lot 2 Parking Tract, Owner shall not be relieved of its obligation to provide Relocated Parking in order to satisfy its covenant to provide not less than five hundred eighty-five (585) parking spaces at all times during the term of these Parking Covenants within a two block radius of the Shopping Center.

ARTICLE 8

RELOCATED PARKING

Owner covenants to maintain at all times during the term of these Parking Covenants the number of parking spaces initially constructed in the Lot 2 Parking Structure within a two block radius of the Shopping Center in accordance with these Parking Covenants. At any time during the term of these Parking Covenants, Owner, at its election, may relocate all or a portion of the parking spaces provided in the Lot 2 Parking Structure (the "Relocated Parking") upon compliance with the following conditions:

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

(b) 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 in the Lot 2 Parking Structure being relocated, including number of spaces, parking convenience, access, availability, maintenance, operation and traffic mitigation, and relative proximity to the Majors' stores and the mall stores and that such Relocated Parking will comply with the Lot 2 Conditions of Approval. Developer and each Major 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) Owner shall submit the plans and specifications for construction of the Relocated Parking to Developer and each Major for approval in accordance with Article 3 hereof, which approval shall not be unreasonably withheld or delayed;

(d) Owner shall complete construction and open the Relocated Parking for public use prior to discontinuing use of

any spaces in the Lot 2 Parking Structure, except in the case of a Taking;

(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) Owner shall record or cause the recordation of these Lot 2 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 Owner's covenant to maintain and operate the Relocated Parking in accordance with the Lot 2 Parking Covenants, subject only to such title exceptions as may be reasonably approved by Developer and the Majors.

ARTICLE 9

ALTERATIONS OF IMPROVEMENTS

9.1 Prohibition Against Alterations. Owner shall not make or permit to be made any material exterior alteration of, addition to, or change in the Lot 2 Parking Structure, other than routine maintenance and repairs, nor demolish all or any part of the Lot 2 Parking Structure, without the prior written consent of each other Party hereto. Nothing herein shall prohibit minor interior alterations or decorations provided such minor interior alterations or decorations do not alter the aesthetics or impair the function and operation of the Lot 2 Parking Structure.

9.2 Governmental Changes. Notwithstanding the prohibition contained in Section 9.1 to the contrary, Owner may make changes, repairs, alterations, improvements, renewals or replacements to the Lot 2 Parking Structure as required by reason of any law, ordinance, regulation or order of a governmental authority, or otherwise required for the continued safe and orderly operation of the Lot 2 Parking Structure in accordance with these Parking Covenants.

ARTICLE 10

TRANSFER OF INTERESTS

Owner shall not transfer or assign its rights, powers and obligations under these Parking Covenants without the prior written approval of each of the Parties hereto, which approval shall not be unreasonably withheld. Notwithstanding the above, Owner may only transfer or assign its interest in

connection with an assignment, sale, transfer or conveyance of the Lot 2 Parking Tract to a governmental agency exercising powers similar to those exercised by Agency or City as of the date hereof. Any assignee or transferee of Owner shall expressly assume by written instrument all of the obligations of Owner hereunder upon the transfer of Owner's interest in the Lot 2 Parking Tract and these Parking Covenants. Notwithstanding such transfer, the Lot 2 Parking Structure shall continue to be operated and maintained in accordance with these Parking Covenants.

ARTICLE 11

UNPERFORMED COVENANTS, DEFAULTS AND REMEDIES

11.1 Failure of Performance. If Owner shall fail or neglect to perform any act or thing herein required to be performed by it or shall fail to pay any sum of money required to be paid by it hereunder, and such failure shall continue for a period of thirty (30) days following notice from any other Party specifying the act or thing to be performed or the sum required to be paid by Owner, then any Party may (but shall not be required to) perform or pay the same, and the Owner, on demand, shall reimburse such Party for the cost thereof within ten (10) days of demand therefor.

