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PASEO NUEVO LOT 1 PARKING COVENANTS,
CONDITIONS AND RESTRICTIONS AGREEMENT

by and among

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

SANTA BARBARA ASSOCIATES
("Developer")

CARTER HAWLEY HALE STORES, INC.
("Broadway")

NORDSTROM, INC.
("Nordstrom")

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EXHIBIT 0

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PASEO NUEVO LOT 1 PARKING COVENANTS,
CONDITIONS AND RESTRICTIONS AGREEMENT

THIS PASEO NUEVO LOT 1 PARKING COVENANTS, CONDITIONS AND RESTRICTIONS AGREEMENT (the "Parking Covenants") is made and entered into as of the 24 day of February, 1982, by and among the following entities:

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

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

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

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

RECITALS

A. Agency 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. 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 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.

D. 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." As used herein, the term "Agency"

shall mean Agency and its successors and assigns as the owner of the fee estate in the Lot 1 Parking Tract, and any party entitled to possession of the Lot 1 Parking Tract by or through Agency, except Developer. Broadway and Nordstrom are hereafter individually and collectively referred to as "Major" and "Majors," respectively.

E. Developer, Agency, Broadway and Nordstrom have concurrently entered into a Construction, Operation and Reciprocal Easement Agreement ("REA") 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.

F. Agency, Developer, Broadway, Nordstrom and the City of Santa Barbara ("City") have entered into that certain Paseo Nuevo Parking Agreement ("Parking Agreement") dated November 1, 1987. The Parking Agreement requires that Agency and/or City develop, construct, operate and maintain, or cause the development, construction, operation and maintenance of, parking facilities (hereafter referred to individually as "Lot 2 Parking Structure" or "Lot 10 Parking Structure" and collectively as the "Offsite Parking Facilities") on certain real property noncontiguous to the Project Site (hereafter referred to as the "Lot 2 Parking Tract" and the "Lot 10 Parking Tract," respectively) in order to provide additional parking for the benefit of and as an appurtenance to the Shopping Center. (The owner of the fee estate of the Lot 2 Parking Tract, and any party entitled to possession of the Lot 2 Parking Tract by or through such owner shall hereafter be referred to as the "Lot 2 Owner." The owner of the fee estate of the Lot 10 Parking Tract, and any party entitled to possession of the Lot 10 Parking Tract by or through such owner shall hereafter be referred to as the "Lot 10 Owner." The Lot 2 Owner and the Lot 10 Owner are hereafter sometimes collectively referred to as the "Offsite Owners," and individually as an "Offsite Owner.")

G. The Parking Agreement requires that Agency, Developer, Broadway and Nordstrom execute these Parking Covenants to govern the use, maintenance and operation of the Lot 1 Parking Structure, and that these Parking Covenants be recorded against the Lot 1 Parking Tract. Similar parking covenants (the "Offsite Parking Covenants") shall be executed by Developer, Broadway, Nordstrom and each Offsite Owner concurrently herewith to govern the use, maintenance, operation and replacement of the Offsite Parking Facilities as an appurtenance to the Shopping Center and shall be recorded against the Lot 2 Parking Tract and the Lot 10 Parking Tract.

H. Pursuant to the Parking Agreement, Agency, Developer, Broadway and Nordstrom (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 rights of each Party to use the Lot 1 Parking Structure and the standards of maintenance and operation which shall be applicable to the Lot 1 Parking Structure for the term of these Parking Covenants.

I. 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

CONSTRUCTION AND DELIVERY OF LOT 1 PARKING STRUCTURE

1.1 Construction. Developer shall develop and construct, or cause to be developed and constructed, the Lot 1 Parking Structure in accordance with the REA and within the time set forth in the Schedule of Performance attached to the REA ("Schedule of Performance"). Each of the Majors shall construct a portion of the Lot 1 Parking Structure in accordance with the REA, subject to reimbursement from Developer of the cost of such construction pursuant to the REA and a separate agreement by and between Developer and each of the Majors. Agency shall grant an irrevocable license to enter onto the Lot 1 Parking Tract to Developer, Broadway and Nordstrom for purposes of constructing the Lot 1 Parking Structure in accordance with the REA. Prior to completion of construction, Developer may seek a temporary occupancy permit for the Lot 1 Parking Structure from City in order to permit parking therein by construction employees of Developer, Broadway and Nordstrom during the construction of the improvements on the Shopping Center Tract.

1.2 Downtown Parking Assessment Area. The Parties acknowledge that a Downtown Parking Assessment Area ("DPA") may be formed prior to the date that certificates of completion have been issued for all of the improvements to be constructed on the Shopping Center Tract in accordance with the REA ("Completion Date") in order to finance the contribution to be made by Agency toward the cost of constructing the Lot 1 Parking Structure (as specified in the Parking Agreement) 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 has been validated by a court of competent jurisdiction ("DPA Formation").

1.3 Delivery to Agency for Public Operation. If DPA Formation occurs in accordance with the Parking Agreement prior to the Completion Date, the improvements constructed by each of Developer, Broadway and Nordstrom on the Lot 1 Parking Tract shall become the property of Agency upon the Delivery Date (as defined below); provided, however, that on or prior to the Completion Date, each of Developer, Broadway and Nordstrom shall execute and deliver to Agency a quitclaim deed relinquishing any interest each may have in the Lot 1 Parking Structure, except for any interest such Party may have in the Lot 1 Parking Structure pursuant to these Parking Covenants and the REA. Developer shall deliver the completed Lot 1 Parking Structure to Agency for public operation on the date that all of the following conditions have been satisfied or waived by Developer ("Delivery Date") (to the extent any of the following conditions can be waived); provided, however, that waiver of any of the following conditions by Developer shall not constitute a waiver of Developer's right to enforce any of the covenants contained herein:

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

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

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

Following the Delivery Date, Agency shall operate and maintain the Lot 1 Parking Structure in accordance with the public operation covenants set forth in these Parking Covenants. Notwithstanding anything contained herein, following the Completion Date and prior to the Delivery Date, Developer shall operate and maintain the Lot 1 Parking Structure for the benefit of the Majors, Occupants and Permittees of the Shopping Center, and subject to the private operation and maintenance standards in Article 4 hereof, for the public in general.

1.4 Delivery For Private Operation. If DPA Formation does not occur in accordance with the Parking Agreement prior to the Completion Date, each of Broadway and Nordstrom shall execute and deliver to Developer on or before the Completion Date a quitclaim deed quitclaiming to Developer all of such Major's interest in the Lot 1 Parking Structure except any interest such Major may have therein pursuant to these Parking Covenants and the REA. Except as otherwise set forth in this Section 1.4, the Lot 1 Parking Structure shall remain the property of Developer until the termination of these Parking Covenants. Developer shall thereafter operate and maintain the Lot 1 Parking Structure in accordance with the private operation and maintenance standards set forth in Article 4 hereof throughout the remainder of the term of these Parking Covenants, except as otherwise set forth in this Section 1.4. Notwithstanding anything contained herein, Developer may transfer the Lot 1 Parking Structure to Agency for public operation in accordance with the public operation covenants set forth in these Parking Covenants provided (a) the transfer occurs within ten (10) years after the date Developer commences private operation of the Lot 1 Parking Structure, (b) the City is operating other parking lots or facilities in the downtown Santa Barbara area at the time of the transfer, and (c) the Lot 1 Parking Structure is in good condition and repair at the time of the transfer. The transfer shall not require the approval of any of the other Parties hereto; provided, however, that the transfer shall not modify or alter these Parking Covenants.

1.5 Planning Commission Conditions of Approval. The City Planning Commission has imposed upon Developer and Agency, as conditions for approval of the Shopping Center,

certain parking and related conditions which are more particularly described in the Conditions of Approval, Downtown Retail Revitalization Project: Paseo Nuevo, April 15, 1987 (the "Conditions of Approval"). The Conditions of Approval require that certain vehicle use disincentives be implemented by Developer pursuant to a Transportations Systems Management Plan ("TSMP"). The Parties hereby covenant and agree to exercise good faith diligent efforts to carry out the objectives and to fulfill the requirements set forth in the Conditions of Approval.

ARTICLE 2

GRANT OF EASEMENTS

2.1 Grant of Nonexclusive Easements. The Lot 1 Parking Structure shall be available for use by the Developer, Broadway, Nordstrom, and each of their respective Occupants and Permittees in the manner and at the times set forth herein. Agency hereby grants to Developer and each of the Majors and their successors and assigns in their respective Tracts, and Developer, to the extent of any leasehold interest Developer may now or hereafter have in the Lot 1 Parking Tract, if any, hereby grants to each of the Majors and their respective successors and assigns in their respective Tracts, 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 1 Parking Tract for vehicular and bicycle parking in the Lot 1 Parking Structure, vehicular and bicycle ingress to and egress from the Lot 1 Parking Structure, and pedestrian ingress and egress on, over and across the Lot 1 Parking Tract and between the Lot 1 Parking Structure and the Shopping Center and the adjoining streets, subject to such charges, rules and regulations that may be imposed on the use of the Lot 1 Parking Structure from time to time.

2.2 Right to Grant Similar Easements. Upon Developer's written request, Agency shall grant similar nonexclusive ingress and egress, vehicular, bicycle and pedestrian easements on, over and across the Lot 1 Parking Structure for the benefit of the Rehabilitation Parcel, if the Rehabilitation Parcel is incorporated into the Shopping Center in accordance with Section 11.2.1 of the REA, for so long as Developer, and its successors and assigns, have a fee or leasehold interest in the Rehabilitation Parcel. If Developer operates the Lot 1 Parking Structure as a private parking structure in accordance with Article 4 hereof, Developer shall have the right to grant nonexclusive easements for the foregoing purposes on, over and across the Lot 1 Parking Structure for the benefit of the Rehabilitation Parcel, for so long as Developer, and its

successors and assigns, have a fee or leasehold interest in the Rehabilitation Parcel.

2.3 Additional Reservation of Rights. Subject to the prior written approval of Developer and each Major, Agency may (i) designate from time to time the areas which will be made available for vehicular and bicycle parking and pedestrian use on the Lot 1 Parking Tract to the extent required by the Conditions of Approval; and (ii) establish and post reasonable Rules and Regulations (as defined in Section 3.7) for the use of the Lot 1 Parking Structure. Agency may also eject or cause an ejection from the Lot 1 Parking Structure of any person or persons not authorized, empowered or privileged to use the Lot 1 Parking Structure.

2.4 Exercise of Easement Rights. The exercise of the easements granted herein and the use of the Lot 1 Parking Structure by the Parties shall be subject to the payment of any parking fees and compliance with the Rules and Regulations established by Agency in accordance with these Parking Covenants. Agency shall have the right to eject any person from the Lot 1 Parking Structure for failure to comply with the Rules and Regulations in effect from time to time.

2.5 Additional Easements. The Parties acknowledge that the Lot 1 Parking Tract is burdened by certain other easements for utilities, construction, support and encroachment granted to Developer and the Majors under the REA and such easements shall be governed by the terms of the REA.

2.6 Effect of Private Operation. If DPA Formation has not occurred prior to the Completion Date in accordance with the Parking Agreement, and Developer thereafter operates the Lot 1 Parking Structure as a private parking structure in accordance with Article 4 hereof, the easements for vehicular and bicycle parking, vehicular and bicycle ingress and egress, and pedestrian ingress and egress granted by Agency to Broadway and Nordstrom in this Article 2 shall continue in full force and effect, and Developer shall succeed to all rights and responsibilities of Agency with respect to such easements. During any period of private operation of the Lot 1 Parking Structure by Developer, the exercise of the easements granted in this Article 2 shall be subject to the payment of such parking fees and compliance with such Private Rules and Regulations (as defined in Article 4 below) as may be established by Developer pursuant to Article 4 hereof.

2.7 Dominant and Servient Estates. Each easement granted pursuant to this Article 2 shall run with the land and shall burden the Lot 1 Parking Tract and be binding upon Agency and its successors and assigns, and any party acquiring an interest in the Lot 1 Parking Tract, including Developer, and shall benefit the Developer Tract, Broadway Tract and

Nordstrom Tract (and any other property pursuant to Section 2.2) and Developer, Broadway and Nordstrom, and their respective successors and assigns. The Tract benefited by an easement granted herein shall be the dominant estate and the Tract upon which such easement is located shall be the servient estate.

2.8 Termination of Easements. Any easement granted pursuant to these Parking Covenants may be abandoned or terminated by written agreement 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 (as defined in Section 11.2 below).

ARTICLE 3

OPERATION AND MAINTENANCE AS A PUBLIC GARAGE

3.1 Responsibility for Operation and Maintenance. From and after the Delivery Date or the date Developer transfers operation and maintenance of the Lot 1 Parking Structure to Agency in accordance with Section 1.4 hereof, Agency shall operate and maintain the Lot 1 Parking Structure in accordance with this Article 3 for the term of these Parking Covenants.

3.2 Minimum Standards of Operation. From and after the Delivery Date and throughout the term of these Parking Covenants, the Lot 1 Parking Structure shall be operated and maintained by Agency 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, Agency shall operate and maintain the Lot 1 Parking Structure in accordance with the following maintenance standards which shall require Agency to perform, without limitation, the following obligations:

(a) Maintain the surfaces of the Lot 1 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 papers, debris, filth and refuse and wash or thoroughly sweep the floor surfaces of the Lot 1 Parking Structure, and the portion of the elevators, stairways and escalators leading to and from the common area of the Shopping Center, but located within the Lot 1 Parking Structure, and the walkways and sidewalks within the Lot 1 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 landscape plan for the Shopping Center required by the 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 that exclusively serve the Lot 1 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 1 Parking Structure;

(i) Maintain all entrance, exit and directional signs, stripings and markers in the Lot 1 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 seventy-two (572) parking spaces in the Lot 1 Parking Structure in the configuration shown on the plans and specifications for the Lot 1 Parking Structure approved by the Parties in accordance with the REA;

(l) Maintain bicycle parking spaces on the Lot 1 Parking Tract in a location approved by the City Transportation Engineer in accordance with the Conditions of Approval;

(m) Remove oil and other fluids from the surfaces of the Lot 1 Parking Structure on a periodic basis as reasonably necessary;

(n) Reserve the number of parking spaces required by the TSMP for use by car pooling employees of Occupants of the Shopping Center in accordance with the Conditions of Approval in locations approved by Developer and each of the Majors;

(o) Clean, repair and replace, as necessary, ticket machines, toll gates, toll booths and other items related to operation of the Lot 1 Parking Structure; and

(p) Maintain the Lot 1 Parking Structure in compliance with the Conditions of Approval.

3.3 Parking Rate Structure. Unless a different rate structure is approved by Developer and each Major, the rate structure established for use of the Lot 1 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 downtown Santa Barbara area, and (ii) maintain a rate structure not greater or lesser than the rate structure for publicly-operated parking garages or parking areas servicing other 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 1 Parking Structure:

3.3.1 Free Parking. Each person entitled to use the Lot 1 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 retail-oriented public parking lot operated by the City, Agency shall increase or decrease the free period of parking available to each person entitled to use the Lot 1 Parking Structure, as necessary, to match the free parking period offered at such other City-operated parking lot upon receipt of a written request executed by each of Developer, Broadway and Nordstrom.

3.3.2 Validation. On or prior to the Proposed Opening Date of the Shopping Center, Agency shall use best efforts to establish a parking validation program reasonably acceptable to the Developer and each Major. In accordance with that certain Cooperation Agreement dated November 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 the 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 1 Parking Structure (after the free parking period has elapsed).

3.3.3 Employee Parking Areas. Pursuant to the TSMP, the Operator shall have the right to (i) assign the use

of no more than the required number of designated carpool 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 Agency of the regular charges for monthly parking permits, which charges shall not exceed the regular rates charged for monthly parking permits in the Lot 1 Parking Structure, and (iii) designate Employee Parking (as defined below) spaces for employees of Occupants in one or both of the Offsite Parking Facilities or other parking lots rather than the Lot 1 Parking Structure. Agency shall cooperate with the Operator in order to implement the TSMP and shall (i) reserve the number of spaces required by the TSMP in the Lot 1 Parking Structure for use by eligible carpools of employees of Shopping Center 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 carpool qualifications set forth in the TSMP, and (iii) discourage the use of parking spaces in the Lot 1 Parking Structure by the employees of Shopping Center Occupants. Other than the designated car pool spaces, no parking areas for employees of the Shopping Center Occupants shall be designated in the Lot 1 Parking Structure.

The Parties acknowledge 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 and the other Parties hereto 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 allocated to Employee Parking in the Lot 2 Parking Structure and Lot 10 Parking Structure shall be reduced by the number of Replacement Parking spaces, 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.

3.4 Hours of Operation. The Lot 1 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 or Major's Store ("Retail Hours of Operation"). In any event, the Lot 1 Parking Structure shall close by 2:00 A.M. daily and all vehicles shall be removed therefrom prior to such time. No vehicular access to the Lot 1 Parking Structure shall be allowed between 2:00 a.m. or 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, except for vehicles operated by persons entitled to use the Replacement Parking spaces and as otherwise set forth in Section 3.4.1 hereof. Changes in the hours of operation of the Lot 1 Parking Structure shall be subject to the reasonable approval of Developer and each Major.

3.4.1 Early Operation. Notwithstanding the foregoing, and provided that Agency is operating the Lot 1 Parking Structure in accordance with the public operation covenants set forth in these Parking Covenants, Agency may open the Lot 1 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:

Agency 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 1 Parking Structure for use by Occupants and Permittees of the Shopping Center. Agency 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 1 Parking Structure for Occupants and Permittees of the Shopping Center. Accordingly, Agency acknowledges that it is the policy of City and Agency to discourage the use of the Lot 1 Parking Structure by persons who enter the Lot 1 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, Agency shall establish the following programs with respect to use of the Lot 1 Parking Structure during Pre-Opening Hours of Operation:

(a) No person entering the Lot 1 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 1 Parking Structure during Pre-Opening Hours shall create a material and substantial disincentive to discourage Inappropriate Users from remaining parked in the Lot 1 Parking Structure after the commencement of Retail Hours of Operation.

(c) Not more than one hundred thirty-five (135) parking spaces shall be available to the users of the Lot 1 Parking Structure during Pre-Opening Hours and such parking spaces shall be located on the top deck or decks of the Lot 1 Parking Structure. Access to the Lot 1 Parking Structure during Pre-Opening Hours shall be limited to the Chapala Street entrance. The remainder of the spaces in the Lot 1 Parking Structure shall not be open to use until the commencement of Retail Hours of Operation.

(d) The Parties hereto 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 1 Parking Structure during the Pre-Opening Hours that create a material and substantial disincentive for use of the Lot 1 Parking Structure by Inappropriate Users ("Inappropriate User Program"). At any time and from time to time commencing with the Delivery Date, 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 1 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 Agency, 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 as to a revision to the Inappropriate User Program, such dispute shall be settled in accordance with the dispute resolution mechanism set forth in the Inappropriate User Program.

3.5 Staffing. One or more toll booths shall be operated at each exit from the Lot 1 Parking Structure to a public street during all hours of operation of the Lot 1 Parking Structure. Agency shall adequately staff such toll booths during the hours of operation of the Lot 1 Parking Structure in order to ensure users a minimum of delay in exiting therefrom.

3.6 Security. Agency shall employ adequate security personnel to patrol the Lot 1 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 1 Parking Structure is open to use and such other hours as are necessary and appropriate. Agency may fulfill the requirements of this Section 3.6 by 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 1 Parking Structure if it determines that the security provided by Agency is inadequate. The Operator shall be responsible for the cost of such private security. Agency hereby grants a license to the Operator, and its agents and employees, to enter onto the Lot 1 Parking Tract and Lot 1 Parking Structure for purposes of providing additional security in accordance with this Section 3.6. The retention of private security by the Operator shall not relieve Agency of its obligation to provide security for the Lot 1 Parking Structure as set forth herein.

3.7 Rules and Regulations. At least thirty (30) days prior to the opening of the Lot 1 Parking Structure for public use, Agency shall develop and circulate to Developer and each Major for approval rules and regulations for the Lot 1 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.