If a Party shall deem that an emergency is occurring or has occurred so that a failure to perform an obligation hereunder requires immediate curing, then only such notice as is hereinafter provided shall be required, and such Party may act promptly and take such action as is necessary to cure the alleged default. In performing any action pursuant to this Section 11.1, a Party shall act with reasonable promptness and shall give notice to Owner of such work on the alleged default. Such notice, notwithstanding any other provision of these Parking Covenants, need not be in writing if the giving of a written notice would not be reasonably possible under the circumstances, so long as such notice is given to a responsible official of Owner. Written confirmation of the action shall be given as soon as reasonably possible. The Party curing the alleged default shall prosecute any work performed by it under this Section 11.1 diligently to completion.

11.2 Rights and Remedies. If Owner fails to perform its covenants hereunder or Owner shall fail and neglect to perform any act or thing or pay any sum of money required to be performed and paid by Owner under these Parking Covenants, and such failure and neglect continues after thirty (30) days notice from another Party of such breach or failure, and such Party does not perform such covenant or pay such sum on behalf of Owner in accordance with Section 11.1, 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 Owner to observe or perform its covenants and obligations hereunder, or the appointment of a receiver to observe or perform the covenants and obligations of Owner hereunder.

11.3 No Waiver. No act or thing done or performed by a Party pursuant to this Article 11 and no omission to act pursuant to this Article 11 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.

11.4 License for Self-Help. Owner hereby grants to the other Parties, for the benefit of the Developer Tract, Broadway Tract and Nordstrom Tract, a nonexclusive license over and under any and all parts of the Lot 2 Parking Tract and the Lot 2 Parking Structure for all purposes reasonably necessary to enable the other Parties (either acting directly or through employees, agents, contractors or subcontractors) to exercise their respective rights under these Parking Covenants.

ARTICLE 12

MISCELLANEOUS

12.1 Effective Date. These Parking Covenants shall become effective upon the date these Parking Covenants, duly executed by the Parties hereto, are recorded in the Official Records of the County of Santa Barbara, State of California ("Effective Date").

12.2 No Third Party Beneficiary. The provisions of these Parking Covenants are for the exclusive benefit of the Parties hereto and their respective successors and assigns, and not for the benefit of any third person, including any occupant of the Shopping Center Tract other than a Party hereto, nor shall these Parking Covenants be deemed to have conferred any rights, express or implied, upon any third person, except as expressly set forth to the contrary in these Parking Covenants. 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 Occupant or Permittee other than a Party to these Parking Covenants.

12.3 Attorneys' Fees. If any Party hereto shall institute any judicial action or proceeding relating to violations, threatened violations, or failure of performance of or under these Parking Covenants, or any default hereunder, or to enforce the provisions hereof, then the prevailing Party shall be entitled to recover its reasonable attorneys' fees from the

defaulting Party. Reasonable attorneys' fees shall be as fixed by the court. The "prevailing Party" shall be the Party which by law is entitled to recover its costs of suit, whether or not the action proceeds to final judgment. If the Party which shall have instituted suit shall dismiss as against another Party without the concurrence of such other Party, the nondismissing Party shall be deemed the prevailing Party.

12.4 Breach Shall Not Permit Termination. It is expressly agreed that a breach of these Parking Covenants shall not entitle any Party to cancel, rescind, or otherwise terminate these Parking Covenants, but such termination shall not affect, in any manner, any other right or remedy which the Party may have hereunder by reason of any breach of these Parking Covenants.

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

12.6 Governing Laws. These Parking Covenants shall be construed in accordance with the laws of the State of California.

12.7 No Partnership. Nothing contained in these Parking Covenants 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.

12.8 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 these Parking Covenants shall be strictly limited to and for the purposes herein expressed.

12.9 Successors. These Parking Covenants shall run with the land, both as respects the benefits and burdens created herein, and shall be binding upon and inure to the benefit of the successors and assigns of the Parties.

12.10 Time of Essence. Time is of the essence with respect to the performance of each of the covenants and agreements contained in these Parking Covenants.