3.8 Costs of Maintenance and Operation. Except as otherwise provided in Article 4, the costs of maintenance and operation of the Lot 1 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), and security services shall be borne solely by Agency. Neither Developer, nor either Major, nor any of the tenants of the Developer Mall Stores shall bear any expense for the maintenance or operation of the Lot 1 Parking Structure so long as such structure is operated as a public parking structure in accordance with this Article 3.

Notwithstanding anything contained herein, the Operator shall have the right to perform such work on the Lot 1 Parking Structure as may be necessary to maintain the surfaces thereof in a watertight condition to prevent leakage onto the lower floors of adjoining improvements. Agency hereby grants a license to the Operator, and its agents and employees, to enter onto the Lot 1 Parking Tract and Lot 1 Parking Structure for purposes of performing such work.

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

3.9.1 Liability Insurance. Agency 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 1 Parking Structure or on the Lot 1 Parking Tract. The liability insurance policy carried by Agency shall include liability and property damage insurance covering any vehicles operated by Agency or its employees in the operation of the Lot 1 Parking Structure. The policy shall also include contractual liability insurance covering the indemnification obligations of Agency under Section 3.10 below and shall insure each of 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 hereto 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 similar parking structures or parking areas servicing first class, high quality, regional shopping centers located in Southern California. Notwithstanding the foregoing, Agency may maintain the foregoing insurance with a pooled self-insurance fund maintained by two or more public entities. If Agency maintains its liability insurance through a pooled self-insurance fund, it shall not be required to name Developer, Broadway or Nordstrom as additional insureds or provide insurance certificates as specified in Section 3.9.5 hereof; provided, however, that Agency shall deliver to each

of Developer, Broadway and Nordstrom prior to commencement of public operation of the Lot 1 Parking Structure or the date that Agency commences such self-insurance, satisfactory evidence that the pooled self-insurance fund has the financial ability to satisfy Agency's insurance obligations hereunder. Thereafter, on an annual basis and at the request of any Party hereto, Agency shall deliver to the requesting Party evidence that the reserves established in the pooled self-insurance fund are sufficient to satisfy Agency's insurance obligations hereunder. If Agency discontinues using the pooled self-insurance fund to satisfy its obligations hereunder, Agency shall immediately give notice of such action to the other Parties and shall immediately comply with all other insurance requirements of this Section 3.9.1.

3.9.2 Property Insurance. Developer shall maintain, for the benefit of Agency, Developer and each Major, a policy or policies of broad-form all risk property insurance in an amount equal to one hundred percent (100%) of the full insurable value of the Lot 1 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, earthquake, flood (if flood insurance is available at commercially reasonable rates), 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 1 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 similar parking structures or parking areas servicing first class, high quality, regional shopping centers in Southern California. Agency shall reimburse Developer for the cost of the premium for such property insurance within fifteen (15) days after Developer's written request therefor accompanied by a copy of the invoice for such premium. The revenue received by Agency from the operation of the Lot 1 Parking Structure shall constitute a trust fund to be used by Agency for payment of the property insurance premiums, subject only to Developer's security interest in such revenues as security for the repayment of the Agency Note (as defined in the Parking Agreement).

3.9.3 Earthquake Insurance. An earthquake damage endorsement shall not be required to be maintained as part of the property insurance policy required pursuant to Section 3.9.2 above 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 3.9.3, earthquake damage insurance shall not be deemed to be available in commercially reasonable amounts unless Developer, on behalf of Agency, is able to obtain such insurance in amounts equal to one hundred percent (100%) of the full replacement cost of the Lot 1 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 cost thereof would exceed Five Dollars (\$5.00) for each One Thousand Dollars (\$1,000) of replacement cost coverage. If in accordance with this Section 3.9.3, earthquake insurance is not required, any casualty resulting from earthquake damage shall be considered a peril not required to be insured pursuant to these Parking Covenants.

3.9.4 Mutual Release and Waiver of Subrogation. Agency 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 Agency or any person claiming its rights by or through Agency, which loss or damage is of the type covered by insurance required to be maintained by or on behalf of Agency under Section 3.9.2 hereof, 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 Agency on behalf of the insurance carrier carrying the insurance required under Section 3.9.2 hereof, waives any right of subrogation that may arise therefrom. If an insurance policy does not allow the foregoing waiver, Agency covenants it will obtain for the benefit of each other Party a waiver of any rights of subrogation which Agency's insurer may acquire against any of the other Parties by virtue of the payment of any loss covered by such insurance.

3.9.5 General Provisions for Insurance. Except to the extent that Agency satisfies its insurance obligations under Section 3.9.1 through a pooled self-insurance fund, each policy of insurance required to be maintained on the Lot 1 Parking Structure shall comply with the following requirements:

(a) The policy shall name each of the other Parties, and any mortgagee holding a mortgage on a Party's Tract as additional insureds, and with respect to casualty insurance, shall name each of the other Parties as loss payees.

(b) The 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) Agency, or Developer with respect to the property insurance policy required by Section 3.9.2, shall deliver certificates of insurance evidencing the insurance required to be maintained hereunder to each Party or person named as an additional insured or loss payee under such policies. The certificates of insurance shall specifically provide that the insurance may not be canceled or the amount of coverage reduced without at least thirty (30) days prior written notice to each of the Parties named as additional insureds or loss payees. At least thirty (30) days prior to the expiration of any policy, certificates evidencing the renewal of such policy shall be deposited with each Party named as an additional insured or loss payee thereunder.

(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 3.9.1 and 3.9.2.

3.9.6 Failure to Maintain Insurance. If Agency fails or refuses to procure or maintain any insurance required by Section 3.9.1, or Developer fails or refuses to procure or maintain the insurance required by Section 3.9.2 hereof, each other Party shall have the right, at its election but without obligation, and without notice, to procure and maintain such insurance on behalf of Agency. The premiums paid by such Party shall be reimbursed by Agency within fifteen (15) days after such Party's written demand therefor.

3.9.7 Disposition of Insurance Proceeds Resulting From Loss or Damage to Lot 1 Parking Structure. All proceeds of insurance received as a result of damage or destruction to the Lot 1 Parking Structure during the term of these Parking Covenants, less costs, fees and expenses incurred in the collection thereof, including attorneys' fees and expenses ("Net Insurance Proceeds"), shall be payable, under the provisions of the policy of insurance, to a bank or trust company qualified to do business in the State of California as designated by the Parties hereto. The recipient of such proceeds shall hereafter be referred to as the "Trustee," and any Trustee's fee shall be paid from the insurance proceeds. The Parties hereby approve any mortgagee holding a mortgage on the Developer Tract as the Trustee so long as such mortgagee is financially responsible. The Net Insurance Proceeds shall constitute a trust fund to be used for the repair, restoration

or reconstruction of the Lot 1 Parking Structure to the extent such repair, restoration or reconstruction is required in accordance with Article 6 of these Parking Covenants. To the extent the Net Insurance Proceeds exceed the cost of repair, restoration or reconstruction, then the Trustee shall pay such excess Net Insurance Proceeds to Developer, Broadway and Nordstrom in the proportion that the Initial Planned Floor Area of the Improvements of each Party bears to the total Initial Planned Floor Area of all Improvements on the Shopping Center Tract. If the Lot 1 Parking Structure is not repaired, restored or reconstructed, and these Parking Covenants terminate, the Trustee shall first apply any Net Insurance Proceeds to pay any of Agency's monetary obligations to any other Party to these Parking Covenants, second, to the expense of clearing the damaged improvements from the Lot 1 Parking Tract, and the remainder, if any, to Developer, Broadway and Nordstrom in the proportion that the Initial Planned Floor Area of each Party's Improvements bears to the total Initial Planned Floor Area of all Improvements on the Shopping Center Tract.

3.10 Indemnification. Agency 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 1 Parking Structure or on the Lot 1 Parking Tract. 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.

ARTICLE 4

OPERATION AND MAINTENANCE AS A PRIVATE GARAGE

4.1 Private Operation of Lot 1 Parking Structure. If DPA Formation does not occur in accordance with the Parking Agreement prior to the Completion Date, Developer shall operate the Lot 1 Parking Structure from and after the Opening Date of the Shopping Center in accordance with the operation and maintenance standards set forth in this Article 4 for the remainder of the term of these Parking Covenants, subject to Developer's right to transfer the Lot 1 Parking Structure to Agency for public operation in accordance with Section 1.4 hereof. Developer's private operation of the Lot 1 Parking Structure shall be for the benefit of the Majors, Occupants and Permittees of the Shopping Center, and subject to the private operation and maintenance standards set forth in this Article 4, for the public in general. Agency and City shall have no right to enforce the provisions of this Article 4. In addition, Agency and City shall have no right under these

Parking Covenants or any other agreement to impose any obligations or restrictions relating to the private operation and maintenance of the Lot 1 Parking Structure. Notwithstanding the above, the operation of the Lot 1 Parking Structure shall remain subject to the Conditions of Approval, including the TSMP.

4.2 Amendment to Developer Lease. Concurrently with the commencement of private operation of the Lot 1 Parking Structure, Developer and Agency shall enter into an agreement amending the Developer Lease to include the Lot 1 Parking Tract and the Lot 1 Parking Structure, and to add such other terms and conditions as Developer and Agency may agree. Concurrently with execution and delivery of such amendment, Agency shall cause the issuance to Developer of a title insurance policy evidencing Developer's title to a leasehold interest in the Lot 1 Parking Tract subject only to these Parking Covenants and such other exceptions as are acceptable to Developer. Notwithstanding the foregoing, the Lot 1 Parking Tract shall not be included in the Participation Rent Area (as defined in the Developer Lease) and Developer shall not be required to pay any rent or make any other payments to Agency under the Developer Lease from any revenues derived by Developer from the private operation of the Lot 1 Parking Structure.

4.3 Standards of Operation and Maintenance for Private Operation. From and after the date that Developer commences private operation of the Lot 1 Parking Structure and throughout the remainder of the term of these Parking Covenants, subject to Section 1.4 hereof, Developer shall operate and maintain the Lot 1 Parking Structure 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 foregoing, the Developer shall operate and maintain the Lot 1 Parking Structure in accordance with the maintenance standards set forth in Section 3.2 hereof.