12.11 Counterparts. These Parking Covenants 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.

12.12 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 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 Avenue, Suite 3900
Chicago, IL 60611
Attention: Mr. Robert J. Chapman

with a further copy to:

JMB/CALIFORNIA
One Embarcadero Center, Suite 2716
San Francisco, CA 94111
Attention: 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 Agency to:

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

and addressed, in the case of Owner as follows:

If Agency is the Owner:

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

or if City is the Owner:

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

subject to the right of each Party to 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.

12.13 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.

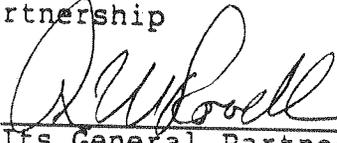
12.14 Exhibits. Exhibits "A" and "B" attached to these Parking Covenants shall be deemed to be incorporated herein by the individual reference to each such Exhibit and all such Exhibits shall be deemed to be a part of these Parking Covenants as though set forth in full in the body hereof. In the event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

THESE LOT 2 PARKING COVENANTS have been executed by the Parties as of the day and year first written above and shall become effective upon recording in the Official Records of Santa Barbara County, California.

DEVELOPER:

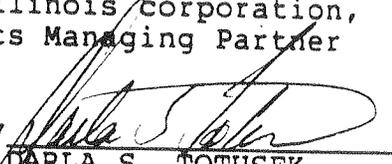
SANTA BARBARA ASSOCIATES,
a California general partnership

By: PASEO NUEVO ASSOCIATES, a
California limited
partnership

By 
Its General Partner

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

By: JMB/PN, INC. an
Illinois Corporation,
Its Managing Partner

By 
DARLA S. TOTUSEK,
Vice President

CARTER HAWLEY HALE STORES,
INC., a Delaware corporation

By *[Signature]*

Its Vice President

By *[Signature]*

Its Secretary

BROADWAY:

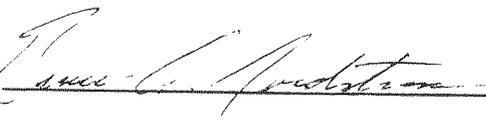
CARTER HAWLEY HALE STORES, INC.,
a Delaware corporation

By _____

By _____

NORDSTROM:

NORDSTROM, INC., a Washington
corporation

By 

By _____

AGENCY:

REDEVELOPMENT AGENCY OF
THE CITY OF SANTA BARBARA

ATTEST:

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 _____
Assistant Agency Counsel

By _____
Special Agency Counsel

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,
a Delaware corporation

By _____

By _____

NORDSTROM:

NORDSTROM, INC., a Washington
corporation

By _____

By _____

AGENCY:

REDEVELOPMENT AGENCY OF
THE CITY OF SANTA BARBARA

By *Ronald Q. N.*
Executive Director

ATTEST:

AGENCY SECRETARY

By *[Signature]*
Assistant Agency
Secretary

APPROVED AS TO CONTENT:

DEPUTY EXECUTIVE DIRECTOR

By *[Signature]*
Housing and Redevelopment
Manager

APPROVED AS TO FORM:

AGENCY COUNSEL

By *[Signature]*
Assistant Agency Counsel

By *[Signature]*
Special Agency Counsel

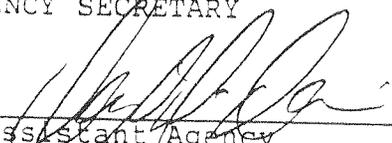
OWNER:

ATTEST:

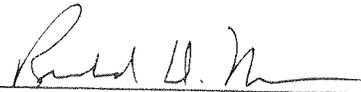
REDEVELOPMENT AGENCY OF
THE CITY OF SANTA BARBARA

AGENCY SECRETARY

By


Assistant Agency
Secretary

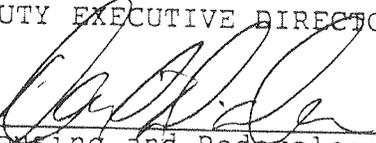
By


Executive Director

APPROVED AS TO CONTENT:

DEPUTY EXECUTIVE DIRECTOR

By


Housing and Redevelopment
Manager

APPROVED AS TO FORM:

AGENCY COUNSEL

By


Assistant Agency Counsel

By


Special Agency Counsel

City is hereby executing this document and agreeing to the foregoing Parking Covenants in the event City acquires any title or other interests in the Lot 2 Parking Structure.