4.4 Parking Rates and Charges. Developer shall provide a minimum of ninety (90) minutes free parking per day in the Lot 1 Parking Structure for the Occupants and Permittees of the Shopping Center. No validation shall be required for such free parking period. Developer may, without the consent of the Majors, establish rates and charges for the use of the Lot 1 Parking Structure after the expiration of the free parking period; provided, however, that such rates and charges shall be equal to the rates and charges that are in effect from time to time in a majority of the other municipally owned and operated retail-oriented parking facilities in the City of Santa Barbara, unless a greater or lesser rate or charge is approved by the Majors, which approval shall not be withheld

if in the Major's reasonable discretion the proposed rate increase or decrease does not materially affect or inhibit the use of the Lot 1 Parking Structure by the patrons of such Majors or is necessary to deter use of the Lot 1 Parking Structure by non-Permittees. At the request of the Majors, Developer shall establish a validation program for the benefit of the Majors and other Occupants of the Center that will allow patrons of the Occupants and Majors to park for free or at reduced rates after the expiration of the free parking period, subject to payment by the Majors and Occupants of the normal parking rate in effect for the Lot 1 Parking Structure after the expiration of the free parking period. Each Major shall reasonably consider modifications proposed by Developer to the parking rates and charges, Private Rules and Regulations and/or the free parking period, including, without limitation, the institution of a validation program for any and all periods of free parking if reasonably necessary to deter use of the Lot 1 Parking Structure by non-Permittees. If Developer believes in good faith that one or both Majors have unreasonably withheld consent to a proposed modification of the parking rates and charge, Private Rules and Regulations and/or the free parking period, Developer shall submit the matter to arbitration in accordance with the procedure set forth in Section 4.19 hereof.

4.5 Employee Parking Area. Developer shall comply with the TSMP by (i) reserving the number of spaces required by the TSMP in the Lot 1 Parking Structure for use by eligible car pools of employees of Shopping Center Occupants, (ii) issuing free monthly parking permits to eligible car poolers, (iii) monitoring use of the car pool spaces to insure that users comply with the car pool qualifications set forth in the TSMP, iv) discouraging the use of parking spaces, other than the use of designated car pool spaces, in the Lot 1 Parking Structure by the employees of the Shopping Center Occupants. If any Replacement Parking spaces are located in the Lot 1 Parking Structure, Agency shall pay Developer for such Replacement Parking spaces in accordance with the terms of a Separate Agreement by and between Developer and Agency.

4.6 Hours of Operation. The Lot 1 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 or Major's Store. In any event, the Lot 1 Parking Structure shall close by 2:00 a.m. daily and all vehicles shall be removed therefrom prior to such time. No vehicular access to the Lot 1 Parking Structure shall be allowed between 2:00 a.m. or 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, except for vehicles operated by persons entitled to use the Replacement Parking spaces, and Agency shall be responsible for all construction, operation and maintenance costs associated with furnishing special access for such vehicles.

4.7 Staffing. One or more toll booths shall be operated at each exit from the Lot 1 Parking Structure to a public street. Developer shall adequately staff such toll booths during all hours of operation of the Lot 1 Parking Structure, except the hours required for special access by users of the Replacement Parking, in order to insure users a minimum of delay in exiting therefrom.

4.8 Security. Developer shall employ security personnel to patrol the Lot 1 Parking Structure during the hours the structure is open to use, except such hours as are required for special access by users of the Replacement Parking, and such other hours as may be reasonably necessary and appropriate. Any security personnel employed by Developer shall be for the sole benefit of Developer and the Majors and not for the benefit of any third party, and Developer does not assume any duty to third persons that would not otherwise exist by law for liability for personal injuries or property damage occurring in or about the Lot 1 Parking Structure or caused by third parties by reason of the obligation to employ security personnel pursuant to this Section 4.8; provided, however, that nothing contained herein shall negate Developer's indemnity obligations to the Majors under Section 4.11 hereof.

4.9 Rules and Regulations. Prior to commencement of private operation of the Lot 1 Parking Structure, Developer shall develop and circulate to each Major for approval rules and regulations for the private operation of the Lot 1 Parking Structure ("Private Rules and Regulations"). The Private Rules and Regulations, including modifications thereto, shall be subject to the prior written consent of each Major, which consent shall not be unreasonably withheld or delayed.

4.10 Cost of Maintenance and Operation. Except as set forth in a separate agreement between Developer and each Major, the cost of maintenance and operation of the Lot 1 Parking Structure, including without limitation, operating expenses, insurance, taxes and security services shall be borne solely by Developer.

4.11 Indemnity. Developer covenants to defend, indemnify and hold harmless each of the Majors and their respective employees, agents and contractors from and against all costs, expenses and liability (including 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 within the Lot 1 Parking Structure to the extent that such death, injury or damage is caused by or attributable to the negligence or willful misconduct of Developer or the failure or omission of Developer to perform any obligation or duty with respect to the Lot 1 Parking Structure required to be performed by Developer hereunder, except to the extent caused by the negligence or wrongdoing of the indemnified Parties or their respective employees, agents and contractors.

4.12 Insurance. Developer shall maintain policies of liability, workers compensation and property insurance on the Lot 1 Parking Structure to the same extent, and subject to the same limits, terms and conditions as required to be maintained by Developer under Article 13 of the REA with respect to the Common Area on the Shopping Center Tract. The liability insurance policy carried by Developer shall include liability and property damage insurance covering any vehicles operated by Developer or its employees in the private operation of the Lot 1 Parking Structure.

4.13 Damage and Destruction. If the Lot 1 Parking Structure is damaged or destroyed after Developer commences private operation thereof, Developer shall repair or restore the Lot 1 Parking Structure to the extent required by Article 6 hereof.

4.14 Eminent Domain. If there is a Taking (as defined in Article 7 below) of all or a portion of the Lot 1 Parking Structure at any time after Developer has commenced private operation thereof, these Parking Covenants shall terminate as to the portion of the Lot 1 Parking Structure subject to the Taking but shall remain in full force and effect as to any portion not subject to the Taking. Any Net Awards and Payments (as defined in Article 7), shall be paid to Developer in accordance with the Developer Lease. In the event of a Partial Taking (as defined in Article 7) Developer shall use the Net Awards and Payments received as a result of such Partial Taking to restore the remaining portion of the Lot 1 Parking Structure as nearly as possible to the condition, character and function existing immediately prior to such Partial Taking. Any Net Awards and Payments remaining after such restoration shall be retained by Developer.

4.15 Alterations. The provisions of Article 8 hereof shall apply to any material alterations, additions or changes in the Lot 1 Parking Structure from and after the date Developer commences private operation thereof.

4.16 Transfer of Interest. The right of Developer to transfer or assign its interest in the Lot 1 Parking Structure after the commencement of private operation thereof shall be governed by the Developer Lease. Developer shall promptly

give notice to the other Parties hereto of any such sale, transfer, conveyance or assignment, and shall cause the transferee to execute and deliver to each of the other Parties conformed copies of a written recordable instrument recorded in the Official Records of Santa Barbara County, California, in which (i) the name and address of the transferee shall be disclosed and (ii) the transferee shall acknowledge the obligations of Developer hereunder and undertake to be bound by these Parking Covenants and assume all liabilities and obligations of Developer hereunder. Developer shall be released from all liability hereunder arising from acts or omissions which occur after the date the transferee records such instrument in the Official Records of Santa Barbara County. If Developer's transferee does not have at least five (5) years experience in the operation of parking garages or structures servicing first class, high quality, regional shopping centers located in the western United States similar to the Lot 1 Parking Structure, or if such transferee is not reasonably satisfactory to Broadway and Nordstrom, such transferee shall employ another person or entity ("Designated Operator") to perform the maintenance and operation obligations hereunder who shall (i) have at least five (5) years experience in the operation of parking structures or garages servicing first class, high quality, regional shopping centers located in the western United States similar to the Lot 1 Parking Structure, and (ii) be subject to the prior written approval of Broadway and Nordstrom, which approval shall not be unreasonably withheld. Nothing contained herein shall prohibit any delegation by Developer of its maintenance and operation obligations hereunder to a third party contractor. Developer's rights and obligations hereunder shall expire as to Developer upon the expiration or earlier termination of the Developer Lease, and shall be deemed assumed by the holder of the reversionary interest in the Developer Tract.

4.17 Unperformed Covenants, Defaults and Remedies. If Developer fails to perform its covenants hereunder or if Developer shall fail or neglect to perform any act or thing, including, without limitation, any specific maintenance and operation standard, or pay any sum of money required to be performed and paid by Developer under Article 4 hereof, and such failure or neglect continues after thirty (30) days' notice from Broadway or Nordstrom of such breach or failure, then Broadway or Nordstrom may exercise any and 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 Developer to observe or perform its covenants and obligations under this Article 4, or the appointment of a receiver to perform the covenants and obligations of Developer hereunder.

If a Major shall deem that an emergency is occurring or has occurred so that a failure to perform an obligation under this Article 4 requires immediate curing, then only such notice as is hereafter provided shall be required, and such Major may act promptly and take such action as is necessary to cure the alleged default. In performing any action pursuant to this Section 4.17, a Major shall act with reasonable promptness and shall give notice to Developer and to any Designated Operator appointed by Developer 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 Developer and any Designated Operator appointed by Developer. Written confirmation of the action shall be given as soon as reasonably possible. The Major curing the alleged default shall prosecute any work performed by it under this Section 4.17 diligently to completion. The rights granted by this Section 4.17 shall not be construed to permit the Majors to continually perform the obligations of Developer under this Article 4 without complying with Section 4.18 hereof.

4.18 Takeover of Maintenance and Operation. If both Broadway and Nordstrom shall determine at any time while each such Major is Operating (as defined in the REA) in the Shopping Center that Developer is in breach of any of the private operation and maintenance standards set forth in this Article 4 for operation of the Lot 1 Parking Structure such that Developer is not operating or causing to be operated the Lot 1 Parking Structure in accordance with the standard of maintenance for parking garages or structures servicing first class, high quality, regional shopping centers located in Southern California, Broadway and Nordstrom shall give Developer written notice of such determination, specifying the particular private operation or maintenance standard that has been breached. If Developer is still in breach of the particular private operation and maintenance standard thirty (30) days after receipt of such notice, Broadway and Nordstrom shall give Developer a second written notice specifying the particular private operation or maintenance standard that has been breached. If at the end of fifteen (15) days from the date of such second notice, Developer continues to be in breach of the particular private operation or maintenance standard, Broadway and Nordstrom shall have the right to jointly appoint a Designated Operator meeting the qualifications set forth for a Designated Operator in Section 4.16 hereof to perform the private operation and maintenance obligations of Developer with respect to the Lot 1 Parking Structure. The appointment of the Designated Operator shall be effective on the first day of the next succeeding calendar quarter. The Designated Operator shall assume all private operation and maintenance obligations of Developer with

respect to the Lot 1 Parking Structure, including the indemnity obligation set forth in Section 4.11 hereof. The Designated Operator shall have the right to use the revenue from the private operation of the Lot 1 Parking Structure to defray the cost of maintenance and operation; provided, however, that any revenue in excess of the cost of maintenance and operation shall be paid to Developer. If the revenue received from the private operation of the Lot 1 Parking Structure is not sufficient to defray the cost of maintenance and operation, Developer shall be responsible for the payment of any operating deficit. The Designated Operator shall maintain accurate books and records of all revenue received, and all expenditures made, in connection with the private operation and maintenance of the Lot 1 Parking Structure. Developer shall have a right to inspect and copy all such books and records upon three (3) days' written notice to the Designated Operator.

Notwithstanding the above, at any time during the forty-five (45) day period from the date of the first notice given by Broadway and Nordstrom, Developer may deliver to each of Broadway and Nordstrom a notice of dispute that Developer is in breach of the particular private operation or maintenance standards set forth in the notice delivered by Broadway and Nordstrom, and of Developer's intent to arbitrate the dispute in accordance with Article 23 of the REA. Within fifteen (15) days after the date of the notice of dispute, Broadway, Nordstrom and Developer shall each appoint arbitrators in the manner set forth in Article 23 of the REA. The issue shall be resolved by arbitration within one hundred twenty (120) days after submission of the matter. Until such time as the issue is finally arbitrated, Broadway and Nordstrom shall be prohibited from appointing a Designated Operator in accordance with this Section 4.18. In the alternative, at any time during said forty-five (45) day period, Developer may exercise its right under Section 1.4 hereof to transfer the Lot 1 Parking Structure to Agency for operation as a public parking structure in accordance with these Parking Covenants. If a Designated Operator is appointed pursuant to this Section 4.18, Developer may elect, with the written consent of each Major which consent shall not be unreasonably withheld, to resume the operation and maintenance of the Lot 1 Parking Structure at any time after one (1) year from the date that the Designated Operator assumed the Developer's duties. If only one Major is Operating, such Major may unilaterally exercise the rights granted to Broadway and Nordstrom hereunder.

4.19 Amendment of Private Operation Standards. Developer may modify or amend any of the private operation and maintenance standards set forth in this Article 4 from time to time, subject only to the prior written consent of the Majors. Developer's right to modify or amend the private operation and

maintenance standards shall include, without limitation, the right to limit the use of the Lot 1 Parking Structure to patrons of businesses located on the Shopping Center Tract, modify the Private Rules and Regulations, and impose or remove such other terms, conditions and restrictions as Developer determines are necessary to operate the Lot 1 Parking Structure for the benefit of the Majors and the Occupants and Permittees of the Shopping Center. City and Agency shall have no right to approve any of the operation or maintenance standards set forth in this Article 4 or any modifications or amendments thereto, governing the private operation of the Lot 1 Parking Structure. If Developer believes in good faith that one or both Majors have unreasonably withheld consent to a proposed modification of the private operation and maintenance standards, Developer may give written notice to each of Broadway and Nordstrom of Developer's intent to arbitrate the matter in the manner set forth in Article 23 of the REA. Within fifteen (15) days after the date of the Developer's notice, Broadway, Nordstrom and Developer shall each appoint arbitrators in the manner set forth in Article 23 of the REA. The issue shall be resolved by arbitration within one hundred twenty (120) days after submission of the matter. If the arbitrators rule in Developer's favor, the proposed modification to the private operation and maintenance standards shall be enacted without the further consent of Broadway and Nordstrom.

ARTICLE 5

ASSESSMENTS

5.1 DPA Assessment. 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) Agency is in compliance with these Parking Covenants, (iii) the Offsite Owners are in compliance with the Offsite Parking Covenants, and (iv) DPA Formation occurs on or prior to the Completion Date. The waiver described above shall not be construed as a waiver of any rights to protest any other tax, levy or assessment except as specifically set forth herein. No assessments in connection with the DPA shall be levied on the Shopping Center Tract prior to the Completion Date. If DPA Formation occurs in accordance with the Parking Agreement prior to the Completion Date, each owner of a Tract in the Shopping Center Tract shall be responsible as provided by law for the payment of assessments which are levied on its Tract in connection with the 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 assessments shall be governed by the REA and the separate agreements by and between each

Major and Developer. The Shopping Center Tract shall not be subject to any DPA assessments in connection with Agency's contribution to the cost of construction of the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities from and after the date that is the earlier of (i) thirty (30) years after the Completion Date or (ii) the date that lease revenue bonds or certificates of participation issued to finance the DPA have been paid in full. Agency shall assume any and all such assessments which are levied on the Shopping Center Tract from and after said date.

5.2 Pocket Assessment Area. If DPA Formation does not occur in accordance with the Parking Agreement prior to the Completion Date, Developer may notify Agency and City at any time during the period commencing with the date that Developer commences private operation of the Lot 1 Parking Structure and terminating on December 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 the 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 these Parking Covenants. Developer, Broadway and Nordstrom agree not to protest or challenge the formation of the Pocket Assessment Area described herein. Upon formation of the Pocket Assessment Area, Developer shall operate the Lot 1 Parking Structure as a public parking structure in accordance with the maintenance and operation standards and other terms and conditions set forth in Article 3 hereof for the remainder of the term of 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 Agency's contribution to the cost of construction of the Lot 1 Parking Structure and the acquisition and construction of the Offsite Parking Facilities except (i) assessments levied in connection with a DPA formed in accordance with and within the time specified in the Parking Agreement, or (ii) if such DPA is not formed, assessments levied in connection with a Pocket Assessment Area as described in Section 5.2 hereof.

ARTICLE 6

DAMAGE AND DESTRUCTION TO LOT 1 PARKING STRUCTURE

6.1 Obligation to Restore. If the Lot 1 Parking Structure is damaged or destroyed during the term of these Parking Covenants, the Lot 1 Parking Structure shall be

repaired and/or restored if (i) any of Developer, Broadway or Nordstrom are required or elect under Article 15 of the REA to restore the Improvements on their respective Tracts after the casualty causing such damage, (ii) if the Improvements of any of Developer, Broadway or Nordstrom have not been damaged and will exist after restoration of the Lot 1 Parking Structure, or (iii) if the Improvements of any of Developer, Broadway or Nordstrom will be demolished, whether or not damaged, and new Improvements will exist on such Party's Tract after completion of restoration of the Lot 1 Parking Structure. For purposes of this Section 6.1, each Party within one of the foregoing categories shall hereafter be referred to individually as a "Restoring Party" and collectively as the "Restoring Parties." Within one hundred fifty (150) days after the occurrence of the damage, each of Developer, Broadway or Nordstrom shall notify each other and Agency whether such Party is within one of the foregoing categories and is a Restoring Party for purposes of restoration of the Lot 1 Parking Structure.

6.2 Insured Casualty. If the Lot 1 Parking Structure is damaged or destroyed by a casualty of the type covered by the property insurance maintained in accordance with Section 3.9.2 hereof, or in accordance with Section 4.12 hereof if Developer is operating the Lot 1 Parking Structure as a private parking structure, the Lot 1 Parking Structure shall be restored, if at all, as follows:

6.2.1 Restoration by Three Restoring Parties. If each of Developer, Broadway and Nordstrom are Restoring Parties, the Lot 1 Parking Structure shall be restored to not less than the original number of parking spaces. Broadway shall restore, or cause to be restored, that portion of the Lot 1 Parking Structure located under the farthest lateral extension of the Broadway Tract ("Broadway Portion"), and Nordstrom shall restore, or cause to be restored, that portion of the Lot 1 Parking Structure located under the farthest lateral extension of the Nordstrom Tract ("Nordstrom Portion"). Developer shall restore, or cause to be restored the remaining portions of the Lot 1 Parking Structure ("Developer Portion"). (The Developer Portion, Broadway Portion and Nordstrom Portion shall hereafter be referred to individually as a "Portion" and collectively as the "Portions.")

6.2.2 Restoration by Two Restoring Parties.

6.2.2.1 Developer and One Major as Restoring Parties. If the Lot 1 Parking Structure is operated as a public parking structure in accordance with Article 3 hereof at the time of the damage, and Developer and only one of the Majors are Restoring Parties, the Lot 1 Parking Structure shall be restored to not less than the original number of

parking spaces. The Major who is the Restoring Party shall restore its Portion of the Lot 1 Parking Structure and Developer shall restore its Portion and the non-restoring Major's Portion. Notwithstanding the above, if the Major who is the Restoring Party has acquired the non-restoring Major's Tract in accordance with Article 30 of the REA, the Major who is the Restoring Party shall restore the non-restoring Major's Portion of the Lot 1 Parking Structure. If the Lot 1 Parking Structure is operated as a private parking structure in accordance with Article 4 hereof at the time of the damage, and Developer and only one Major are Restoring Parties, the Restoring Parties shall only be required to restore the Lot 1 Parking Structure to the extent necessary to provide one and four-tenths (1.4) parking spaces per one thousand (1,000) square feet of Floor Area that will exist on or that is planned for the Restoring Parties' Tracts after the completion of restoration of the Lot 1 Parking Structure ("Restoration Parking Ratio"), plus such additional parking spaces as may be required by any governmental agency having jurisdiction over the Project Site. The Restoring Parties shall have the right, but not the obligation, to restore such additional parking spaces as they may elect.