ATTEST:

CITY:

CITY CLERK

CITY OF SANTA BARBARA

By *Lily Rossi*
Deputy City Clerk

By *Shirley [Signature]*
Mayor

APPROVED AS TO CONTENT:

COMMUNITY DEVELOPMENT DIRECTOR

By *[Signature]*
Housing and Redevelopment
Manager

APPROVED AS TO FORM:

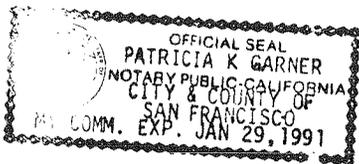
CITY ATTORNEY

By *[Signature]*
Assistant City Attorney

STATE OF CALIFORNIA)
COUNTY OF San Francisco) ss.

On this 25th day of November, 1987, before me, a Notary Public, personally appeared Alan M. Kooch personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as general partner of PASEO NUEVO ASSOCIATES, a California limited partnership; said partnership being a general partner of SANTA BARBARA ASSOCIATES, a California general partnership, the general partnership that executed the within instrument, and acknowledged to me that such general partnership executed it.

WITNESS my hand and official seal.

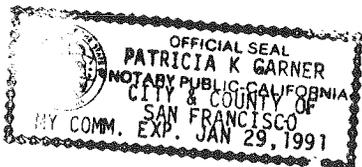


Patricia K. Garner
NOTARY PUBLIC

STATE OF CALIFORNIA)
COUNTY OF San Francisco) ss.

On this 25th day of November, 1987, before me, a Notary Public, personally appeared DARLA S. TOTUSEK, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as Vice President of JMB/PN, INC., an Illinois corporation; said corporation being a general partner of JMB/Paseo Nuevo Associates, an Illinois general partnership; said partnership being a general partner of SANTA BARBARA ASSOCIATES, a California general partnership, the general partnership that executed the within instrument, and acknowledged to me that such general partnership executed it.

WITNESS my hand and official seal.



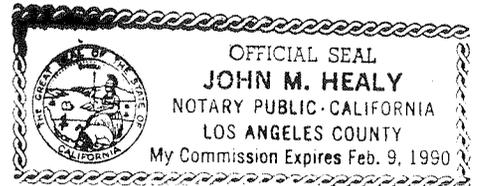
Patricia K. Garner
NOTARY PUBLIC

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On November 9, 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared R. J. Gilmartin personally known to me to be the Vice President, and James L. Vandeberg, personally known to me to be the Secretary of CARTER HAWLEY HALE STORES, INC., the Corporation that executed the within instrument and known to me to be the persons who executed the same on behalf of the Corporation therein named and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

John M. Healy



STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On this _____ day of _____, 1987, before me, a Notary Public, personally appeared _____ and _____, personally known to me, or proved to me on the basis of satisfactory evidence, to be the persons who executed the within instrument as _____ and _____ of CARTER HAWLEY HALE STORES, INC., a Delaware corporation, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 17th day of November, 1987, before me, a Notary Public, personally appeared Bruce A. Nordstrom, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as Co-Chairman of NORDSTROM, INC., a Washington corporation, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

Kathy L. Surnewick
NOTARY PUBLIC

LIST OF EXHIBITS

<u>Exhibits</u>	<u>Description</u>
A-Part I	Project Site
A-Part II	Developer Tract, Broadway Tract, Nordstrom Tract, Lot 1 Parking Tract
A-Part III	Lot 2 Parking Tract
A-Part IV	Lot 10 Parking Tract
B	Construction Schedule

LEGAL DESCRIPTION

PARCEL ONE:

Parcels 2 and 12 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book _____, Pages _____ through _____, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

Parcels 1, 7 and 8 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book _____, Pages _____ through _____, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

Parcels 3, 9, 10 and 11 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book _____, Pages _____ through _____, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

Parcels 4, 5, 6, 13 and 14 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book _____, Pages _____ through _____, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral

substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

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LEGAL DESCRIPTION

Parcels 1, 7, and 8 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book _____, Pages _____ through _____, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

LEGAL DESCRIPTION

Parcels 4, 5, 6, 13 and 14 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book _____, Pages _____ through _____, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

EXHIBIT A-PART III

LEGAL DESCRIPTION

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 Northeastery from the most Southerly corner of said block; thence Northwesterly at right angles to said street line 154.83 feet; thence North 41°30' East 61 feet; thence North 48°30' West 3 feet; thence North 41°30' East 24.47 feet; thence South 48°30' East 21.83 feet; thence South 37°09'30" West 2.88 feet; thence South 41°30' East 49.08 feet; thence South 41°30' West 16 feet to the Northeastery wall of a building known as California Theatre; thence South 48°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 Northeastery line of Chapala Street as the same existed 60 feet wide, prior to January 1, 1925, distant thereon Southeastery 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 Northeastery line of Chapala Street with the Southeastery line of a 20 foot private alleyway extending into said Block 158; thence Southeastery along said Northeastery line of Chapala Street 73.71 feet; thence at right angles Northeastery 185 feet; thence Northerly 56.80 feet, more or less, to a point distant 170 feet Southeastery from the Southeastery line of Carrillo Street, measured at right angles thereto and distant 225 feet Northeastery from said Northeastery line of Carrillo Street, hereinbefore referred to, measured at right angles thereto; thence

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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.

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.

PARCEL NINE:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

Beginning at a point on the Southwesterly line of State Street, distant thereon South 48°30' East, 166.83 feet, from the most Northerly corner of said block; thence, South 41°30' West at right angles to said street line and parallel with Carrillo Street 163.49 feet to the true point of beginning; thence continuing along said last line South 41°30' West 61.51 feet to a point; thence North 48°30' West at right angles to Carrillo Street and parallel with State Street 30.62 feet to a point; thence North 41°30' East, parallel with Carrillo Street 61.52 feet to a point; thence South 48°30' East parallel with State Street 30.62 feet to the point of beginning.

PARCEL TEN:

That portion of Block 158 in the said 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 Southwesterly line of State Street, distant thereon South 48°31'06" East, 166.83 feet, from the most Northerly corner of said block; thence South 41°28'14" West 163.49 feet to the true point of beginning; thence South 41°28'14" West, 61.51 feet, thence South 48°31'06" East, 19.38 feet; thence North 41°28'14" East, 61.51 feet, thence North 48°31'06" West, 19.38 feet to the true point of beginning.

PARCEL TEN (A):

An easement for ingress and egress, vehicular and pedestrian traffic over that portion of said land as described in the deed to John Turnbull, Individually, and John Phillip Turnbull and Mary Joan Schacht, as Trustees under Will of Gloria A. Turnbull, deceased, recorded April 29, 1965 as Instrument No. 15143 in Book 2102, Page 1488 of Official Records.

PARCEL TEN (B):

A right of way connecting with said premises from Chapala Street in said City over land situated in Block No. 158 aforesaid, as described in a deed to Fanny V. De G. Stevenson recorded February 6, 1911 in Book 131, Page 28 of Deeds, bounded and described as follows:

Beginning on the Northeast line of said Chapala Street at the South corner of a lot conveyed to Hannah A. Garland by E. S. Cordero and Manuela O. Cordero, his wife, by deed dated July 25, 1901, and recorded in the office of the Recorder of the aforesaid County in Book 74, Page 170 of Deeds and running thence first, Northeasterly along the Southeasterly line of said lot so conveyed to Hannah A. Garland, 190 feet; thence second, Northerly 49 feet 6 inches, more or less, to a

point on the Northeasterly side of said lot so conveyed to Hannah A. Garland, distant 35 feet Northwesterly from the East corner of said lot; thence third, along the Northeasterly side of said lot in a Northwesterly direction to the North corner of said lot; thence fourth, Southerly parallel to the second course in the description of this right of way, 56 feet 6 inches; thence fifth, parallel to the first course in the description of this right of way and distant 10 feet Northwesterly therefrom Southwesterly 185 feet to Chapala Street; thence sixth, Southeasterly along Chapala Street 10 feet to the place of beginning.