6.2.2.2 Both Majors as Restoring Parties. If the Lot 1 Parking Structure is operated as a public parking structure in accordance with Article 3 hereof at the time of the damage, and both Majors, but not Developer, are Restoring Parties, the Restoring Parties shall restore the Lot 1 Parking Structure to not less than the original number of parking spaces to the extent of available insurance proceeds. Each Major shall restore its own Portion, and the Restoring Parties shall cooperate to restore the Developer's Portion of the Lot 1 Parking Structure, unless one Major has acquired the Developer Premises in accordance with Article 30 of the REA, in which case such Major shall cause the restoration of Developer's Portion of the Lot 1 Parking Structure. If the Lot 1 Parking Structure is operated as a private parking structure at the time of the damage, and both Majors, but not Developer, are Restoring Parties, the Restoring Parties shall only be required to restore the Lot 1 Parking Structure to provide the number of parking spaces necessary to satisfy the Restoration Parking Ratio, plus such additional parking spaces as may be required by any governmental agency having jurisdiction over the Project Site. The Restoring Parties shall have the right, but no obligation, to restore such additional parking spaces as they may elect. If one or both of the Restoring Parties acquire the Developer Premises in accordance with Article 30 of the REA, such Restoring Party or Parties shall assume responsibility for operation and maintenance of the Lot 1 Parking Structure in accordance with Article 4 hereof upon completion of restoration.

6.2.3 Restoration by One Restoring Party. If there is only one Restoring Party, the Restoring Party shall only be required to restore the Lot 1 Parking Structure to the extent necessary to provide the number of parking spaces necessary to satisfy the Restoration Parking Ratio, plus such additional parking spaces as may be required by any governmental agency having jurisdiction over the Project Site, regardless of whether the Lot 1 Parking Structure is operated as a public or private parking structure at the time of the damage. The Restoring Party shall have the right, but no obligation, to restore such additional parking spaces as the Restoring Party may elect. If the Lot 1 Parking Structure is operated as a private parking structure at the time of the damage, and Developer is not the Restoring Party, and the Restoring Party acquires the Developer Premises in accordance with Article 30 of the REA, the Restoring Party shall assume responsibility for operation and maintenance of the Lot 1 Parking Structure upon completion of restoration thereof.

6.2.4 No Restoration. If there are no Restoring Parties, the Lot 1 Parking Structure shall not be restored.

6.2.5 Reimbursement for Restoration Costs. The Trustee shall reimburse each Restoring Party from the Net Insurance Proceeds for the costs incurred by such Restoring Party in restoring the Lot 1 Parking Structure after an insured casualty. The Trustee shall make such reimbursements on a monthly basis by paying to each Restoring Party, upon receipt of written request of such Restoring Party, accompanied by a certificate of its architect stating that the work for which payment is requested has been performed, that the amount requested has been paid or is then due and payable and is properly a part of the cost of restoration of the Lot 1 Parking Structure, that there are no mechanic's liens or similar liens for labor or materials supplied to the restoration work, or that such liens have been paid in full. If Developer is a Restoring Party, Developer shall be responsible for any deficiency if the Net Insurance Proceeds are not sufficient to pay the total cost of restoration of the Lot 1 Parking Structure to the original number of spaces in accordance with the original plans and specifications therefor, unless full replacement cost insurance for the casualty causing the damage was unavailable at commercially reasonable rates at the time Developer obtained the property insurance policy for the Lot 1 Parking Structure. Developer shall pay the amount of such deficiency to the Trustee for use in paying such total cost of restoration of the Lot 1 Parking Structure, within ninety (90) days after receipt of notice from the Trustee of the amount of such deficiency. Notwithstanding the above, the amount of any deficiency between the total cost of restoration of the Lot 1 Parking Structure and the Net Insurance Proceeds available for restoration due to a required deductible for an earthquake insurance policy

obtained in accordance with these Parking Covenants shall be treated among the Restoring Parties as an uninsured casualty. Upon receipt by the Trustee of satisfactory evidence that the restoration has been completed and there are no mechanic's liens or other liens against the Lot 1 Parking Structure by reason of the restoration, and either the period within which a lien may be filed has expired or proof has been submitted that all liens have been paid in full, the Trustee shall pay the balance of the Net Insurance Proceeds, if any, to Developer, Broadway and Nordstrom in the same proportion as the Initial Planned Floor Area for the Improvements on each Party's Tract bears to the total Initial Planned Floor Area of all Improvements located on the Shopping Center Tract. Notwithstanding the above, the Restoring Parties shall be responsible for the cost of restoring any additional parking spaces in the Lot 1 Parking Structure in excess of the original number of parking spaces. The cost of providing such additional parking spaces shall be paid by the Restoring Party or Parties who construct or restore Floor Area in the Improvements on its Tract in excess of the Floor Area of the original Improvements on its Tract. The cost of providing the additional spaces shall be allocated between such Restoring Parties in accordance with the percentage that the Floor Area in excess of the original Floor Area in the Improvements on such Party's Tract bears to the total Floor Area in excess of the Floor Area of all original Improvements on the Shopping Center Tract.

6.2.6 Restoration of Replacement Spaces. If Agency elects to restore any Replacement Parking located on the Lot 1 Parking Structure after the occurrence of an uninsured casualty, the Restoring Parties shall restore such Replacement Parking to the extent Net Insurance Proceeds are available for such restoration. Agency shall pay the cost of restoring the Replacement Parking to the extent the Net Insurance Proceeds are not sufficient to pay the entire cost of such restoration. If Agency does not elect to restore any Replacement Parking located on the Lot 1 Parking Structure, Agency shall have no further right to use such Replacement Parking.

6.3 Uninsured Casualty.

6.3.1 Restoration Upon Insured Casualty. If the Lot 1 Parking Structure is damaged or destroyed by a casualty of the type not covered by the property insurance maintained in accordance with Section 3.9.2 hereof, or in accordance with Section 4.12 hereof if Developer is operating the Lot 1

Parking Structure as a private parking structure, the Lot 1 Parking Structure shall be restored, if at all, as follows:

6.3.1.1 Restoration by Three Restoring Parties. If each of Developer, Broadway and Nordstrom are Restoring Parties following an uninsured casualty, the Lot 1 Parking Structure shall be restored to not less than the original number of parking spaces. Each Restoring Party shall restore its respective Portion of the Lot 1 Parking Structure.

6.3.1.2 Restoration by Two Restoring Parties. If there are only two Restoring Parties after the occurrence of an uninsured casualty to the Lot 1 Parking Structure, the Restoring Parties shall only be required to restore the Lot 1 Parking Structure to the extent necessary to satisfy the Restoration Parking Ratio, plus such additional parking spaces as may be required by any governmental entity having jurisdiction over the Project Site, regardless of whether the Lot 1 Parking Structure is publicly or privately operated at the time of the damages. The Restoring Parties shall have the right, but no obligation, to restore such additional parking spaces in the Lot 1 Parking Structure as they may elect.

6.3.1.3 Restoration by One Restoring Party. If there is only one Restoring Party after the occurrence of an uninsured casualty to the Lot 1 Parking Structure, such Restoring Party shall not be required to restore the Lot 1 Parking Structure, but may elect to do so. If the Restoring Party so elects, it shall restore the Lot 1 Parking Structure to the extent required to provide the number of parking spaces necessary to satisfy the Restoration Parking Ratio, plus such additional parking spaces as may be required by any governmental entity having jurisdiction over the Project Site. The Restoring Party shall have the right, but no obligation, to restore such additional parking spaces as it may elect. Any such restoration shall be at the sole cost and expense of the Restoring Party.

6.3.1.4 No Restoration. If there are no Restoring Parties after the occurrence of an uninsured casualty to the Lot 1 Parking Structure, the Lot 1 Parking Structure shall not be restored. Notwithstanding the above, each non-Restoring Party shall raze its Portion of the Lot 1 Parking Structure to the extent such razing does not interfere with the support of any remaining or existing Improvements on the Shopping Center Tract or any common foundations therefor, and level, clear and remove all debris from its Portion of the Lot 1 Parking Structure. All such work shall be performed at the non-Restoring Party's sole cost and expense.

6.3.1.5 Restoration of Replacement Spaces. If Agency elects to restore any Replacement Parking located on the Lot 1 Parking Structure after the occurrence of any uninsured casualty, the Restoring Parties shall restore such Replacement Parking, and Agency shall reimburse the Restoring Parties for the cost of such restoration on such terms and conditions as may be agreed by and among Agency and the Restoring Parties. If Agency does not elect to restore any Replacement Parking located on the Lot 1 Parking Structure, Agency shall have no further right to use such Replacement Parking.

6.3.2 Restoring Parties' Restoration Obligations. If there are two or more Restoring Parties after the occurrence of an uninsured casualty, each Restoring Party shall comply with the following requirements:

6.3.2.1 Approval of Construction Contracts. As soon as possible after Developer, Broadway and Nordstrom have notified each other and Agency whether they are a Restoring Party in accordance with Section 6.1 hereof, each Restoring Party shall submit a construction contract with a general contractor licensed by the State of California for its restoration work to each of the other Restoring Parties for approval as to the items specifically set forth in this Section 6.3.2.1. Each Restoring Party shall exercise its approval rights within thirty (30) days after receipt of each other Restoring Party's construction contract. The approval rights granted to the Restoring Parties pursuant to this Section 6.3.2.1 shall be limited to approval of the contract price, timing of performance of the restoration work, and verification that the work covered by the construction contract is limited to the restoration work to be performed by such Restoring Party. Approval of the foregoing items shall not be unreasonably withheld. Failure to give written notice of disapproval of any of the foregoing items within said thirty (30) day period shall be deemed approval thereof. If any Restoring Party gives written notice of disapproval of any of such items within said thirty (30) day period, the Restoring Party submitting the disapproved items shall revise the same to satisfy the objections of the disapproving Restoring Party and resubmit its construction contract to the other Restoring Parties for approval in accordance with the procedure set forth above. The aggregate amount of the approved contract prices set forth in the construction contracts, subject to Change Orders (as defined below) approved by the Restoring Parties in accordance with Section 6.3.2.5 hereof, shall constitute the total cost of restoration ("Total Restoration Cost") of the Lot 1 Parking Structure.

6.3.2.2 Allocation of Total Restoration Cost. The Total Restoration Cost shall be allocated between the Restoring Parties on the basis that the Floor Area of the

Improvements existing on the Restoring Party's Tract after completion of restoration of the Lot 1 Parking Structure bears to the total amount of Floor Area of the Improvements existing on the Restoring Parties' Tracts after completion of restoration of the Lot 1 Parking Structure. Each Restoring Party's share of the Total Restoration Cost shall hereafter be referred to as its "Allocable Share."

6.3.2.3 Evidence of Financing. Prior to commencement of restoration work, each Restoring Party shall deliver to each of the other Restoring Parties reasonable evidence of financing or other sources of funding sufficient to undertake the restoration of such Restoring Party's restoration work. Notwithstanding the foregoing, a Restoring Party shall not be required to deliver evidence of financing to the other Restoring Parties if such Restoring Party then satisfies the requirements for self-insurance under Section 13.4.2 of the REA, and, upon request of the other Restoring Parties, delivers evidence of such satisfaction.

6.3.2.4 Prosecution of Restoration. The restoration of the Lot 1 Parking Structure shall be commenced as soon as possible after the approval of the items subject to approval in each Restoring Party's construction contract in accordance with Section 6.3.2.1 above. Except as otherwise specified in this Section 6.3, all restoration work shall be performed in accordance with Section 6.4 hereof. The restoration shall be prosecuted with due diligence and completed as soon as reasonably possible, but in any event, not later than eighteen (18) months after the commencement of restoration.

6.3.2.5 Change Orders. If any Restoring Party desires to make a Change Order to its construction contract during the course of restoration of the Lot 1 Parking Structure, which Change Order will have a material effect on the design or operation of the Lot 1 Parking Structure, or will increase or decrease the Total Restoration Cost by an amount in excess of Five Thousand Dollars (\$5,000) ("Change Order"), such Restoring Party shall submit the proposed Change Order to each of the other Restoring Parties for approval. Each of the other Restoring Parties shall approve or disapprove of the Change Order within ten (10) days after receipt thereof; provided, however, that if the Change Order requires a more rapid response, the Restoring Parties shall cooperate to approve such Change Order as soon as possible after receipt thereof. Failure to give written notice of disapproval of the proposed Change Order within said ten (10) day period shall be deemed approval thereof. If any Restoring Party gives written notice of disapproval of the proposed Change Order within said ten (10) day period, the Restoring Party proposing the Change Order shall revise the same to satisfy the objections of the disapproving Restoring Party and shall resubmit the revised Change Order to the other Restoring Parties for approval in

accordance with the procedure set forth above. If the Restoring Parties approve a Change Order, the Total Restoration Cost shall be increased or decreased, as appropriate, by the net cost of the Change Order.

6.3.2.6 Payment of Restoration Costs. Except as provided below, each Restoring Party shall pay the cost of its own restoration work. Promptly after completion of restoration of the Lot 1 Parking Structure, each Restoring Party shall deliver to each other Restoring Party (i) a certificate prepared by the Restoring Party's architect stating that construction of the Restoring Party's restoration work has been completed in accordance with the plans and specifications therefor, approved by the Restoring Parties and Agency in accordance with Section 6.4.1 hereof, and that there are no mechanic's liens or similar liens for labor or materials supplied to such restoration or that such liens have been paid in full, and either the period in which a lien may be filed has expired or proof is submitted with such certificate that all costs of restoration have been paid in full, and (ii) a certificate prepared by the Restoring Party's contractor stating the approved contract price for such Restoring Party's restoration work, together with the amount of all permitted or approved Change Orders. The aggregate amount of the approved contract prices plus all permitted and approved Change Orders shall constitute the Total Restoration Cost. To the extent the cost of restoration of a Restoring Party's restoration work exceeds such Restoring Party's Allocable Share of the Total Restoration Cost, the other Restoring Party or Parties (hereafter in this Section 6.3.2.6 referred to as the "Reimbursing Party or Parties") shall reimburse such Restoring Party or Parties (hereafter in this Section 6.3.2.6 referred to collectively as the "Reimbursed Party") for restoration costs in excess of the Reimbursed Party's Allocable Share thereof within thirty (30) days after the date each Restoring Party has received the architect's and contractor's certificates required to be delivered by this Section 6.3.2.6. As between each of the Reimbursing Parties, payment of the excess costs of restoration shall be allocated on the basis that each Reimbursing Party's Allocable Share of the Total Restoration Cost exceeds the portion of the Total Restoration Cost applicable to such Reimbursing Party's Portion of the Lot 1 Parking Structure.

6.3.3 Operation and Control After Restoration. If the Lot 1 Parking Structure is operated as a private parking structure in accordance with Article 4 hereof at the time of the uninsured casualty, and one or both Majors participate with Developer in the restoration of the Lot 1 Parking Structure, each such Major shall thereafter have an ownership interest with Developer in the Lot 1 Parking Structure. The ownership interest of Developer and each such restoring Major shall be determined on the basis that the sum of the (i) book

value of the Lot 1 Parking Structure as reflected on each such Party's books at the time of the damage, and (ii) the amount of capital expenditure made by such Party toward the Total Restoration Cost bears to the sum of (x) the aggregate book value of the Lot 1 Parking Structure as reflected on the books of all such Parties at the time of the damage, and (y) the aggregate capital expenditure made by all such Parties in connection with the restoration. In such event, Developer, Agency and such Major or Majors shall take such actions as may be necessary to amend the Developer Lease to exclude the Lot 1 Parking Tract and create a new lease between Agency, as landlord, and Developer and the restoring Major or Majors, as tenants in common, for the Lot 1 Parking Tract upon substantially the same terms and conditions as contained in the Developer Lease. Notwithstanding the above, if Developer is not a Restoring Party, any Major or Majors acquiring the Developer Premises in accordance with Article 30 of the REA shall assume responsibility for the maintenance and operation of the Lot 1 Parking Structure in accordance with Article 4 hereof. If both Majors acquire the Developer Premises as tenants in common in accordance with Article 30 of the REA, the ownership interest of each such Major in the Lot 1 Parking Structure shall be as determined by such Majors.

6.4 Performance of Restoration. Except as otherwise provided in this Article 6, the restoration of the Lot 1 Parking Structure and the construction of any Additional Parking (as defined in Section 6.6 below) shall be performed in accordance with the following requirements:

6.4.1 Plans and Specifications. All restoration work shall be in accordance with the plans and specifications approved by each Restoring Party and Agency in accordance with Section 5.3 of the REA.

6.4.2 Contractors and Bonding. All restoration work shall be performed in accordance with a construction contract with a general contractor licensed by the State of California. Prior to commencement of the restoration work, each Restoring Party shall procure or cause to be procured a contractor's bond for the benefit of each other Restoring Party covering labor, materials and faithful performance for the restoration to be performed by Restoring Party. Each such bond shall be in an amount equal to one hundred percent (100%) of the amount of the contract for the restoration work entered into by such Restoring Party and its general contractor. Such bonds shall be subject to the prior written approval of each Restoring Party as to content and form, which approval shall not be unreasonably withheld. Each Restoring Party shall, prior to commencement of restoration, deliver to each other Restoring Party a certificate or certificates from the bonding company issuing the bonds, naming the other Restoring Parties as obligees thereunder. Notwithstanding the foregoing, a

Restoring Party shall not be required to obtain labor, materials and faithful performance bonds applicable to its restoration work provided (i) such Restoring Party then meets the net worth standards for self-insurance set forth in Section 13.14.2 of the REA or (ii) each other Restoring Party is reasonably satisfied with the financial responsibility of the contractor.

6.4.3 Simultaneous Restoration. If restoration of the Lot 1 Parking Structure is to occur simultaneously with restoration of the Improvements on the Developer Tract, Broadway Tract or Nordstrom Tract, the Restoring 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.

6.4.4 Compliance with Law. 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 and of insurance underwriters.

6.5 License for Restoration. Agency hereby grants to each Restoring Party, and Developer hereby grants to each Restoring Party, to the extent the Lot 1 Parking Structure is subject to the Developer Lease at the time of the damage because Developer is operating the Lot 1 Parking Structure as a private parking structure, a license to enter onto the Lot 1 Parking Tract for purposes of performing or causing to be performed the restoration of the Lot 1 Parking Structure in accordance with this Article 6.

6.6 Parking Requirements for Non-Restoring Party's Tract. Except as set forth in Section 6.3.1.4, non-Restoring Party shall have no obligation with respect to the restoration of the Lot 1 Parking Structure. Notwithstanding the above, if the non-Restoring Party or any other Party or Person acquiring the non-Restoring Party's Tract constructs improvements on such Tract after the completion of restoration of the Lot 1 Parking Structure, such Party or Person shall provide additional parking at the rate of one and four-tenths (1.4) parking spaces per one thousand (1,000) square feet of Floor Area of any improvements that thereafter exist on the non-Restoring Party's Tract, plus such additional parking spaces as may be required by any governmental agency having jurisdiction over the Project Site, at a location and in a configuration mutually approved by the Party as to each other Tract ("Additional Parking"). Notwithstanding any other provision of these Parking Covenants, the non-Restoring Party, or any Party or Person thereafter acquiring a fee or leasehold interest in the non-Restoring Party's Tract, shall have no right to use the non-Restoring Party's Tract or the Lot 1

Parking Structure until such time as it has provided the Additional Parking. The obligation to provide Additional Parking shall run with the land and constitute a burden upon the non-Restoring Party's Tract that shall bind the non-Restoring Party and each and every Person thereafter acquiring any fee or leasehold interest therein.

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 1 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 1 Parking Tract, or the commencement of any proceedings or negotiations that might result in a Taking, Agency 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 1 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 Agency, and Agency shall hold such Net Awards and Payments in trust for the benefit of Developer and each Major 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 1 Parking Tract, these Parking Covenants shall terminate as to the portion of the Lot 1 Parking Tract subject to the Taking, but shall remain in full force and effect as to any portion not subject to the Taking; provided, however, that the termination of these Parking Covenants as to any portion of the Lot 1 Parking Tract shall not relieve Agency 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 1 Parking Tract ("Partial Taking"), Agency shall use the Net Awards and Payments received from such Partial Taking to restore the remaining portion of the Lot 1 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 Agency in accordance with Section 7.6 below.