PARCEL ELEVEN:

Beginning at a point on the Southwesterly line of State Street, distant thereon 268.45 feet Southeasterly from the most Northerly corner of said block; said point being also the most Easterly corner of the tract of land now or formerly of A. Garland; thence Southeasterly along said street line 25.03 feet to the most Northerly corner of said block, said point being also the most Easterly corner of the tract of land now or formerly of A. Garland; thence Southeasterly along said street line 25.03 feet to the most Northerly corner of the tract of land described in the deed to Bothin Real Estate Company, dated February 20, 1914 and recorded in Book 142, Page 536 of Deeds, in the office of the County Recorder of said County, thence at right angles Southwesterly, along the Northwesterly line of said Bothin Real Estate Company Tract 159.97 feet to the true point of beginning; thence North $64^{\circ}02'32''$ West, 17.03 feet, thence South $41^{\circ}30'03''$ West 1.60 feet, thence North $48^{\circ}30'00''$ West 8.63 feet to a point in the Southeasterly line of said above mentioned A. Garland Tract, said point being Southwesterly 166.12 feet from the most Easterly corner of said A. Garland Tract; thence Southwesterly along the Southeasterly line of said A. Garland Tract 58.88 feet; thence at right angles Southeasterly 25.03 feet to the Northwesterly line of said Bothin Real Estate Company Tract; thence Northeasterly along said last mentioned line 65.03 to the true point of beginning.

PARCEL TWELVE:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

Beginning at a point on the Southwesterly line of State Street, distant thereon South $48^{\circ}31'06''$ East, 186.21 feet from the most Northerly corner of said block; thence, South $41^{\circ}28'14''$ West, 163.49 feet to the true point of beginning, thence, South $41^{\circ}28'14''$ West 61.51 feet, thence South $48^{\circ}31'06''$ East, 56.00 feet, thence North $41^{\circ}28'14''$ East, 61.49 feet, thence North $48^{\circ}30'00''$ West, 56.00 feet to the point of beginning.

PARCEL TWELVE (A): - (Construction Easement for One Year)

A temporary construction easement for one year commencing with construction on January 15, 1988, whichever is later, to be used for construction purposes in, on and over the following described property:

Beginning at the most Northerly corner of the previously described parcel, said point being distant thereon South $41^{\circ}28'14''$ West, 163.49 feet from the Southwesterly boundary of State Street, thence South $48^{\circ}30'00''$ East, 56.00 feet, thence North $41^{\circ}28'14''$ East, 9.00 feet more or less, to the wall of the existing building, thence North $48^{\circ}30'00''$ West, along the face of the building, 20.00 feet to the existing landing, thence South $41^{\circ}28'14''$ West 9.00 feet more or less, to the end of the landing, thence Northwesterly, along the face of the landing 36.00 feet more or less, to the Northwesterly boundary of the previously described Parcel Twelve, thence South $41^{\circ}28'14''$ West to the point of beginning. Said parcel containing 200 square feet, more or less.

EXCEPTING therefrom all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project Area and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof.

PARCEL THIRTEEN:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, as shown on the official map thereof, described as follows:

Beginning at a point on the Southwesterly line of State Street, distant thereon South $48^{\circ}31'06''$ East, 242.21 feet from the most Northerly corner of said block; thence South $41^{\circ}28'14''$ West, 169.52 feet to the true point of beginning; thence South $41^{\circ}28'14''$ West, 55.48 feet, thence South $48^{\circ}31'06''$ East, 26.24 feet, thence North $41^{\circ}28'14''$ East, 55.49 feet, thence North $48^{\circ}30'00''$ West, 26.24 feet to the true point of beginning. Said parcel contains an area of 1613.34 square feet.