7.6 Relocated Parking. If all or any portion of the Lot 1 Parking Tract is subject to a Taking, and Agency is operating the Lot 1 Parking Structure as a public parking structure at the time of such Taking, Agency shall, to the extent of the Net Awards and Payments, use best efforts to replace any parking spaces lost as a result of the Taking ("Relocated Parking") in accordance with the following conditions:

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

(b) All Net Awards and Payments received by Agency as a result of the Taking, less such portion as may be used to restore the remaining portion of the Lot 1 Parking Structure in the event of a Partial Taking in accordance with Section 7.5 above, shall be held in trust by Agency for the benefit of Developer, Broadway and Nordstrom and shall be used to provide the Relocated Parking;

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

(d) The number of parking spaces required for the Relocated Parking shall be equal to or greater than the difference between (i) the number of spaces located in the Lot 1 Parking Structure prior to the Taking, and (ii) the number of parking spaces remaining in the Lot 1 Parking Structure after the Taking, if any;

(e) Agency 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 1 Parking Structure, including parking convenience, access, availability, maintenance, operation and traffic mitigation, and relative proximity to the Major's Stores and the Developer Mall Stores, and that such Relocated Parking will comply with the Conditions of Approval. Developer and each of the Majors shall have the right to approve the Relocated Parking on the basis of the foregoing factors, which approval shall not be unreasonably withheld or delayed;

(f) Agency shall submit the plans and specifications for construction of the Relocated Parking to Developer and each Major for approval which approval shall not be unreasonably withheld or delayed;

(g) Agency shall complete construction and open the Relocated Parking for public use as soon as possible after the date title to the Lot 1 Parking Tract or portion thereof vests in the condemning authority or the date the condemning authority is entitled to possession of the Lot 1 Parking Tract or portion thereof; and

(h) Agency shall record or cause the recordation of these Parking Covenants against the parcel of real property on which the Relocated Parking is located and shall provide 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 Agency's covenant to maintain and operate the Relocated Parking in accordance with these Parking Covenants, subject only to such exceptions as may be reasonably approved by Developer and the Majors.

Developer and each Major shall cooperate with Agency to locate suitable Relocated Parking in accordance with the foregoing standards. Except in the event of a Taking as described in this Article 7, Agency shall at all times maintain not less than five hundred seventy-two (572) parking spaces in the Lot 1 Parking Structure.

ARTICLE 8

ALTERATIONS

8.1 Prohibition Against Alterations. Agency shall not make or permit to be made any material alteration of, addition to, or change in the Lot 1 Parking Structure, other than routine maintenance and repairs, without the prior written consent of Developer, Broadway and Nordstrom. Any plans and specifications for alterations shall be subject to the prior approval of Developer, Broadway and Nordstrom in accordance with Section 5.3 of the REA. Nothing herein shall prohibit minor interior alterations or decorations provided such minor interior alterations or decorations do not materially alter the aesthetics or impair the function and operation of the Lot 1 Parking Structure.

8.2 Governmental Changes. Notwithstanding the prohibition contained in Section 8.1, Agency may make changes, repairs, alterations, improvements, renewals or replacements to the Lot 1 Parking Structure if required by reason of any law, ordinance, regulation or order of a competent government authority, of if otherwise required for the continued safe and orderly operation of the Lot 1 Parking Structure in accordance with these Parking Covenants.

ARTICLE 9

TRANSFER OF INTERESTS

Agency 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, Agency may only transfer or assign its interest in connection with an assignment, sale, transfer or conveyance of the Lot 1 Parking Tract to a governmental agency exercising powers similar to those exercised by Agency or City at the date hereof; provided, however, that nothing contained herein shall prohibit the sale of the Lot 1 Parking Tract to Developer. Any assignee or transferee of Agency shall expressly assume by written instrument all of the obligations of Agency hereunder upon the transfer of Agency's interest in these Parking Covenants.

ARTICLE 10

UNPERFORMED COVENANTS,
DEFAULTS AND REMEDIES

10.1 Failure of Performance. If Agency shall fail or neglect to perform any act or thing herein required to be performed by it, including, without limitation, failure to operate or maintain the Lot 1 Parking Structure in accordance with the operation and maintenance standards set forth in Article 3 hereof, or if Agency 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, the specific maintenance or operation standard to be performed or observed, or the sum required to be paid, then any Party may (but shall not be required to) perform, observe or pay the same, and Agency, 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 hereafter 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 10.1, a Party shall act with reasonable promptness and shall give notice to Agency 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 respons-

ible official of Agency. 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 10.1 diligently to completion.

10.2 Rights and Remedies. If Agency fails to perform its covenants hereunder or if Agency shall fail and neglect to perform any act or thing, including, without limitation, any specific maintenance and operation standard, or pay any sum of money required to be performed and paid by Agency 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 act or pay such sum on behalf of Agency in accordance with Section 10.1, 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 Agency to observe or perform its covenants and obligations hereunder, or the appointment of a receiver to observe or perform the covenants and obligations of Agency hereunder.

10.3 No Waiver. No act or thing done or performed by a Party pursuant to this Article 10 and no omission to act pursuant to this Article 10 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.

10.4 License for Self-Help. Agency hereby grants to each of the other Parties, for the benefit of the Developer Tract, Broadway Tract and Nordstrom Tract, respectively, a nonexclusive license over and across any and all parts of the Lot 1 Parking Tract (and the Lot 1 Parking Structure) for all purposes reasonably necessary to enable such Parties (either acting directly or through employees, agents, contractors or subcontractors) to exercise its rights under these Parking Covenants.

ARTICLE 11

MISCELLANEOUS

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

11.2 Effect and Term of Covenants. The Parties hereto intend that these Parking Covenants shall constitute covenants running with the land, pursuant to applicable law, including, but not limited to, Section 1468 of the California Civil Code, which shall be a burden upon the Lot 1 Parking Tract and a benefit to each of the Developer Tract, Broadway Tract and

Nordstrom Tract. The covenants and obligations of Agency hereunder shall be binding upon Agency and its successors and assigns in the Lot 1 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. 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, (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, respectively, (iii) the date of a Substantial Taking (as defined in the REA) or Total Taking of all of the Developer Tract, Broadway Tract and Nordstrom Tract, or (iv) the date that Developer, Broadway and Nordstrom notify Agency of their election not to restore the Lot 1 Parking Structure following an event of damage or destruction.

11.3 No Third Party Beneficiary. The provisions of these Parking Covenants are for the exclusive benefit of the Parties hereto, their 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, and these Parking Covenants shall not 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 person other than a Party to these Parking Covenants.

11.4 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.

11.5 Breach Shall Not Permit Termination. It is expressly agreed that no breach of these Parking Covenants shall 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.

11.6 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.

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

11.8 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.

11.9 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.

11.10 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 each of the Parties hereto.

11.11 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.

11.12 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.

11.13 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
Attn: Mr. Robert J. Chapman

with a further copy to:

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

and addressed, in the case of Broadway to:

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

and addressed, in the case of Nordstrom to:

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

and addressed, in the case of Agency to:

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

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.

11.14 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.

11.15 Exhibits. Exhibit A attached to these Parking Covenants shall be deemed to be incorporated herein by the individual reference to such Exhibit and such Exhibit 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 such Exhibit, the terms and conditions of these Parking Covenants shall govern and control the intent of the Parties.

These 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.

AGENCY:

ATTEST:

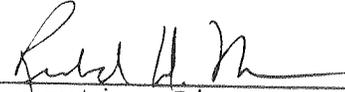
REDEVELOPMENT AGENCY OF
THE CITY OF SANTA BARBARA

AGENCY SECRETARY

By


Assistant Agency
Secretary

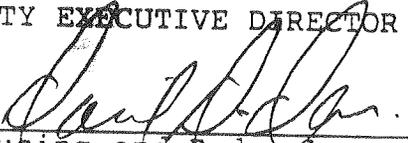
By


Executive Director

APPROVED AS TO CONTENT:

DEPUTY EXECUTIVE DIRECTOR

By


Housing and Redevelopment
Manager

APPROVED AS TO FORM:

AGENCY COUNSEL

By *John Wiley*
Assistant Agency Counsel

By *Herbert Mueise*
Special Agency Counsel

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,
General Partner

By _____
DARLA S. TOTUSEK,
Vice President

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,
a Delaware corporation

By _____

By _____

APPROVED AS TO FORM:

AGENCY COUNSEL

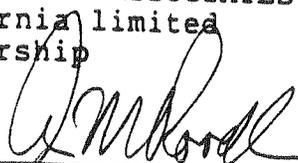
By _____
Assistant Agency Counsel

By _____
Special Agency Counsel

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,
General Partner

By 

DARLA S. TOTUSEK,
Vice President

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,
a Delaware corporation

By _____

By _____

CARTER HAWLEY HALE STORES,
INC., a Delaware corporation

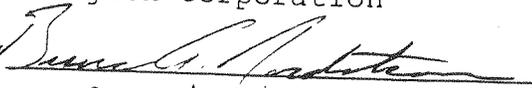
By *[Signature]*

Its Vice President

By *[Signature]*

Its Secretary

NORDSTROM, INC., a
Washington corporation

By 

Its co-chairman

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On this _____ day of _____, 1987, before me, a Notary Public, personally appeared _____, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument on behalf of the REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, and acknowledged to me that such public agency executed it.

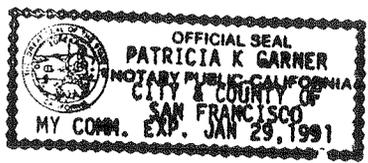
WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Francisco)

On this 25th day of November, 1987, before me, a Notary Public, personally appeared Alan M. Goodhouse, 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.



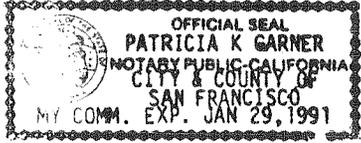
Patricia K. Garner
NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Francisco)

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)

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 _____ day of _____, 1987, before me, a Notary Public, personally appeared _____, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as _____ of NORDSTROM, INC., a Washington corporation, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

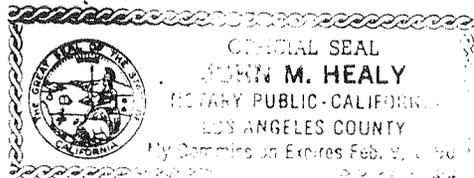
NOTARY PUBLIC

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. Vandenberg, 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



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.

NOTARY PUBLIC

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 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. Sarnew
NOTARY PUBLIC

EXHIBIT A - PART I

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.

LEGAL DESCRIPTION

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.

LEGAL DESCRIPTION

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.

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.