EXCEPTING therefrom all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project Area and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof.

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 $0^{\circ}06'31''$ 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 $48^{\circ}30'30''$ 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 $41^{\circ}30'18''$ East 12.00 feet; thence on a line parallel with the Southwesterly boundary of said Parcel One in Book 2233 at Page 511 South $48^{\circ}30'30''$ 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 $36^{\circ}56'35''$ 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 $48^{\circ}30'47''$ West 140.58 feet to the Southeasterly line of Ortega Street; thence along the Southeasterly line of Ortega Street North $41^{\circ}30'18''$ 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 $48^{\circ}30'03''$ 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 $41^{\circ}30'18''$ East 12.00 feet to its most Northerly corner; thence along the Northeasterly boundary of said Reel No. 79-57059, South $48^{\circ}29'59''$ East 108.50 feet to its most Easterly corner; thence North $40^{\circ}19'59''$ 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 $48^{\circ}30'04''$ West 135.84 feet to the Southeasterly line of Ortega Street; thence along the Southeasterly line of Ortega Street North $41^{\circ}30'18''$ 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 $48^{\circ}30'30''$ 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 $86^{\circ}29'22''$ 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 $41^{\circ}30'37''$ West 212.28 feet to the most Westerly corner of said Parcel One of 80-17853; thence along the Southwesterly

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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 III 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 Southeast-erly 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.

PARCEL FOUR:

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 point of intersection to the Northeasterly line of the tract of land described in the Deed from H.G. Trussell, Trustee, et al. to W. W. Hopkins, dated March 8, 1875 and recorded in Book "O" at Page 172, of Deeds, records of said County, with the Southeasterly line of Ortega Street (said point of intersection being 144.23 feet, more or less, Southwesterly along said street line from the most Northerly corner of said Block 210, as shown on said map); thence North-easterly along said street line 40 feet thence at right angles Southeasterly 139 feet, more or less, to the line of land now or formerly of D. W. Thompson; thence Southwesterly along said line of land now or formerly of Thompson, 40 feet, more or less, to the intersection of said line with the Northeasterly line of the tract of land described in said deed to Hopkins; thence North-westerly, along the line for said tract of land so described in said Deed to Hopkins, 139 feet, more or less, to the point of beginning.

EXCEPTING therefrom that portion described in the Deed to the City of Santa Barbara, recorded December 5, 1979 as Instrument No. 79-57059, Official Records of said County.

PARCEL FIVE:

That portion of Block Two Hundred Ten (210) in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map adopted August 8, 1855, by Ordinance No. 7 of said City, described as follows:

Beginning at a point on the Southeasterly line of Ortega Street distant thereon 308 feet Northeasterly from the most Westerly corner of said Block, said point of beginning being the most Westerly corner of the land conveyed to Jose Borderre, et ux., dated December 29, 1925 and recorded in Book 82, Page 409 of Official Records of said County; thence Southwesterly along said line of Ortega Street 4 feet thence at right angles Southeasterly 136.84 feet; more or less, to a point in the Northwesterly line conveyed to Dixie W. Thompson, dated

July 18, 1883 and recorded in Book 38, at Page 60 of Deeds, records of said County; thence Northeasterly along said last mentioned line 4 feet to the Southwesterly line of said Borderre Tract of land; thence Northwesterly along said last mentioned line 136.84 feet, more or less, to the point of beginning.

EXCEPTING therefrom that portion described in the Deed to the City of Santa Barbara, recorded December 5, 1979 as Instrument No. 79-57059, Official Records of said County.

EXCEPTING therefrom all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project Area and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof.

CONSTRUCTION SCHEDULE

Commencement of Construction

February 1988

Completion of Construction

March 1989